MACPAC FILMS ltd.

44-C, P.E.C.H.S, Block 6 Main Razi Road, Karachi

Email: info@macpacfilms.com

Website: www.macpacfilms.com

2024

PACKAGING THE FUTURE

Securing Food, Sustaining Lives



MACPAC FILMS ltd.

ANNUAL REPORT

PACKAGING THE FUTURE

SECURING FOOD, SUSTAINING LIVES

At Macpac Films Limited, our mission transcends conventional business objectives. It is deeply rooted in the global responsibility to create a sustainable future. Our theme for the Annual Report 2024, Packaging the Future: Securing Food, Sustaining Lives, reflects our unwavering commitment to addressing some of the most pressing challenges of our time. In alignment with the United Nations Sustainable Development Goals (UNSDGs), we strive to play a pivotal role in ensuring food security, promoting sustainable practices, and improving the quality of life for communities around the world.

Packaging is an essential link in the global food supply chain. As a leading player in the flexible packaging industry, Macpac Films recognizes its responsibility in delivering innovative solutions that not only protect and preserve food but also contribute to reducing food waste and enhancing global food security. By developing cutting-edge, sustainable packaging technologies, we aim to reduce environmental impact, minimize plastic waste, and promote responsible consumption and production in line with UNSDG Goal 12.

Our efforts are closely aligned with several other UNSDGs, including Goal 2: Zero Hunger, where we work to ensure that our packaging solutions enable the safe and efficient distribution of food to those in need, and Goal 3: Good Health and Well-Being, where we focus on providing packaging that maintains the safety and hygiene of food products. Additionally, through our dedication to Goal 8: Decent Work and Economic Growth, we continue to foster a work environment that empowers our employees while driving economic progress and innovation.

In 2024, Macpac Films continues to prioritize sustainable growth by exploring new materials, optimizing production processes, and supporting initiatives that enhance environmental responsibility. Our partnerships with stakeholders, including suppliers, customers, and communities, are guided by our commitment to ethical practices and a greener future.

Through Packaging the Future: Securing Food, Sustaining Lives, we envision a future where packaging not only preserves the freshness and quality of food but also contributes to a healthier planet. This theme embodies our strategic approach to embedding sustainability into every aspect of our operations, ensuring that Macpac Films remains a trusted partner in both securing the future of food and sustaining the lives of the communities we serve.





SECURING FOOD

At Macpac Films, we are dedicated to supporting food security through manufacture and sale of advanced plastic films that protect and preserve food quality from farm to table. Our high-performance packaging extends shelf life, reduces spoilage, and maintains nutritional value, ensuring more food reaches consumers safely and efficiently.

By minimizing food loss throughout the supply chain, especially in regions with limited storage and transportation infrastructure, we help secure reliable access to food for communities around the world. Our sustainable packaging options further align with global goals, reducing waste while supporting resilient food systems.

SUPPORTING AGRICULTURE

Macpac Films plays a vital role in agriculture by providing innovative plastic film solutions that protect crops, extend shelf life, and improve food quality from harvest to market. Our specialized films help farmers reduce post-harvest losses by shielding produce from environmental factors like moisture and contamination, ensuring that more of what is grown reaches consumers in perfect condition.

By enabling efficient storage and transportation, our packaging supports farmers in delivering fresh, high-quality products, enhancing their livelihoods and contributing to a more secure and sustainable food supply chain.

PROTECTING HEALTH

Macpac Films is dedicated to supporting the healthcare industry by providing high-quality plastic films that ensure the safety and integrity of medical products. Our specialized films protect pharmaceuticals, medical devices, and sterile products from contamination, moisture, and damage, safeguarding their effectiveness from production to patient use.

By delivering reliable packaging solutions that meet the highest standards, we help healthcare providers maintain product quality, prevent spoilage, and ensure safe delivery, ultimately supporting better patient outcomes and advancing public health.

HARNESSING DIGITAL INNOVATION

Macpac Films is driving digital transformation to enhance innovation, efficiency, and customer focus. By integrating advanced technologies like SAP S/4HANA, Salesforce CRM, data analytics, and Industry 4.0, we are optimizing operations, strengthening stakeholder connections, and fostering a robust digital ecosystem.

These initiatives streamline our overall processes, minimize inefficiencies, and support our sustainability goals, enabling us to deliver high-quality packaging solutions. This continuous journey empowers our teams to harness technology and create lasting value for our customers and stakeholders, positioning us at the forefront of digital excellence in the packaging industry

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ORGANIZATIONAL
OVERVIEW AND EXTERNAL ENVIRONMENT

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Naeem Ali Muhammad Munshi – Chairman & Non-Executive Director
Mr. Najmul Hassan – Chief Executive Officer
Mr. Ehtesham Maqbool Elahi – Executive Director
Mr. Shabbir Hamza Khandwala – Independent Director
Ms. Hafsa Abbasy – Independent Director
Mr. Shariq Maqbool Elahi – Non-Executive Director
Mr. Fahad Munshi – Non-Executive Director

AUDIT COMMITTEE

Mr. Shabbir Hamza Khandwala – Chairman
Mr. Naeem Ali Muhammad Munshi – Member
Mr. Shariq Maqbool Elahi – Member

HR & REMUNERATION COMMITTEE

Ms. Hafsa Abbasy – Chairperson
Mr. Shariq Maqbool Elahi – Member
Mr. Ehtesham Maqbool Elahi – Member

MANAGEMENT TEAM

Mr. Habib Elahi – Operations Director
Mr. Muhammad Faisal Panawala – Chief Financial Officer
Mr. Aquil A. Khan – Company Secretary
Mr. Mohammad Fahad – Head of Internal Audit
Ms. Um-e-Farwa – Head of Digital Transformation
Mr. Atiq Khan – Manager Technical

MANAGEMENT TEAM IS ALSO SUPPORTED BY

Ms. Muneeza Kassim – Group CFO
Ms. Meher Mobed – Group Chief People Officer

AUDITORS

KPMG Taseer Hadi & Co. Chartered Accountants

LEGAL ADVISORS

Abdul Ghaffar Khan
Address: F-72/1, KDA Scheme 5, Kehkashan, Clifton, Karachi
Nausheen Ahmad
Address: 21C, Zamzama Commercial Lane 5, Phase V, DHA, Karachi

SHARE REGISTRAR

CDC Share Registrar Services Limited
Address: CDC House, 99-B, Block 'B', S.M.C.H.S, Main Shara-e-Faisal, Karachi 74400
Customer Support Service: 0800-CDCPL (23275)
Fax: +92 (21) 34326034
Email: info@cdcpak.com
Website: www.cdcpakistan.com

BANKERS

Al Baraka Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
Meezan Bank Limited
Soneri Bank Limited
United Bank Limited

ADDRESSES

Registered Office: 44-C, Block-6, P.E.C.H.S., Main Razi Road, Karachi, Pakistan

Factory: Plot# EZ/I/P-10 Eastern Industrial zone Port Qasim Area, Karachi, Pakistan

North Sales Office: Room #21, 2nd Floor, Lahore Center, Gulberg, Lahore-54660, Pakistan

CONTACT DETAILS

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

Email: info@macpacfilms.com , company.secretary@macpacfilms.com

WEBSITE

www.macpacfilms.com

VISION

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

MISSION

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

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

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

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

OUR CORE VALUES



INTEGRITY

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

PASSION

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

ACCOUNTABILITY

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

VALUE OUR PEOPLE

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

EXCELLENCE

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

INNOVATION

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

GEOGRAPHICAL PRESENCE

2024



Sales Office: Room No. 21, 2nd Floor, Lahore Center, Gulberg Lahore, Pakistan.

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

Registered Office and Principal Place of Business: 44-C, Block-6, P.E.C.H.S., Main Razi Road, Karachi, Pakistan.

Newly Incorporated Company: The Meydan Hotel, Grandstand, 6th Floor, Meydan Road, Nad Al Sheba, Dubai, U.A.E.

CODE OF BUSINESS
CONDUCT & ETHICS



Our code outlines the way we do business and conduct ourselves and its compliance is mandatory across the organization.

The Code of Conduct is equally applicable to the Board of Directors as well as all the employees of the Company. The salient features of the Code of Conduct are as follows:

1. Macpac Films Limited will conduct its business honestly and ethically.
2. Personal interests must never be permitted to conflict, or appear to conflict, with the interests of the Company, its clients or its affiliates.
3. All applicable laws and regulations including labour laws and equal opportunity must be complied with.
4. Directors, officers and employees must respect and act responsibly with others in all of their dealings.
5. All Company policies and procedures including Company's Code of Conduct must be followed.
6. The Company's core values must be upheld at all times.

KEY PRODUCTS

Macpac Films Limited offers a diverse range of high-quality BOPP and CPP films tailored to meet the dynamic needs of various industries. Our products are crafted with precision using advanced technologies and adhere to international standards, making them ideal for a wide array of applications from food packaging to specialty uses.

VERSATILE APPLICATIONS
Suitable for food, pharmaceutical, and industrial applications

HIGH BARRIER PROTECTION
Shields products from moisture, gas, sun rays and odors, enhancing shelf life

SUSTAINABLE OPTIONS
Recyclable films available for eco-friendly packaging.



OPTICAL EXCELLENCE
Superior gloss and clarity for appealing product presentation





2024

PACK BETTER.

Signature of Excellence





BOPP FILMS



KEY FEATURES

Co-Extruded Technology: Manufactured using advanced co-extrusion processes for superior quality and performance.

Biaxial Orientation: Ensures enhanced strength, clarity, and dimensional stability.

VERSATILE APPLICATIONS

FOOD PACKAGING:
Suitable for confectionery, biscuits, snacks, tea, and baked goods.

LABELING
High-quality films for opaque and transparent labels.

SPECIALTY USES
Ideal for over-wrapping, textile bags, pharmaceutical items, adhesive tapes, and decorative purposes.

PRODUCT RANGE

PLAIN FILMS: Versatile for multiple applications, offering high transparency and strength.

OVERWRAP FILMS: Excellent optics and barrier properties, perfect for product over-wrapping.

SEALABLE FILMS: High seal strength and heat resistance for secure packaging.

MATTE FILMS: Non-glossy finish with a premium look, ideal for high-end packaging.

PEARLIZED, WHITE & METALIZED FILMS: Enhances visual appeal and provides excellent barrier properties.

HOLOGRAMABLE & METALLIZABLE FILMS: Suitable for security features and aesthetic enhancements.

KEY BENEFITS

BARRIER PROPERTIES
Strong protection against moisture, gas, and odors.

SUSTAINABILITY
All films are 100% recyclable.

OPTICAL EXCELLENCE
High gloss and clarity for superior product presentation.

STRENGTH AND DURABILITY
High tensile strength and puncture resistance.

CPP FILMS

2024

KEY FEATURES

Cast Film Technology: High performance, transparency, and ease of processing.

Multi-Layer Options: Available in various constructions to suit diverse packaging needs.



VERSATILE APPLICATIONS

FOOD PACKAGING
Used for candies, snacks, and other perishable items. for superior quality and performance.

SEALANT LAYER
Provides strong seals in multi-layered packaging structures.

LAMINATION AND WRAPPING
Lamination and wrapping provides strong seals in multi-layered packaging structure.

PRODUCT RANGE

TRANSPARENT FILMS: High clarity and gloss, suitable for high-visibility packaging.

OPAQUE/MILKY FILMS: Enhanced barrier properties with a unique aesthetic.

METALIZED FILMS: Improved barrier properties for premium packaging solutions.

SPECIALIZED FILMS: Custom grades with specific ultra high barrier properties.

KEY BENEFITS

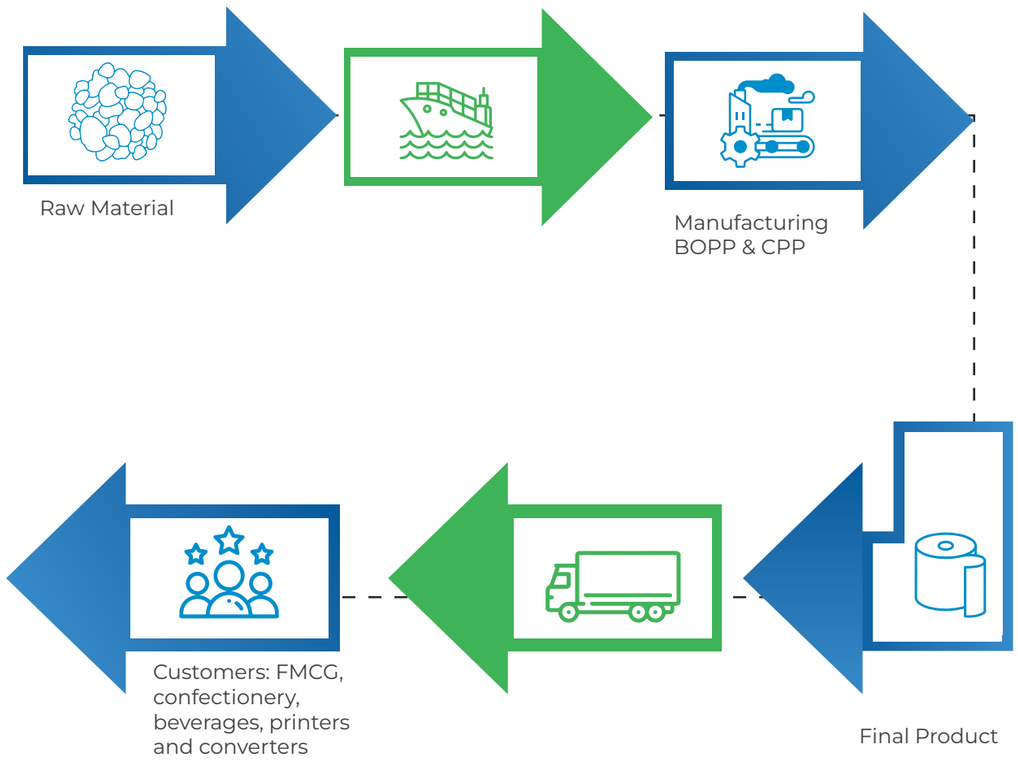
HIGH SEAL STRENGTH
Ensures secure packaging, preventing contamination.

SMOOTH SURFACE AND GLOSS
Attractive appearance for retail display.

RESISTANCE TO MOISTURE AND GREASE
Ideal for food packaging.

LOW STATIC PROPERTIES
Easy to handle and process during production.

VALUE **CHAIN**


Raw Material
Manufacturing
BOPP & CPP
Customers: FMCG, confectionery, beverages, printers and converters
Final Product


2024

OWNERSHIP, OPERATING
STRUCTURE, AND RELATIONSHIP

OWNERSHIP STRUCTURE

Macpac Films Limited operates as a publicly listed company, governed by a robust corporate governance framework. The Company's ownership structure is divided among institutional investors, individual shareholders, and various other stakeholders. The distribution of shareholding reflects the confidence of investors in the Company's long-term growth and sustainability. The Board of Directors and key executives of the Company, holding a significant number of shares, are actively involved in strategic decision-making, ensuring alignment with the shareholders' interests.

OPERATING STRUCTURE

Macpac Films Limited is structured to support efficient decision-making and operational excellence. The Company operates through a hierarchical structure that is decentralized to empower each business unit while maintaining central oversight by the executive management. The key functional areas of the Company, such as manufacturing, finance, sales, and marketing, are designed to integrate seamlessly to achieve operational efficiency and meet the Company's objectives and goals.

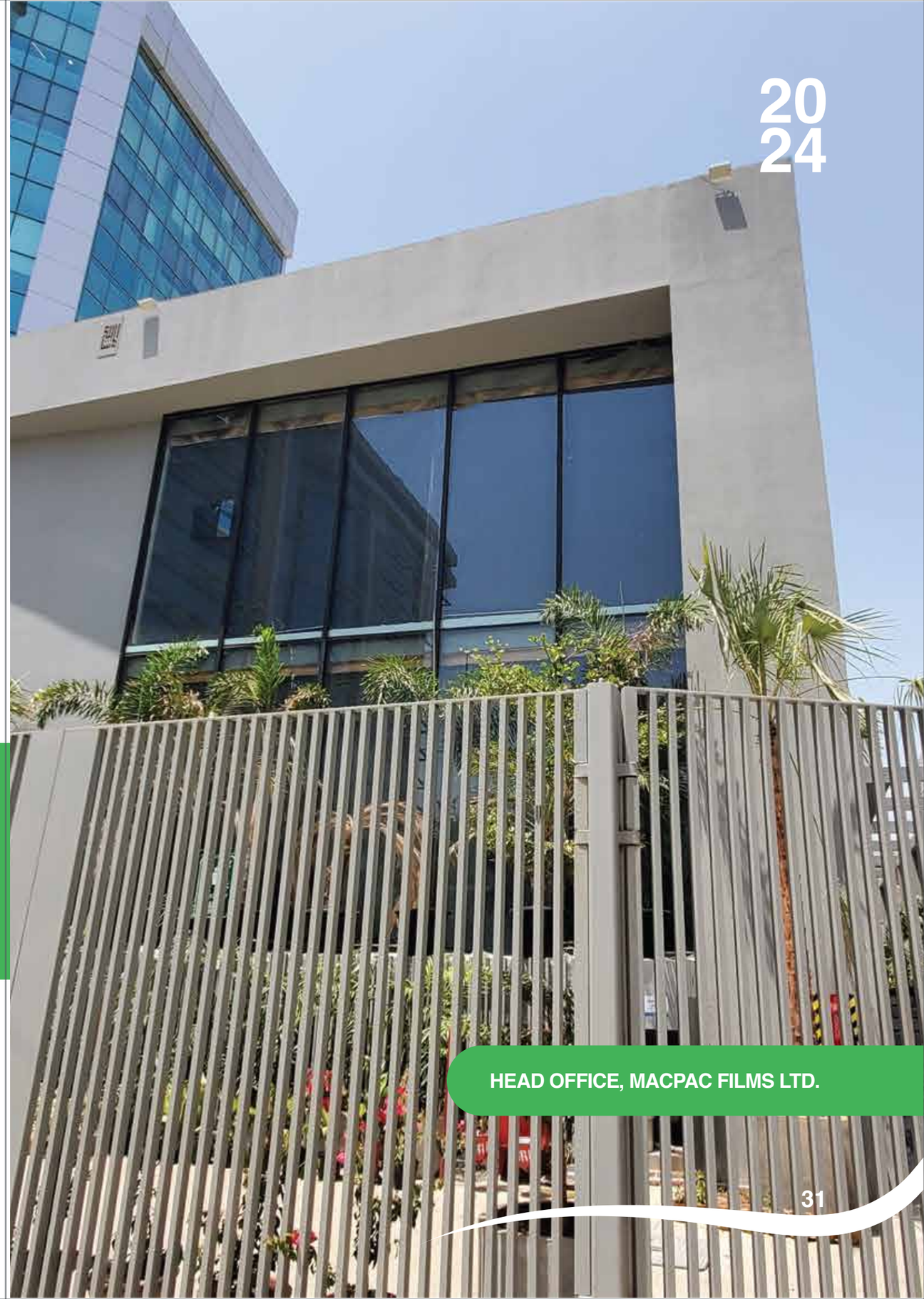
The Board of Directors provides oversight and direction, while the executive management team is responsible for executing the Company's strategic plans. The management ensures that each department and business unit operate in alignment with the Company's overall vision, focusing on growth, innovation, and sustainability.

RELATIONSHIP WITH GROUP COMPANIES

Macpac Films Middle East L.L.C-FZ was registered in the UAE in January 2024 and will be wholly-owned company of Macpac Films Limited. This company will aim to enhance Macpac's footprint in the global markets.

Macpac Films Limited is part of the broader Mac Corp group, which includes related parties such as Toyo Packaging (Pvt) Ltd., Mac Business Solution(Pvt) Ltd., TGA Sustainability (Pvt) Ltd. (The Green Ark), Mac Properties (Pvt) Ltd., and Ugao Agritech (Pvt) Ltd.

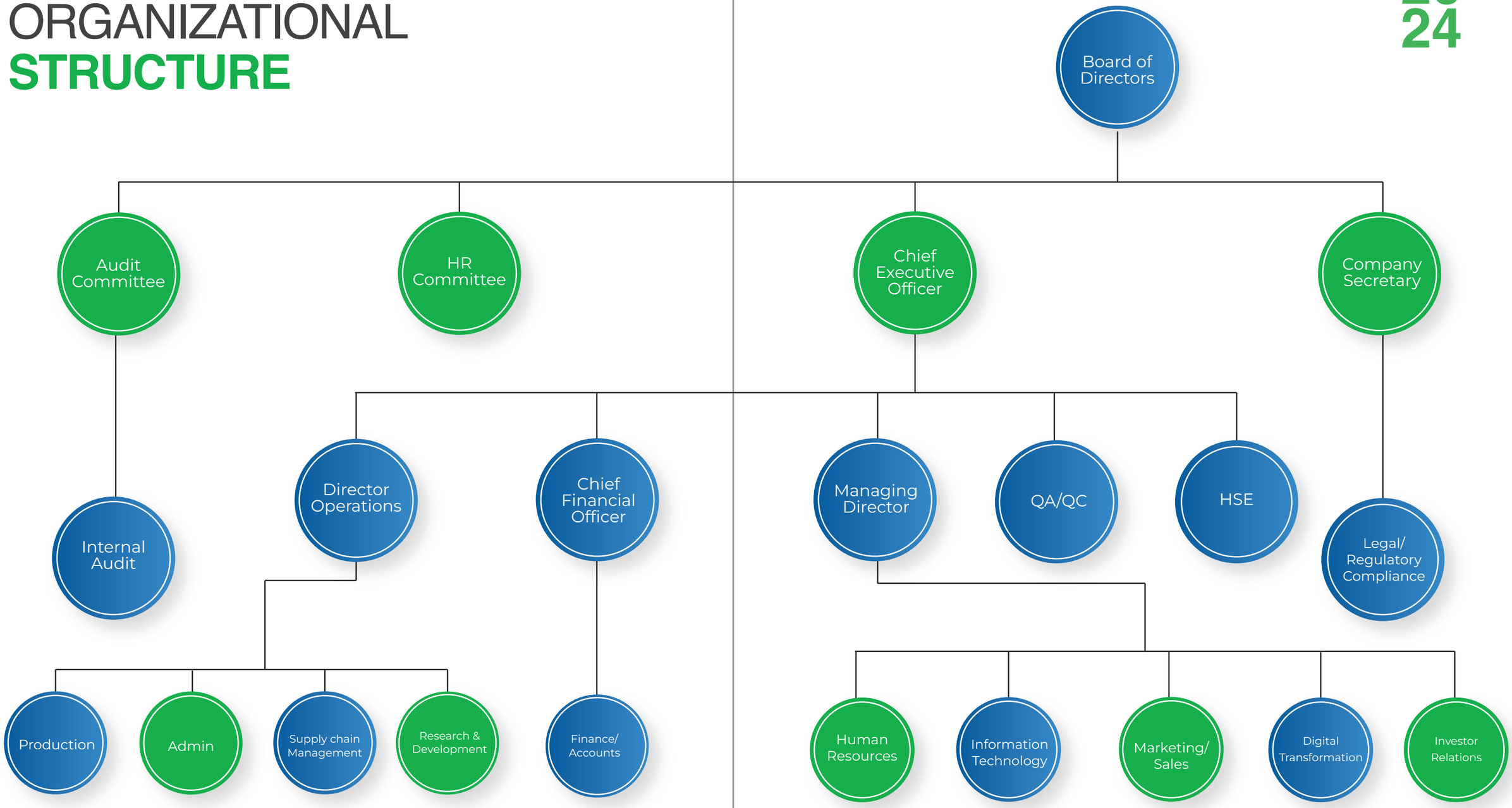
To learn more about Mac Corp, explore https://themaccorp.com/



HEAD OFFICE, MACPAC FILMS LTD.

ORGANIZATIONAL **STRUCTURE**

2024



DISCLOSURE OF BENEFICIAL (INCLUDING DIRECT) OWNERSHIP

In compliance with the relevant provisions of the Companies Act, 2017, specifically pertaining to the maintenance of records related to the ultimate beneficial ownership, Macpac Films Limited acknowledges its obligation to maintain accurate and up-to-date information of its ultimate beneficial owners, including any indirect ownership, if applicable.

BENEFICIAL OWNERSHIP

As of the reporting date, Macpac Films Limited confirms that it has no ultimate beneficial owner who directly or indirectly holds at least twenty-five percent (25%) of shares or voting rights, or exercises effective control over the company, as defined under the applicable law. Consequently, no such disclosures are required in relation to any beneficial owner.

COMPLIANCE AND DECLARATION

Macpac Films Limited has taken all necessary steps to ensure that its register of beneficial ownership is updated in accordance with the requirements of the Companies Act, 2017. There has been no default or contravention of the requirements of the law during the reporting period. Should there be any changes in the group structure or beneficial ownership in the future, these will be duly disclosed in subsequent reports.

THE LEGISLATIVE AND REGULATORY ENVIRONMENT

2024

Macpac Films Limited operates within a comprehensive legislative and regulatory framework designed to ensure transparency, accountability, and promote sustainable business practices. The primary legislation governing its operations is the Companies Act, 2017, which provides a robust structure for corporate governance, financial reporting, and stakeholder protection. This Act mandates stringent compliance requirements, including regular financial disclosures, audits, and adherence to corporate governance standards.

In addition to the Companies Act, Macpac Films Limited is subject to various industry-specific regulations with the following key legal and regulatory frameworks detailed below:

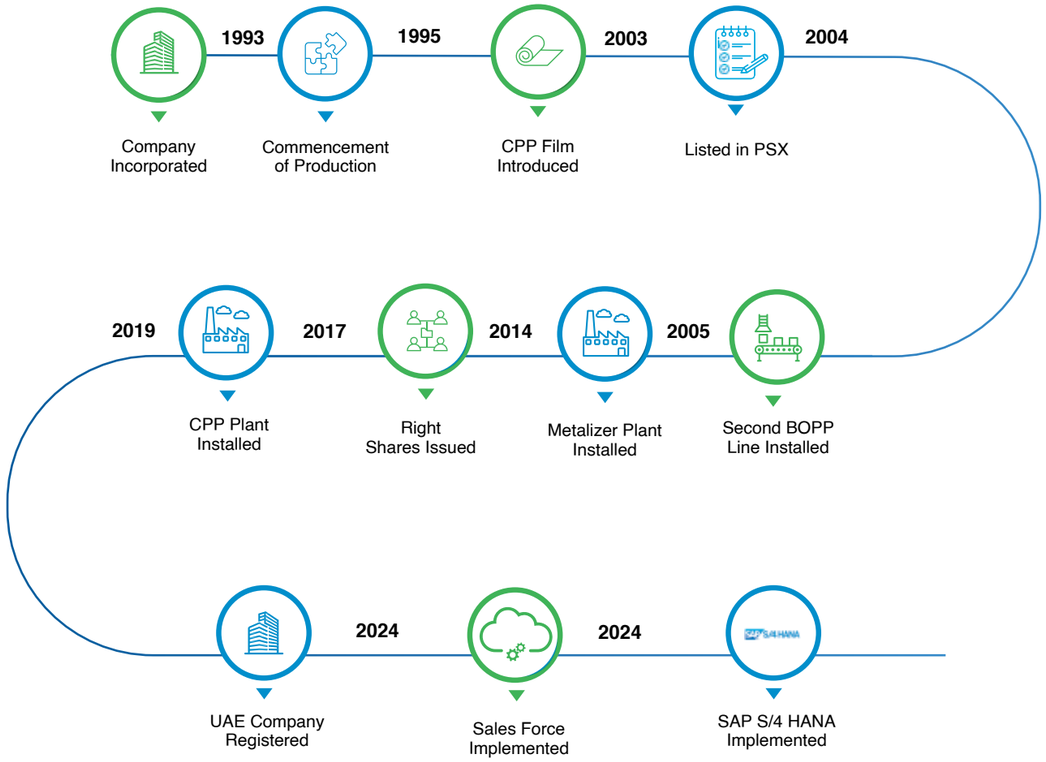
- Listed Companies (Code of Corporate Governance) Regulations, 2019
- The Securities Act, 2015
- Pakistan Stock Exchange (PSX) Regulations
- Central Depository Company (CDC) Regulations
- The Pakistan Environmental Protection Act, 1997
- Applicable International Financial Reporting Standards
- Integrated Framework & BCR reporting criteria of ICAP/ICMAP
- Global Reporting Initiative (GRI) Standards 2021
- Sustainable Development Goals (SDG) Reporting Initiative
- Various SROs, Circulars, Notifications issued by the regulatory authorities from time to time

FACTORS AFFECTING
EXTERNAL ENVIRONMENT

External Factors	Description & Impact of the Factors	Term
Social	Companies are increasingly mindful of societal factors such as demographics, culture, and health awareness, which significantly impact their operations. Ignoring these can harm both the company and society. It's vital for organizations to give back to their communities, a commitment our company upholds.	Medium/ Long Term
Economic	The development of industries is usually greatly influenced by economic policy. The profitability of the company would be impacted by any additional increases the government makes to the current policy rates and other macroeconomic factors	Short/ Medium Term
Technological	Businesses prioritize technological advancements to achieve operational efficiency and enhance quality. Macpac Films Limited is committed to this goal, ensuring regular capital expenditures for timely technological upgrades.	Short, Medium & Long Term
Environmental	Globally, there is a shift towards exploring eco-friendly packaging options. This suggests an expected global transition from non-plastic alternatives to BOPP film packaging, which is highly recyclable and meets consumer packaging preferences effectively.	Medium/ Long Term
Legal	The Company will continue to uphold strict adherence to both current and new regulatory obligations while the Government takes steps to document the economy.	Short/Medium/ Long Term
Political	Stability is impacted by national and international political unpredictability, which also has the potential to disrupt the general operating and business environment.	Medium/ Long Term

MILESTONES & ACHIEVEMENTS

2024



CREDIT RATING BY
PAKISTAN CREDIT RATING AGENCY (PACRA)

During the year ended June 30, 2024, Pakistan Credit Rating Agency (PACRA) has assigned the following ratings to Macpac Films Limited which reflect PACRA's assessment of our company's financial stability and creditworthiness:

LONG-TERM BBB+ (BBB PLUS)

- Credit Quality: Good credit quality.
- Risk Expectation: Currently a low expectation of credit risk.
- Payment Capacity: Adequate capacity for timely payment of financial commitments.
- Economic Sensitivity: More susceptible to adverse changes in circumstances and economic conditions.
- Financial Stability: The company's financial stability is reasonable but could be affected by economic fluctuations.

SHORT-TERM A2 (A TWO)

- Repayment Capacity: Satisfactory capacity for timely repayment.
- Risk Sensitivity: Susceptible to adverse changes in business, economic, or financial conditions.
- Financial Health: Generally stable but may face challenges under unfavourable conditions.
- Credit Risk: Low to moderate credit risk with potential impacts from external factors.
- Good credit quality. Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.

SIGNIFICANCE OF THE RATINGS

The BBB+ long-term rating and A2 short-term rating provide a comprehensive view of our financial health. These ratings are crucial for investors, creditors, and other stakeholders as they reflect our ability to manage both long-term and short-term financial obligations. They support our reputation in the financial markets and influence our access to capital and financing conditions.

FACTORS INFLUENCING THE RATINGS

PACRA'S RATINGS REFLECT SEVERAL KEY FACTORS:

- Financial Performance: Our stable revenue growth and consistent profitability contribute positively to our ratings.
- Operational Efficiency: Effective management of operational risks and efficient resource utilization are recognized.
- Liquidity Position: Our strong liquidity position supports our short-term financial obligations and enhances our credit profile.

FUTURE OUTLOOK AND STRATEGIES

Macpac Films Limited is focused on strategies to enhance its financial stability and operational performance. Our efforts include:

- Operational Improvements: Continued enhancements in operational efficiency to drive profitability.
- Financial Management: Strengthening our balance sheet and liquidity to support long-term financial stability.
- Market Expansion: Exploring new opportunities for growth and revenue generation

By implementing these strategies, we aim to sustain and improve our credit ratings over time, ensuring continued confidence from our stakeholders and financial partners. Our management team is committed to maintaining these ratings through strategic initiatives and rigorous financial management. We believe that our focus on operational excellence and risk management will contribute to our ongoing success and financial health.

SWOT

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
Advanced technology for high-quality film production	Reliance on imported raw materials	Increasing local demand	Highly fluctuating currency
State of the art production facility	Margins reduced due to increasing energy costs	Expanding operations in the international markets	Changing government policies
Experienced & professional teams	High working capital requirement for import of raw material	Diversifying portfolio to align with the growing focus on packaged goods	Challenging business environment
Continuous improvement & innovation		Exploring & implementing energy efficient solutions	Interest rate variability stemming from economic instability
Fully integrated ERP CRM for customer focus Recycling waste for a circular economy		Venturing into emerging markets	Import restrictions on raw material
		Large opportunities in packaging for sustainability	High inflation rate

COMPETITIVE LANDSCAPE & MARKET POSITIONING

2024

COMPETITION IN THE INDUSTRY

There is strong competition in the Film manufacturing industry. To have a strong presence, Macpac aims to gain a foothold of the international market

NEW ENTRANT'S POTENTIAL

Even with the removal of anti-dumping duties, the entry of new players into the packaging industry is restricted due to the significant capital investment required.

POWER OF SUPPLIER

A large quantity of our raw material is imported increasing our dependence on suppliers. We procure granules from leading international suppliers and maintain strong, respectful relationships with them as valued business partners. The company has established contracts and agreed pricing with these vendors. Our supply chain department is dedicated to ensuring continuous plant operations through reliable and cost-effective raw material supply within set timelines.

POWER OF CUSTOMERS

At Macpac Films Limited, customer satisfaction is our top priority. Our diverse range of film types caters to converters who customize films to meet branding needs. We continuously adapt our products to align with market trends and fulfill customer requirements.

THREAT OF SUBSTITUTES

Climate changes and global innovation are driving a shift towards eco-friendly packaging. Major brands are favoring BOPP film for its recyclability and versatility in meeting packaging needs.

STAKEHOLDER EXPECTATIONS & MARKET DYNAMICS

In today's dynamic business environment, understanding and addressing stakeholder needs is crucial for sustainable growth. At Macpac Films Limited, we recognize that aligning our strategies with the expectations of key stakeholders including customers, employees, investors, regulators, and the communities we serve is fundamental to our long-term success. Our commitment to meeting these needs while staying ahead of industry trends ensures that we remain competitive and responsible in a rapidly evolving market.

STAKEHOLDER EXPECTATIONS

CUSTOMERS: Our customers expect high-quality, innovative, and sustainable packaging solutions. With increasing demand for eco-friendly and recyclable materials, we are focused on enhancing our product portfolio to meet these expectations. Regular feedback from customers drives our product development and service improvements, ensuring that we remain a trusted partner in their supply chains.

EMPLOYEES: Our workforce is the backbone of our success. Employees seek a positive work environment, opportunities for professional growth, and a culture that values diversity and inclusion. In response, we have invested in comprehensive training programs, competitive compensation packages, and initiatives aimed at fostering a collaborative, safe, and inclusive workplace.

INVESTORS: Our investors expect consistent financial performance and responsible corporate governance. Transparency, risk management, and strategic growth are key areas of focus for us, ensuring that we deliver strong returns while maintaining high ethical standards. Our efforts to drive innovation, operational efficiency, and sustainability have been designed to enhance shareholder value.

REGULATORS: Compliance with industry regulations and environmental standards is non-negotiable. We continuously work to align with evolving regulatory frameworks related to safety, environmental protection, and corporate responsibility.

COMMUNITIES: We are committed to being a responsible corporate citizen. Our social responsibility initiatives reflect our commitment to contributing positively to the communities in which we operate. We prioritize sustainable practices that minimize our environmental impact and support local economies, reflecting our dedication to long-term environmental stewardship and social well-being.

MARKET DYNAMICS

The packaging industry is undergoing significant transformations driven by technological advancements, changing consumer preferences, and growing environmental concerns. Key trends influencing our industry and shaping our strategic direction include:

SUSTAINABILITY AND CIRCULAR ECONOMY: There is a growing shift towards sustainable packaging, with increased demand for recyclable, and reusable materials. At Macpac Films Limited, we are committed to developing innovative solutions that support a circular economy, reducing waste and our environmental footprint. Our investments in research and development are focused on creating eco-friendly packaging solutions that meet global sustainability standards.

TECHNOLOGICAL INNOVATION: Advancements in manufacturing technologies, automation, and digitalization are reshaping the packaging industry. We are embracing digital technologies to enhance production efficiency, improve quality control, and optimize supply chain management. The adoption of Industry 4.0 technologies allows us to meet customer demands faster while maintaining high levels of precision and cost efficiency.

CONSUMER-CENTRIC CUSTOMIZATION: Consumers are increasingly seeking personalized and aesthetically appealing packaging. Our commitment to customization and design innovation ensures that we meet the unique branding needs of our clients. We continue to invest in technologies that allow for flexible production runs and customizable packaging solutions, enhancing our ability to deliver differentiated value to our customers.

REGULATORY AND COMPLIANCE PRESSURES: The industry faces growing regulatory pressures, especially concerning environmental impact and product safety. Compliance with global regulations, such as extended producer responsibility (EPR) and plastic bans, has become a significant factor shaping packaging practices. Macpac Films Limited is proactively adapting to these changes, ensuring that our products meet stringent environmental and safety standards.

PES

POLITICAL

Political uncertainty can affect business operations and demand, disrupting the overall environment in which the company operates.

Macpac Films remains vigilant of the ever-changing political landscape in the country, consistently adapting as needed to ensure operational stability and resilience in its business strategies

ECONOMIC

Rising interest rates compared to other countries increase in import costs and reduced margins, though positive economic growth and lower policy rates offer a more optimistic outlook.

The latest IMF report indicates Pakistan's economic outlook is improving, with inflation stabilizing and fiscal reforms underway, providing a more predictable environment for growth.

SOCIAL

Macpac Films is committed to the welfare of its employees and the broader community, viewing social responsibility as a core obligation.

Macpac Films actively contributes to various social causes, offering substantial financial support to students, empowering women through targeted initiatives, and employing differently abled individuals within its diverse workforce.

TEL

TECHNOLOGY

Technological advancement is vital for growth. Failing to adopt new technologies limits product development and processes, leading to suboptimal outcomes.

With a newly formed R&D department and an advanced BOPP film manufacturing line, Macpac Films is driving product innovation, improving efficiency, and leveraging SAP to optimize decision-making.

ENVIRONMENT

With worsening environmental conditions, it is critical for companies to raise awareness and reduce pollution, minimizing harmful effects on the planet.

Macpac Films is dedicated to sustainability, aligning its practices with the United Nations Sustainable Development Goals to create a positive environmental and social impact.

LEGAL

Compliance with industry-specific legal requirements is essential for companies, ensuring alignment with all applicable laws and regulations.

Macpac Films ensures compliance with all relevant legal frameworks, including the Companies Act 2017, Income Tax Ordinance 2001, SECP regulations, and corporate governance guidelines.

CALENDAR OF
MAJOR EVENTS 2023-2024

BOARD MEETINGS
QUARTERLY

During the reporting period, four Board meetings were held, in which key strategic decisions were made regarding the company's strategy and corporate plan, financial statements, company's growth, operational improvements, and corporate governance practices and the risk register. These meetings ensured that the company's governance practices remained robust and aligned with regulatory requirements.

CORPORATE BRIEFING SESSIONS
BI-ANNUAL

The company also conducted two Corporate Briefing Sessions during the year, providing shareholders and stakeholders with updates on the company's performance, future outlook, and strategic plans. These sessions reaffirmed Macpac Films Limited's commitment to transparency and open communication with its investors.

ANNUAL EVENT
OCTOBER 28, 2023

Macpac Films Limited organized an Annual Event to recognize and celebrate the hard work and dedication of its workforce. Employees received awards and gifts as tokens of appreciation for their contributions to the company's success. This event promoted team spirit and reinforced the company's commitment to employee welfare and engagement.

SAP S/4HANA IMPLEMENTATION
JANUARY 4, 2024

One of the key milestones of the year was the successful implementation of SAP S/4HANA, a state-of-the-art Enterprise Resource Planning (ERP) system. This strategic initiative has optimized business processes, improved financial reporting, and enhanced operational efficiency across the company.

SHARIAH COMPLIANCE CERTIFICATION
JULY 18, 2024

In July 2024, Macpac Films Limited received its Shariah Compliance Certification, aligning its operations and financial activities with Islamic financial principles. This certification broadens the company's investor base by appealing to Shariah-conscious investors and reflects our commitment to ethical business practices.

RECLASSIFICATION OF SECTOR
AUGUST 5, 2024

The Pakistan Stock Exchange (PSX) announced the sector reclassification of Macpac Films Limited on July 25, 2024, which became effective on August 5, 2024. This shift reflects the company's evolving business model and strategic alignment with new industry standards, underscoring its focus on innovation and market adaptation.

OUR JOURNEY

1993
INCORPORATION

Macpac Films Limited was established as a limited liability company in Pakistan.

1995
COMMERCIAL PRODUCTION

Began commercial production of Biaxially Oriented Polypropylene (BOPP) films.

2003
CPP FILMS

Started commercial production of Cast Polypropylene (CPP) films.

2004
PSX LISTING

Listed in Pakistan Stock Exchange as a public listed company.

2007
FIRE INCIDENT

Halted CPP films production due to a fire incident.

2015
METALIZER PLANT

Metalizer plant for BOPP films became commercially operational

2017
CPP LINE REINSTALLATION

Re-installed CPP films manufacturing line, which became commercially operational.

2022
SUSTAINABILITY INITIATIVES

Emphasized sustainable and eco-friendly packaging solutions.

2023
FINANCIAL GROWTH

Reported significant growth in total assets and equity.

2024
SALES FORCE IMPLEMENTATION

Implemented Sales Force to enhance customer relationship management.

2024
SAP S/4 HANA IMPLEMENTATION

Introduced SAP S/4 HANA for improved enterprise resource planning (ERP).

2024
GLOBAL EXPENSION

Established Macpac Films Middle East LLC FZ to expand market presence in the Middle East.

HUMAN RESOURCE
MANAGEMENT

Macpac Films Limited is an equal opportunity employer and also provides employment opportunities to young graduates with the aim to nurture a pool of future leaders for the company. Furthermore, Macpac has a policy to hire young mothers who want to re-join the workforce after starting a family; they are provided with all the facilities they require to ensure their infants are well looked after and flexibility of working hours for their convenience.

Macpac Films Limited. is conscious of maintaining the dignity and rights of its human capital; the management has created a friendly and fun work environment by providing some form of entertainment which employees can avail of after office hours and family-like culture with special emphasis on employee satisfaction and engagement by providing the employees with all the resources they require to perform to the utmost level of efficiency. Training and development are considered to be an integral part of Macpac's human resource policies, in addition to on-the-job training employees are provided with the opportunity to network with employees of other organizations by encouraging them to attend seminars, workshops, short courses and lectures.

Every year Macpac focuses on building its Brand with prospective employees by participating in University career fairs to attract young graduates to join Macpac and an Internship Program has been created to benefit students to acquire hands-on work experience in their field of choice.

Macpac is committed to ensuring skill development of its employees by conducting in-house training sessions to enhance the capacity and capability of every individual. During the year under review, the Company prioritized employee skill development by ensuring the delivery of the following training sessions

- Data Analytics Training Program
- Industrial Automation Course
- Sales Force Management
- Directors Training Program
- Certificate Course on Taxation
- HSE and Firefighting
- Competencies of HR Leader
- Advance Risk Based Internal Auditing Training
- Competency framework
- Dignity at the workplace
- SAP training for utilization of the software for operational use.
- Time Trax Application training for operational use

Macpac continuously fosters an inclusive and vibrant workplace culture through a variety of activities and celebrations. Throughout the year, the company has organized events to strengthen team spirit and engagement among employees. These activities include seasonal celebrations, company-wide gatherings, and initiatives aimed at promoting environmental sustainability and social responsibility, such as plantation and blood donation drives. Additionally, the company regularly acknowledges employee milestones, creating an environment that values collaboration, well-being, and a sense of community. Macpac also hosts an annual event that brings together employees from all locations, reinforcing its commitment to a cohesive and inclusive workplace culture.



INDUSTRY AWARDS & **PRESTIGIOUS RECOGNITIONS**

20TH ANNUAL ENVIRONMENT EXCELLENCE AWARD 2023



19TH ANNUAL ENVIRONMENTAL EXCELLENCE AWARD 2022 – AUGUST 2022



FIRE SAFETY AWARDS – DECEMBER 2021



BRAND OF THE YEAR AWARD – SEPTEMBER 2020



2024

STRATEGY AND
KEY RESOURCE ALLOCATION

STRATEGIC OBJECTIVES AND STRATEGIES

SHORT-TERM

- Revenue Growth: The consistent increase in sales revenue over the years indicates a focus on maintaining or accelerating this growth trajectory
- Cost Management: Monitoring cost of sales and gross profit suggests a priority on controlling costs and improving profitability
- Effective Waste Management
- Enhance stakeholder and shareholder value
- Nurturing in-house talent through professional development and career growth
- Zero LTI's (Lost Time Injury)

MEDIUM-TERM

- Utilize our in-house Research and Quality department for delivering sustainable solutions
- Enhance our market presence by acquiring advanced machinery and equipment
- Commitment to societal betterment
- Optimize the management processes
- Enhanced safety training and automation

LONG-TERM

- Our Long-term goal is to strengthen our local and export market
- To maintain consistent growth aligned with our company's mission, vision, and corporate strategy
- We strive to generate long-term value for our shareholders by meeting market demands within a safe and responsible environment
- Predictive, data-driven safety system with industry-leading standards

RESOURCE ALLOCATION PLANS 2024

At Macpac Films Limited, strategic resource allocation is integral to achieving our goals of sustainable growth, operational efficiency, and manufacturing excellence. Our focus is on maximizing the value of all available capitals—financial, human, manufactured, intellectual, social, and natural—while minimizing waste and ensuring high-quality standards across production processes. Below is an outline of how we plan to allocate and manage these resources:

Manufacture Capital

Manufacturing at Macpac Films Limited is deeply rooted in efficiency and quality-conscious production. We have invested significantly in upgrading our facilities to ensure that our production lines are equipped with the latest machinery, reducing downtime and optimizing output. Quality control measures are a top priority, ensuring that our products meet international standards with minimal waste generated in the process.

Human Capital

Our workforce is one of our most valuable assets. To empower our employees, we provide continuous training and development programs, ensuring they have the skills required to operate state-of-the-art machinery and ERP systems. By focusing on capacity-building and skill development, we aim to enhance productivity while maintaining high standards of safety and job satisfaction. Additionally, our recruitment policies are designed to attract talented professionals who contribute to the company's innovation and growth.

Natural Capital

Sustainability is embedded in our operations. We are committed to reducing our environmental footprint by adopting the 3R approach Reduce, Reuse, and Recycle. Waste reduction initiatives are implemented across the production process, ensuring minimal resource depletion. We also collaborate with external partners for efficient waste management and recycling, contributing to a circular economy. Our focus on energy efficiency and water conservation further demonstrates our commitment to preserving natural resources.

Intellectual Capital

We recognize that continuous innovation is key to staying competitive. As such, we leverage our intellectual capital—proprietary knowledge, technical expertise, and patented processes—to improve the quality of our products and introduce more eco-friendly solutions. R&D efforts are geared toward exploring new packaging materials and production methods that reduce environmental impact without compromising on quality.

Social and Relationship Capital

Our relationship with key stakeholders, including customers, suppliers, and the community, is vital for long-term success. We prioritize transparent communication and collaborative partnerships to ensure mutual benefit. This includes working with recycling companies to enhance our sustainability initiatives and minimize waste. Through corporate social responsibility (CSR) efforts, we contribute to community health, education, and employment generation, enhancing our social capital.

Financial Capital

We continue to strategically allocate financial resources to optimize our operations. Investments are primarily directed towards advanced machinery, innovative manufacturing techniques, and technological upgrades, particularly in ERP systems like SAP and CRM like Sales Force. By doing so, we aim to enhance production efficiency, minimize operational costs, and reduce wastage. Financial resources are also directed toward R&D to explore new materials and processes that can further improve product quality while maintaining cost-efficiency.

MACPAC
VALUE CREATION

Skills development for employees via intensive trainings

Employees 1

2 Communities

Holding CSR activities and investing in underprivileged schools

Contribution to the national treasury and creating economic value for society

Government 3

4 Shareholders

Ensure maximum returns

Building long-term relationship and network

Suppliers & Service Providers 5

6 Financial Institutions

Obtain funding to efficiently manage working capital

High quality films to cater demand

Customer 7

CAPABILITIES FOR
ENHANCING COMPETITIVE ADVANTAGE & CORPORATE SUSTAINABILITY

2024

Macpac Films Limited is expanding its global presence by targeting key markets in the Middle East, Europe, and North America. The company's strategy focuses on delivering high-quality, innovative packaging solutions, including high-barrier and sustainable films, tailored to meet the specific needs and regulations of each region. In the Middle East, Macpac Films aims to leverage its expertise to offer durable, regulatory-compliant packaging. In Europe, the focus is on sustainable and advanced solutions catering to the diverse and quality-focused market. North America will see the introduction of recyclable films, addressing the growing demand for eco-friendly packaging. To support this expansion, the company offers premium products along with comprehensive technical support, after-sales service, and sustainability consulting, ensuring optimal performance and customer satisfaction. This integrated approach aims to drive sustainable growth and establish Macpac Films as a leader in advanced packaging solutions worldwide.



INNOVATIVE APPROACHES TO PRODUCT DEVELOPMENT

At Macpac Films Limited, our strategy is centered around continuous innovation and responsiveness to market dynamics. We aim to leverage our strengths in manufacturing high-quality packaging films while exploring new market opportunities to drive growth. Our approach is structured around three core pillars:

MARKET DEVELOPMENT

GEOGRAPHIC EXPANSION

We are focused on expanding our presence in emerging markets where the demand for sustainable packaging solutions is rapidly increasing. This includes entering new geographic regions that align with our sustainability goals and market potential.

CUSTOMER SEGMENTATION

By identifying and targeting diverse customer segments, including industries such as food and beverage, personal care, and pharmaceuticals, we aim to tailor our offerings to meet specific needs. This segmentation allows us to develop targeted marketing strategies that resonate with various customer groups.

PARTNERSHIPS AND COLLABORATIONS

We seek strategic partnerships with local distributors and industry players to enhance our market entry strategies. Collaborating with partners who have established networks in target markets will help us gain a foothold and expand our reach more effectively.

PRODUCT DEVELOPMENT

SUSTAINABLE INNOVATIONS

Our commitment to sustainability drives our product development efforts. We are focused on creating biodegradable, recyclable, and compostable packaging solutions that align with global sustainability trends. This includes developing new formulations of BOPP films that minimize environmental impact while maintaining product performance.

CUSTOMIZATION

Understanding the unique requirements of our clients is critical. We prioritize customization in our product offerings, allowing customers to choose features that meet their specific packaging needs. This includes options for size, thickness, and functionality tailored to different applications.

RESEARCH AND DEVELOPMENT

Continuous investment in R&D is at the heart of our product innovation strategy. By enhancing our R&D capabilities, we can develop cutting-edge technologies and materials that meet the evolving needs of our customers while maintaining compliance with environmental standards.

SERVICE DEVELOPMENT

CUSTOMER-CENTRIC APPROACH

We are committed to providing exceptional customer service by adopting a customer-centric approach. This includes proactive communication, personalized support, and timely delivery of products to ensure customer satisfaction.

TECHNICAL SUPPORT AND TRAINING

Offering technical support and training to our clients is a key component of our service strategy. By providing expertise on product applications and best practices, we help our customers maximize the value of our packaging solutions.

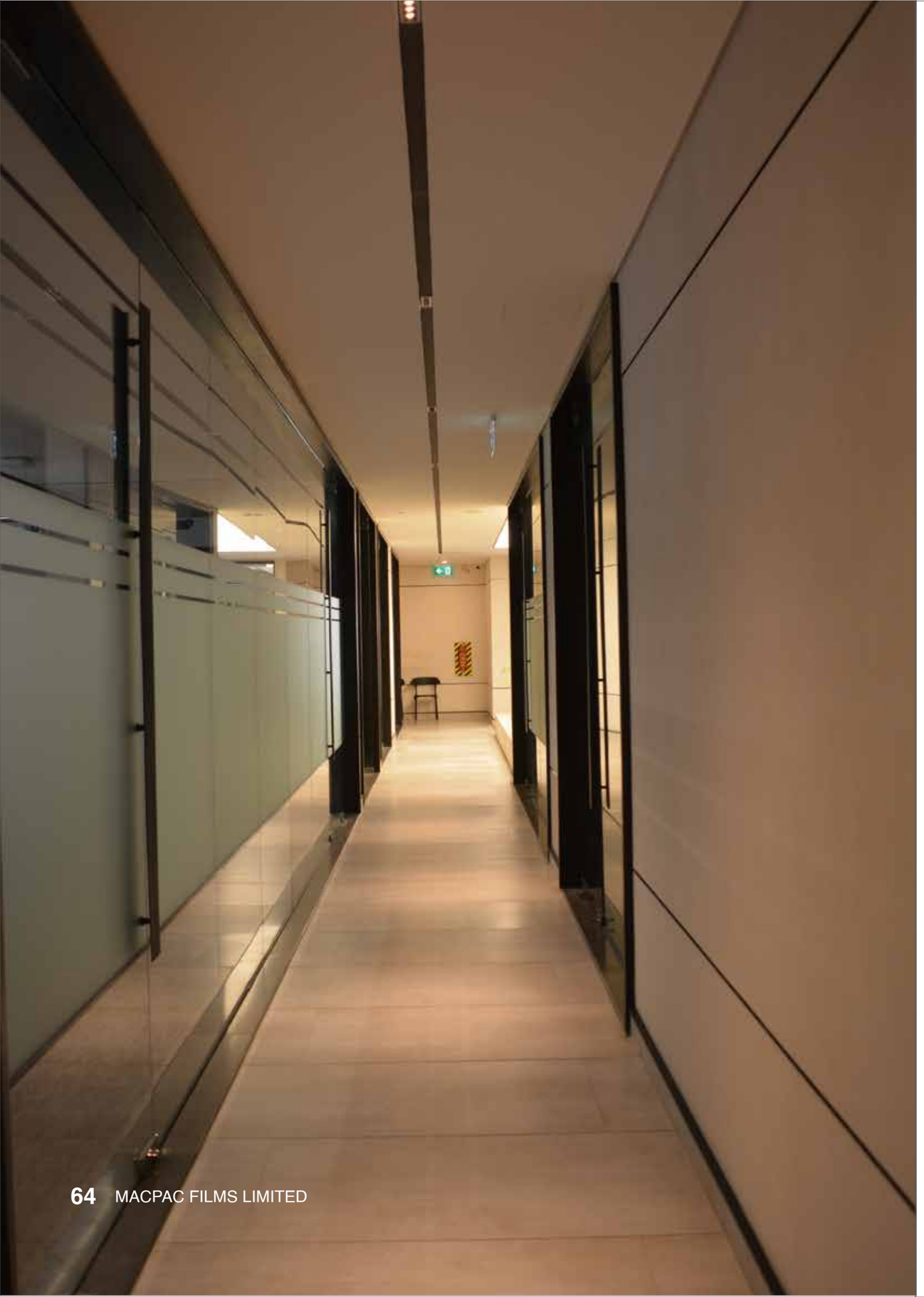
FEEDBACK MECHANISMS

We actively seek feedback from our customers to improve our products and services continually. Establishing robust feedback mechanisms allows us to understand customer preferences better and adapt our offerings accordingly.

FACTORS AFFECTING STRATEGY AND RESOURCE ALLOCATION

CATEGORY	DETAILS
TECHNOLOGICAL CHANGES	• Investments in advanced machinery and equipment for improved production efficiency, cost reduction, and product quality. • Focus on modernizing IT infrastructure (real-time backups, security) to adapt to technological advancements. • Need for continuous technological upgrades. • SAP implementation to foster efficiency • Sales Force to focuses on sales and service
SUSTAINABILITY REPORTING AND CHALLENGES	• Commitment to reducing environmental footprint through waste management and energy-efficient technologies through related party TGA Sustainability Private Limited (The Green Ark). • Implementation of monitoring systems for regulatory compliance and waste/emission reduction. • Sustainability KPI's metrics controls and challenges in transparency • Creating awareness about recycling • Technological Barriers leads to lack of tracking and reporting sustainability data

CATEGORY	DETAILS
INITIATIVES PROMOTING AND ENABLING INNOVATION	• Dedicated in-house Research & Quality department for sustainable solutions, product innovations and improvements. • Investment required for BMR to achieve efficiency and quality. • Employee training programs for skill development. • Collaborations with industry experts for market leadership.
RESOURCE SHORTAGES	• Challenges in procurement of raw materials (Resin and Co Polymers). • Shortage of skilled labor, requiring timely hiring and training. • Efficient management of energy resources to balance costs and environmental impact.



FINANCIAL KPIs TO ASSESS PROFITABILITY AND GROWTH

2024

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATORS (KPIS)	RELEVANCE FOR THE FUTURE
Sustained Growth	Year-over-year (YoY) revenue growth percentage	Reflects Macpac Films' ability to grow, identify sustainable sources of material and energy resources, and expand market share in the packaging sector.
Cost Management	Gross profit margin; Cost of sales as a percentage of total revenue	Essential for profitability and will remain relevant as the company scales and optimizes operations.
Enhanced Waste Management	Percentage reduction in plastic waste; Cost savings from improved waste management	Reducing carbon footprint is a key focus, making waste management and recycling crucial.
Enhanced Stakeholder Collaboration	Number of Corporate Brief Sessions; along with satisfaction surveys	Key for the success of Macpac Films as it seeks greater collaboration with its stakeholders.
Nurturing In-House Talent	Employee retention rate; Employee satisfaction scores; Number of training & development programs	Critical for organizational effectiveness and adaptability, especially as workforce and technological needs evolve.
Timely Hiring of Key Resources	Time-to-fill key positions; Percentage of critical roles filled on time	Maintaining operational efficiency will require timely recruitment, making this KPI consistently important.
Utilizing In-House Research and Quality Dept.	Number of new sustainable solutions developed; Customer satisfaction with quality	Innovation and sustainability will remain priorities, making this KPI significant for future growth.
Market Presence Enhancement	Market share growth; New markets entered; Investments in advanced machinery	Market expansion and modernization of equipment are ongoing and are based on future business needs.
Commitment to Societal Betterment	CSR project impact scores; Percentage of revenue allocated to CSR initiatives	Strong social responsibility programs will be expected by consumers and investors, keeping this KPI relevant.
Optimization of Management Processes	Number of process improvements implemented; Efficiency gains	Continuous process optimization is key to maintaining competitive advantage.
Zero Lost Time Injuries (LTI)	Number of lost time injuries per year; Safety training completion rate; Number of management safety audits	Workplace safety is critical in manufacturing, and this KPI will remain vital to ensuring a safe environment.
Growth Aligned with Mission and Vision	Achievement of annual strategic milestones; Alignment score with mission/vision	Ensuring alignment between growth and core values is crucial for a sustainable long-term strategy.

OPERATIONAL EFFICIENCY AND PRODUCTIVITY KPIs

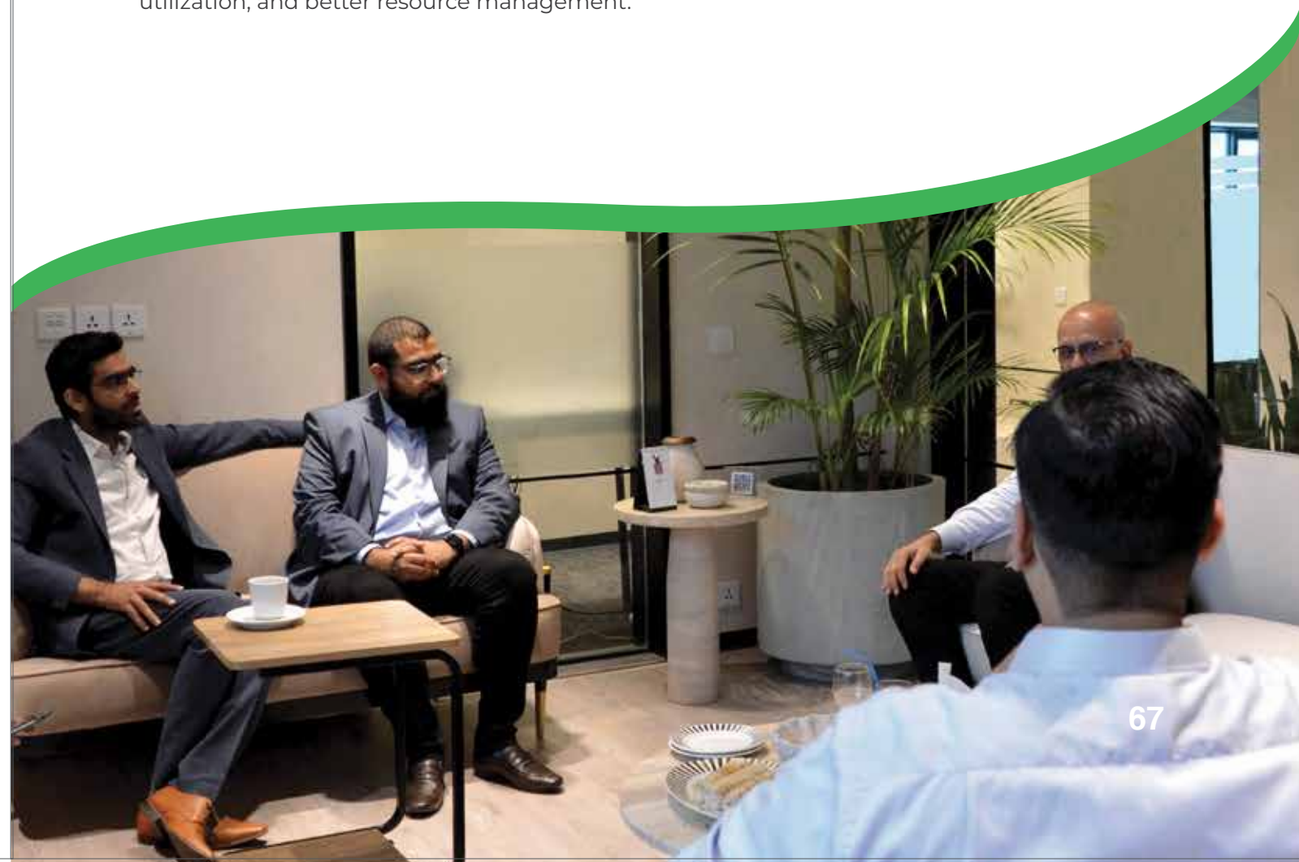
INDICATORS	TARGET	METRIC	SIGNIFICANCE
HUMAN CAPITAL	Focus on training & safety	Training hours Zero lost-time injuries, near misses, and unsafe acts.	Human resources are pivotal to achieving and sustaining the company's mission.
MANUFACTURING CAPITAL	Emphasizing quality, maximizing equipment efficiency, and preserving market share.	Monitoring BOPP & CPP market share, machine uptime, performance, product quality against standards, and tracking customer complaints and retention rates.	Given the competitive industry landscape, operational efficiency will always remain our key performance indicator (KPI).
INTELLECTUAL CAPITAL	New upgraded systems & innovation	Implementing timely upgrades like SAP to automated systems and transitioning manual processes to automated workflows	We will persist in innovating and broadening our scope, creating opportunities for the company's growth.
NETWORKING CAPITAL	Customer service, employee & and supplier relations	Product quality, on-time-in-full (OTIF) delivery, and customer feedback are assessed alongside employee and supplier surveys.	We prioritize strengthening our relationships with all stakeholders and will continue to do so.
ECOLOGICAL CAPITAL	Adherence to all environmental regulations.	Full compliance with all relevant laws	We will foster and promote a culture founded on high ethical standards to fulfill our environmental responsibilities.

ALIGNMENT OF STRATEGIC OBJECTIVES WITH COMPANY'S MISSION AND VISION

Macpac Films Limited thrives in a dynamic business environment, with professionally developed, implemented, and executed corporate strategic objectives. While the core strategic objectives and strategies remain unchanged, new initiatives have been added to the strategic plan.

To adapt to evolving needs and ensure long-term sustainability, the Company has updated its vision and mission statements. Management processes have been optimized, new markets explored, alternative energy options considered, plants modernized, and efforts made to enhance customer satisfaction and market penetration. Business expansions are planned through greenfield projects, and continuous efforts are made to improve efficiencies and foster innovation.
The Company is dedicated to maximizing shareholder wealth by increasing profits. It also aims to achieve long-term sustainability by providing a supportive work environment and motivating its employees to produce high-quality work while complying with national and international quality and integrity standards.

For stakeholder value creation, the Company's strategic priorities focus on sustainable development, growth, and cost efficiency. The Company is committed to improving efficiency through continuous innovation, process modernization, optimized capacity utilization, and better resource management.



BOARD'S STATEMENT ON **SIGNIFICANT PLANS AND DECISIONS**

All material information regarding restructuring, business expansion, discontinuation of business, and major capital expenditures is communicated to the Pakistan Stock Exchange (PSX) in compliance with their regulations. These disclosures are vital because they can significantly impact the company's share price.

To ensure proper handling of this sensitive information, Macpac Films Limited follows a stringent procedure designed to maintain transparency and accuracy. This process involves detailed documentation and timely reporting, ensuring that all relevant parties are fully informed. By adhering to these guidelines, Macpac Films Limited upholds a high standard of corporate governance, fostering trust and confidence among investors. This commitment to transparency ensures that shareholders and potential investors have access to accurate and comprehensive information, enabling them to make well-informed decisions regarding their investments.



INFORMATION ON DEBTS

CAPITAL STRUCTURE

The company has an equity base of approximately PKR 2.2 billion, with a free float representing 35% of the total equity. As of FY 2024, the company's long-term debt-to-equity ratio is 0.03, reflecting a conservative approach to leveraging debt. This low level of gearing indicates the company relies predominantly on equity to finance its operations, ensuring greater financial stability and lower risk exposure.

Looking ahead, the company considers its current capital structure to be well-suited for supporting future growth and operational plans. The combination of a solid equity foundation and minimal long-term debt positions the company favorably to take advantage of market opportunities while maintaining financial flexibility.

MATERIALITY APPROACH

Materiality has been approved by the Board of Directors according to the Code of Corporate Governance requirements. It is defined in terms of Statement of Profit or Loss and Statement of Financial Position line items. Based on this, the Board of Directors of Macpac Films has authorized the Chief Executive to make day-to-day decisions. Clear delegation of powers and formalized procedures are in place to manage daily operations and transactions.

REPAYMENT OF DEBT AND RECOVERY OF LOSSES

The Company always ensures it can meet future obligation requirements. All debt payments due this year were made on time, with no defaults on any debt repayments throughout the year.

LIQUIDITY STRATEGY & FINANCING POSITION

LIQUIDITY STRATEGY

- Vigilant monitoring of operating working capital
- Balance between liabilities and receivables
- Adequate inventory levels maintained
- Stable liquidity position
- Daily monitoring of fund position
- Timely payments to vendors

FINANCING POSITION

- Strong relationships with reputed banks and financial institutions
- Adequate short-term financing facilities
- Long-term loans for expansion projects at attractive rates
- Gearing levels kept in check
- Fulfillment of financial covenants

CORPORATE
SOCIAL RESPONSIBILITY



SUSTAINING LIVES

BOARD'S STATEMENT ON CORPORATE SOCIAL RESPONSIBILIITY (CSR)

The Board of Macpac Film Limited is committed to upholding the highest standards of Corporate Social Responsibility (CSR), recognizing its crucial role in fostering sustainable growth and positive societal impact. Our CSR practices are aligned with our core values of ethical conduct, environmental stewardship, and community engagement. We strive to integrate responsible business practices across all levels of the organization, ensuring that we contribute meaningfully to the well-being of the communities we serve while minimizing our environmental footprint. The Board continuously monitors and evaluates CSR initiatives to ensure they reflect global best practices, reinforce stakeholder trust, and drive long-term value creation.

GOVERNANCE OVERSIGHT OF ESG INITIATIVES & IMPACT

2024

Environmental, Social, and Governance (ESG) and Sustainability Reporting

In line with Macpac Films Limited's commitment to sustainable growth and responsible corporate governance, the Board places significant emphasis on integrating Environmental, Social, and Governance (ESG) principles into our strategic objectives. Our focus is aligned with the disclosure requirements set forth by IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures). We believe that transparent reporting on sustainability-related risks and opportunities is critical not only for enhancing our corporate reputation but also for delivering long-term value to our stakeholders, including investors, customers, employees, and the broader community.

1. Sustainability-Related Risks and Opportunities

As part of our strategic planning, Macpac Films Limited identifies and evaluates sustainability-related risks and opportunities that may impact the financial performance of the Company in the short, medium, and long term. The Company has recognized the following sustainability-related risks and opportunities:

- Environmental Risks: These include the increasing regulatory pressure to reduce plastic waste and carbon emissions, as well as the risk of disruption from extreme weather events. We anticipate short-term compliance costs due to environmental regulations and long-term reputational risks if not addressed properly.

- Opportunities in Sustainability: On the opportunity side, transitioning to recyclable films has opened new markets for eco-friendly products. Additionally, energy-efficient production methods are being implemented to reduce carbon emissions, thereby reducing operational costs in the medium to long term.

- Financial Impact: In the short term, sustainability investments, such as eco-friendly product lines and energy-efficient technologies, may increase capital expenditure. However, in the medium and long term, these investments will enhance revenue streams through market expansion and cost reduction while improving the Company's environmental footprint.

2. Four-Pillar Core Content Disclosures

In compliance with IFRS S1, Macpac Films Limited discloses information across the four key pillars:

- Governance: Sustainability-related risks and opportunities are discussed and reviewed regularly by the full Board. The Board ensures that sustainability efforts are closely aligned with corporate strategy and overall business objectives. Senior management presents regular updates to the Board on key ESG performance metrics, ensuring that governance over sustainability initiatives remains strong.

- Strategy: Macpac Films Limited has integrated sustainability into its core strategy, with a focus on developing eco-friendly BOPP films and reducing the environmental impact of its operations. The Company's transition to sustainable practices aims to mitigate risks from future regulatory changes and reputational concerns while capitalizing on growing demand for environmentally responsible packaging solutions.

- Risk Management: We have implemented a comprehensive risk management framework that includes the identification, assessment, and mitigation of sustainability-related risks. This framework considers both physical risks, such as extreme weather events that could disrupt supply chains, and transition risks, such as the shift toward stricter environmental regulations. Risk mitigation strategies include the adoption of alternative raw materials, investing in renewable energy for production, and diversifying suppliers to minimize exposure to climate-related disruptions.

- Metrics and Targets: To track our performance and progress, we have established key metrics and targets in several areas of sustainability:
    - Carbon Emissions Reduction: We aim to reduce greenhouse gas emissions over the next few years, measured through annual carbon footprint assessments.
    - Waste Reduction: Our goal is to achieve a reduction in production waste gradually through recycling initiatives and waste management improvements.
    - Sustainable Product Development: We aim to lead the market with innovative solutions, offering recyclable film materials. Leveraging advanced technologies such as AI, we are committed to providing sustainable and nutritious packaging options, ensuring a significant portion of our product portfolio meets eco-friendly standards.

3. Disclosures on Sustainability Risks and Opportunities throughout the Value Chain

In compliance with IFRS S1's guidance on value chain disclosure, Macpac Films Limited assesses and manages sustainability-related risks and opportunities across our entire value chain—from sourcing raw materials to the distribution of finished products.

- Raw Materials: We are focused on reducing our raw material wastage in our manufacturing process. This not only mitigates supply chain risks associated with the volatility of raw material prices but also aligns with growing consumer preferences for sustainable products.

- Production: Energy efficiency initiatives have been implemented in our manufacturing plants, including the installation of solar panels and advanced energy-saving technologies, which reduce the environmental impact and operational costs.

- Distribution: Our logistics strategy is being optimized to reduce carbon emissions by transitioning to lower-emission vehicles and selecting transportation partners that prioritize sustainability.

- Customer Engagement: We work closely with our customers to offer customized sustainable packaging solutions, helping them reduce their environmental footprint, while at the same time, expanding our market share in the sustainable product segment.

4. Climate-Related Risks and Opportunities

In line with IFRS S2, we have identified and disclosed both climate-related risks and opportunities. These disclosures ensure transparency in how climate change impacts our business and the measures we are taking to manage these challenges.

a) Climate-Related Risks

- Physical Risks: The increased frequency and intensity of extreme weather events can pose a threat to our supply chain, potentially disrupting raw material availability and transportation logistics. This risk is mitigated through supplier diversification and securing alternative supply sources.

- Transition Risks: As regulatory frameworks become more stringent on plastic use and carbon emissions, there is a risk of higher operational costs and compliance burdens. To address this, we are investing in innovation and expanding our sustainable product offerings and through collaboration with TGA to recycle wastages, which we believe aligns with regulatory requirements.

b) Climate-Related Opportunities

- Sustainable Product Development: The growing demand for eco-friendly packaging solutions provides a significant growth opportunity. Our focus on producing recyclable films positions us to benefit from this trend.

- Energy Efficiency: Investments in renewable energy and more efficient production processes not only reduce our carbon footprint but also lower our long-term operational costs.

c) Methodologies and Tools

We rely on regular environmental audits and internal assessments of our operations to understand the impact of climate-related factors, such as energy consumption, resource usage, and waste management. These assessments provide the basis for informed decision-making and help us prioritize sustainability initiatives. Additionally, we monitor industry trends and regulatory developments to anticipate changes in climate-related risks, particularly those affecting our supply chain and production processes.

MAKING AN IMPACT

Resource Conservation & Sustainability











TURNING WASTE INTO VALUE

Last year, Macpac recycled over 2,000 tons of plastic material, transforming waste into high-quality packaging solutions and reducing environmental impact.

WATER CONSERVATION

By utilizing our in-house RO water plant, we saved 290,377 liters of drinking water and conserved an additional 850,000 gallons/year through innovative reuse practices in our Cooling Tower operations.

ENERGY EFFICIENCY FOR A GREENER FUTURE

Our commitment to sustainable practices has led to significant energy savings. We are reducing energy consumption by up to 20% through advanced lubrication techniques, 10% by adopting best industrial practices, and an additional 7% through effective load management systems.

GROWING GREEN

We've planted 271 trees, contributing to cleaner air and a greener environment, reaffirming our commitment to sustainability and community well-being.

SUSTAINABILITY & CORPORATE **SOCIAL RESPONSIBILITY (CSR) INITIATIVES**

Macpac Films Limited remains committed to integrating sustainability across its operations through a comprehensive range of policies and initiatives. Our efforts are focused on social responsibility, environmental preservation, and technological innovation, all while maintaining a strong emphasis on the responsible use of resources.

- Research and Development: Macpac Films continues to invest in R&D to innovate sustainable packaging solutions. Our research focuses on developing environmentally friendly packaging films that minimize environmental impact and reduce waste.
- Employment Generation: Macpac Films actively contributes to job creation as it expands its operations. Macpac always promote Diversity, Equity, and Inclusion Initiatives and encourages work-life balance and flexible work arrangements.
- Community Health and Education: Macpac Films supports local communities by participating in educational and health initiatives, ensuring that the surrounding areas benefit from our presence. We also promote health and safety within the workplace through regular health and safety training, ensuring a secure and healthy working environment for all employees.

Environmental Initiatives

- Climate Change Mitigation: Macpac Films has implemented strategies to mitigate its environmental impact, particularly through the 3R's (Reduce, Reuse, Recycle) approach which we already highlighted in our financial report of FY19. Our operations focus on reducing waste, reusing materials where possible, and recycling plastic waste in collaboration with recycling companies. This ensures that we contribute positively to the circular economy.
- Pollution Reduction and Resource Management: Macpac Films is committed to reducing pollution and managing the depletion of natural resources. Our manufacturing processes are designed to minimize emissions, reduce water usage, and optimize energy consumption, ensuring our environmental footprint remains as small as possible.

Technological Innovation

- Energy-Efficient Processes: In line with our sustainability goals, we have implemented energy-efficient machinery and production processes, including the use of state-of-the-art film extrusion and stretching technologies that consume less energy and minimize waste during production.
- Eco-Friendly Product Designs: Our R&D team works on designing products that are eco-friendly, contributing to sustainable packaging solutions. These designs focus on reducing material use without compromising product quality, making our packaging solutions more environmentally friendly

Consumption and Resource Management

- Materials and Waste Management: Macpac Films has established robust material management systems, ensuring the efficient use of raw materials in production. Waste generated during the manufacturing process is minimized and appropriately managed through recycling initiatives which is supported by our partnership with recycling companies to enhance our commitment to reducing environmental impact.
- Energy and Water Management: Macpac Films Limited actively monitor and optimize its energy and water consumption. By implementing inhouse RO plant, we have successfully reduced our overall resource usage, contributing to the sustainable operation of our facilities.
- Emissions Control: Our commitment to environmental responsibility includes the reduction of greenhouse gas emissions. Through cleaner production processes and regular emissions monitoring, we aim to minimize our contribution to global warming.

HIGHLIGHTS OF **CORPORATE SOCIAL RESPONSIBILITY**

SIUT

The Sindh Institute of Urology and Transplantation (SIUT) is a beacon of hope for those suffering from renal ailments. As a charitable trust, SIUT provides medical facilities and financial assistance to patients regardless of their socio-economic background. Macpac Films Ltd is pleased to have supported SIUT's mission through our donation, contributing to the care and treatment of those in need.

NED UNIVERSITY - ARCHITECTURE DEPARTMENT

NED University's Department of Architecture and Planning is renowned for its commitment to quality education and research. The department's focus on fostering talented professionals has a positive impact on Pakistan's socio-economic development. Macpac Films Ltd supported NED University's endeavors through our sponsorship, helping enable students to access valuable resources and opportunities.

KIRAN HOSPITAL

Kiran Hospital provides vital care to cancer patients, alleviating their suffering and financial burdens. The Kiran Patients Welfare Society plays a crucial role in supporting disadvantaged patients. Macpac Films Ltd is honored to have contributed to Kiran Hospital's efforts through our donation.

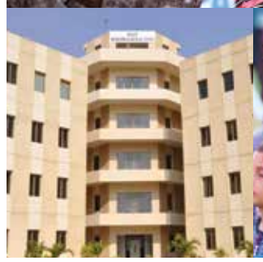
KDSP

At Macpac Films Ltd, we believe in promoting inclusivity and empowering marginalized communities. Our sponsorship to the Karachi Down Syndrome Program (KDSP) reflects this commitment. By supporting KDSP's mission, we aim to help create a more compassionate society where individuals with Down syndrome can thrive.

TCF

As a responsible corporate citizen, Macpac Films Ltd recognizes the importance of education in shaping Pakistan's future. Our donation to The Citizens Foundation (TCF) supports their efforts in providing quality education to underprivileged students. By partnering with TCF, we contribute to bridging the education gap and empowering communities.

2024











COMPLIANCE WITH CORPORATE **SOCIAL RESPONSIBILITY (CSR) GUIDELINES**

During the year under review, Macpac Films Limited reaffirmed its commitment to corporate social responsibility (CSR), aligning with the Voluntary Guidelines issued by the Securities and Exchange Commission of Pakistan (SECP) in 2013. Our CSR initiatives focused on enriching the lives of our stakeholders and preserving the environment. Key accomplishments this year include:

- Awarding scholarships to deserving students, promoting education and empowering future generations.
- Providing donations to local hospitals, supporting healthcare initiatives and enhancing community well-being.
- Implementing a comprehensive water conservation plan, transitioning to 100% Reverse Osmosis (RO) water usage at our plant.
- Conducting a plantation drive within our plant premises, contributing to a greener environment.
- Organizing a beach cleaning drive, demonstrating our dedication to environmental sustainability.

These initiatives underscore our commitment to creating lasting positive impacts on our community and environment. Our CSR policy is available on our website at (link unavailable). We remain dedicated to continuously enhancing our CSR endeavors and reporting our progress in accordance with the SECP guidelines.

AFFILIATIONS & **INDUSTRY CERTIFICATIONS**

- The Federation of Pakistan Chamber of Commerce & Industry
- German Pakistan Chamber of Commerce & Industry
- The Pakistan Business Council
- Karachi Chamber of Commerce & Industry
- Pakistan Plastic Manufacturers Association
- Flexible Packaging Association of Converters of Pakistan

INDUSTRY CERTIFICATIONS

SHARIAH COMPLIANCE CERTIFICATE – 2024

Macpac Films Limited is honored to have been granted the Shariah Compliance Certificate by the Securities and Exchange Commission of Pakistan (SECP).

CERTIFICATE OF FSMS ISO 22000.2018

ISO 22000:2018 is a food safety management systems (FSMS) certification. These standards are intended to ensure safety in the global food supply chain. Macpac Films Limited has been assessed and certified as meeting these requirements for the manufacturing of Flexible Packaging Films (BOPP & CPP) for Food Packaging.

CERTIFICATE OF QMS ISO 9001.2015

ISO 9001:2015 is a global standard for quality management systems (QMS) that helps organizations meet customer and regulatory expectations. Macpac Films Limited has been assessed and certified as meeting these requirements for the manufacturing of Flexible Packaging Films.

CORPORATE GOVERNANCE

PROFILE OF THE
BOARD OF DIRECTORS



MR. NAEEM ALI MUHAMMAD MUNSHI

Chairman – Non-Executive Director

Mr. Naeem Munshi has been serving as a Non-Executive Director at Macpac Films ever since its inception. He is the Chairman of Hilal Foods (Private) Limited, Hilal Care (Private) Limited, and Hilal Retail which is the master franchisee of Domino's Pizza Pakistan. He is a graduate of Sindh University and has over forty-five (45) years of experience in successfully managing one of the largest confectionery and baking businesses in Pakistan, giving Macpac Films Limited an integral insight into customer demands and trends of the end users. He is currently serving as a member of the Board Audit Committee, and previously served as a member of the Human Resources & Remuneration Committee (HR&RC) of Macpac Films Limited. Additionally, he is a director of Gulf Leasing Company Limited.



MR. NAJMUL HASSAN

Chief Executive Officer

A Certified Management Accountant (CMA) with a master's degree from IBA, he serves as the CEO of Macpac Films Ltd. and has been instrumental in driving the company's growth and innovation. With nearly three decades of executive-level experience across the manufacturing and financial sectors, he is known for his exceptional decision-making skills.

His leadership has been pivotal in navigating the company through various market challenges and opportunities. He is the backbone of the company, consistently leading it to the forefront with his timely and strategic decisions. He has completed his Director's Training Program (DTP) from Pakistan Institute of Corporate Governance (PICG).



MR. EHTESHAM MAQBOOL ELAHI

Managing Director

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

- Din Textile Mills Limited
- MAC Business Solution (Private) Limited
- MAC Properties (Private) Limited
- Macpac Films Middle East L.L.C-FZ
- TGA Sustainability (Private) Limited
- Toyo Packaging (Private) Limited
- Ugao Agritech (Private) Limited



MR. SHABBIR HAMZA KHANDWALA

Independent Director

Mr. Shabbir Hamza Khandwala is a fellow member of the Institute of Chartered Accountants of Pakistan and carries with him 40 years of diversified experience of various sectors. He has been the Chief Financial Officer & Group Head Finance of Meezan Bank from March 2005 to September 2022 and was responsible for accounting and finance discipline of the Bank. He had a holistic role in the Bank and was actively involved in the strategy formulation of the Bank in the last 17 years as it has grown from a small bank to the sixth largest bank in Pakistan. Prior to joining Meezan Bank, he had worked at KASB Group for 10 years in various capacities and was CEO of KASB Securities, CEO at KASB Premier Fund and Executive Director at Khadim Ali Shah Bukhari & Co. Ltd. Mr. Shabbir has also worked with A.F. Ferguson & Co., Chartered Accountants for 9 years and with Attock Cement Pakistan Limited for 4 years. He is also an independent director at Lucky Cement Limited. Currently, he is serving as the Chairman of Board Audit Committee (BAC).



MS. HAFSA ABBASY

Independent Director

Ms. Hafsa Abbasy is an independent director. She is a seasoned HR Professional, having worked for some of the best-known names (Citi Bank, ABN AMRO, Standard Chartered). Hafsa holds Masters and Bachelors in Business Administration from IBA Karachi. She is also a Certified Leadership Coach and Diversity Advocate. She was appointed to the board of directors of Macpac Films Limited on September 20, 2022. She is also the Chairperson of Human Resources & Remuneration Committee (HR&RC).



MR. SHARIQ MAQBOOL ELAHI

Non-Executive Director

Mr. Shariq Maqbool Elahi is serving as a Non-Executive Director and a member of the Board Audit Committee and the HR & Remuneration Committee, he adds immense value to the Board through his understanding of the business from his first-hand experience of printing and packaging. He is also a director at:

- MAC Business Solution (Private) Limited
- MAC Properties (Private) Limited
- TGA Sustainability (Private) Limited
- Toyo Packaging (Private) Limited
- Ugao Agritech (Private) Limited



MR. FAHAD MUNSHI

Non-Executive Director

Mr. Fahad Munshi holds a Bachelor's degree from Bentley University in Waltham, Massachusetts, and a financial diploma from Harvard Business School. He joined Hilal Foods (Private) Limited as a Director and is currently serving as the Chief Executive Officer. He has over ten (10) years of experience as Head of Operations of Hilal Foods, which gives him the ability to devise the highest-level strategies for directing growth. He also holds directorships in:

- Hilal Care (Private) Limited
- Hilal Foods (Private) Limited;
- Hilal Retail Brands
- Shalimar Food Products

COMPANY MANAGEMENT



MR. HABIB MAQBOOL ELAHI
Operations Director

Mr. Habib Maqbool Elahi As the Operations Director at Macpac Films Limited, Mr. Habib Elahi brings over a decade of management experience, focusing on enhancing operational efficiency. His innovative approach fosters cost reductions and streamlined processes, while his visionary thinking drives new business development and productivity increases. Mr. Elahi excels in forging partnerships and crafting tactical plans aligned with the company's strategic objectives, ensuring effective personnel oversight and overall organizational improvement.

MS. NAUSHEEN AHMAD
Legal Advisor

Ms. Nausheen Ahmad serves as a Legal Advisor at Macpac Films, leveraging her over 20 years of experience in corporate and commercial law. Formerly the Head of Legal and Company Secretary for leading firms, she has been an independent practitioner since August 2021. Her extensive legal expertise significantly benefits the company, providing invaluable insights and guidance on compliance and regulatory matters.





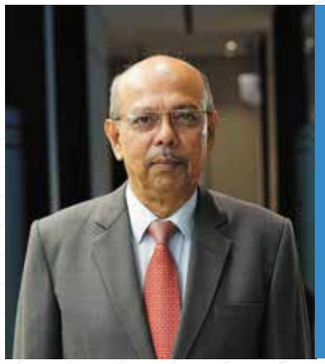
MS. MUNEEZA KASSIM
Group Chief Financial Officer

Ms. Muneeza Kassim, the Group CFO at Mac Corp, has a wealth of financial leadership experience from her previous roles at TCS, Engro, and Shell. Recognized for her strategic financial acumen, she has successfully managed M&A transactions and operational efficiencies. Her ability to secure vital capital and strengthen lender relationships is pivotal to the company's growth. Muneeza holds an MBA in Finance and Marketing from Southeastern University and serves as an Independent Director on the board of TPL Life.

MR. MUHAMMAD FAISAL PANAWALA
Chief Financial Officer

Mr. Muhammad Faisal Panawala, with over 19 years of experience in financial planning and compliance, is the Chief Financial Officer at Macpac Films. He previously led FP&A at Lucky Cement, where he was instrumental in implementing SAP S/4 HANA, and recently at Macpac Films which significantly enhanced financial reporting and controls. Mr. Panawala is a Fellow Chartered Management Accountant (FCMA) and Chartered Global Management Accountant (CGMA), holding an MBA in Finance from Hamdard University, along with a certification from IBA.





MR. AQUIL A. KHAN
Company Secretary

Mr. Aquil A. Khan, serving as Company Secretary, boasts over 40 years of extensive experience in compliance, corporate governance, and finance across renowned organizations like UBL and ICI. He holds advanced degrees in economics and law, is a fellow member of the Institute of Cost and Management Accountants of Pakistan, and possesses a banking diploma and a director education certification from the Pakistan Institute of Corporate Governance.

Ms. Meher Mobed, the Group Chief People Officer at Macpac Films, has over 35 years of experience in HR strategy and operations. Her expertise spans recruitment, employee engagement, and performance evaluation systems. She has led initiatives to enhance organizational efficiency and has been a driving force in change management and process re-engineering, significantly contributing to the company's HR transformation efforts.



MR. MOHAMMAD FAHAD
Head of Internal Audit

Mr. Mohammad Fahad serves as Head of Internal Audit at Macpac Films, equipped with over 15 years of diverse industry experience (post-qualification) as a Fellow Chartered Accountant from KPMG. He specializes in financial management, budgeting, and ERP implementations, having held various managerial positions in prominent companies. His broad skill set includes corporate secretarial duties, ensuring comprehensive compliance and governance within the organization.





MS. UM-E-FARWA
Head of Digital Transformation

Ms. Um-e-Farwa is the Head of Digital Transformation at Macpac Films Limited. A Chartered Management Accountant with over a decade of experience in various managerial roles. She specializes in management accounting, project management, and ERP implementation, having successfully led the company's Project Burraq, which achieved the record-time implementation of SAP S/4 HANA. Additionally, she is a certified independent director from the Pakistan Institute of Corporate Governance (PICG). She leads digital initiatives of the company, that drive innovation and operational efficiency, focusing on leveraging technology for growth and improved performance.

MR. ATIQ KHAN
Manager Technical

Mr. Atiq Khan, an Electronics graduate from NED University, has 24 years of extensive experience in large-scale industrial projects, including 7 years abroad. He specializes in the installation and maintenance of high-tech machinery and has a solid background in managing manufacturing plants and utilities. His expertise includes various management systems like Siemens SAP and adherence to ISO standards for quality and safety management.





2024

CHAIRMAN'S **REVIEW REPORT**

Dear Shareholders,

As we close another financial year, it is my immense pleasure to present this review on the Annual Report of the Company for the year ended June 30, 2024.

The financial year 2023-24 was yet another difficult year as the Pakistan economy remained beset with multifarious challenges including currency fluctuation, inflation and above all, increase in energy prices.

Despite the aforesaid macro-economic challenges, Alhamdolillah, your Company managed to close the year with reasonably good results with a gross profit of Rs 926.3 million and net profit before tax of Rs 418.6 million as against Rs 1,311.5 million and Rs 700.7 million in the same period last year. The decrease in gross profit is attributed to rising gas prices and inflationary cost pressure.

The Board recognizes that well-defined corporate governance processes are vital in enhancing corporate accountability and transparency. Our governance framework is built upon the principles outlined in the Companies Act 2017, PSX Regulations, the Code of Corporate Governance, 2019 as well as key areas such as diversity, equity, and inclusion (DEI), environmental, social, and governance (ESG) standards, and international best practices of corporate governance. I am satisfied that the Company has adhered to those principles in all spheres of its operations during the year under review and continues its endeavors toward continuous improvement.

I am further pleased to report that the performance of the Board and its sub-committees has been efficient and effective. The Board is fully cognizant of its oversight and governance roles and the Board members possess the requisite collective skills, experience and diversified knowledge to carry out its responsibilities towards achieving the Company's objectives and vision and create sustainable stakeholder value over the long term.

I am also pleased to report that Alhamdolillah your Company has been granted Shariah Compliance Certificate by the Securities and Exchange Commission of Pakistan. This is a reflection on the strong commitment and endeavours by the Management of the Company to carry out its operations in strict accordance with the tenets of Islamic Shariah backed by unwavering support of its Board of Directors.

As Chairman of the Board, I would like to thank the Board members for their commitment and contribution, the employees for their hard work and dedication and other stakeholders for the confidence and trust reposed on us.

The Board reaffirms its commitment to maintain its vital role in shaping the Company's direction and guiding the management for conducting its operations in consonance with the message of:

Packaging the Future: Securing Food, and Sustaining Lives.

NAEEM ALI MUHAMMAD MUNSHI
Chairman

Karachi
September 18, 2024

2024

چیئرمین کی جائزہ رپورٹ

محترم حصص داران،

ایک اور مالی سال کے اختتام پر، مجھے آپ کے سامنے 30 جون 2024 کو اختتام پذیر ہونے والے سال کیلئے کمپنی کی سالانہ رپورٹ پر یہ جائزہ پیش کرتے ہوئے بے حد خوشی محسوس ہو رہی ہے۔

مالی سال 24-2023 ایک اور مشکل سال رہا جس میں پاکستان کی معاشی صورتحال کو متعدد مشکلات کا سامنا رہا، جن میں کرنسی کی اتار چڑھاؤ، افراط زر اور سب سے بڑھ کر توانائی کی قیمتوں میں اضافہ شامل ہے۔

مذکورہ بالا اقتصادی مشکلات کے باوجود، الحمدللہ، آپ کی کمپنی نے اس سال کا اختتام بہتر نتائج کے ساتھ کیا، جس میں مجموعی منافع 926.3 ملین روپے اور قبل از ٹیکس منافع 418.6 ملین روپے رہا، جبکہ گزشتہ سال کے اسی دورانیے میں یہ اعداد و شمار 1,311.5 ملین روپے اور 700.7 ملین روپے تھے۔ مجموعی منافع میں کمی کی وجہ گیس کی قیمتوں میں اضافہ اور افراط زر کے دباؤ کو قرار دیا جاسکتا ہے۔

بورڈ اس بات کو تسلیم کرتا ہے کہ کارپوریٹ گورننس کا واضح عمل کارپوریٹ احتساب اور شفافیت کو بڑھانے میں اہم ہیں۔ ہمارا گورننس فریم ورک کمپنیز ایکٹ 2017، پی ایس ایکس ریگولیشنز، کارپوریٹ گورننس کوڈ 2019 اور اہم شعبوں جیسے تنوع، مساوات، اور شمولیت (DEI)، ماحولیاتی، سماجی، اور گورننس (ESG) معیار، اور بین الاقوامی بہترین طرز عمل پر مبنی ہے۔ میں اس بات سے مطمئن ہوں کہ کمپنی نے دوران سال اپنے تمام آپریشنز میں ان اصولوں کی پابندی کی ہے اور مسلسل بہتری کی کوششیں جاری رکھے ہوئے ہے۔

میں یہ ذکر کرتے ہوئے بھی خوشی محسوس کر رہا ہوں کہ بورڈ اور اس کی ذیلی کمیٹیوں کی کارکردگی مؤثر اور کامیاب رہی ہے۔ بورڈ اپنے نگرانی اور گورننس کے کرداروں سے مکمل آگاہ ہے، اور بورڈ کے ممبران کے پاس مطلوبہ مشترکہ مہارت، تجربہ، اور متنوع علم موجود

ہے تاکہ وہ کمپنی کے مقاصد اور نظریہ کے حصول کے لیے اپنی ذمہ داریاں نبھا سکیں اور طویل مدتی پائیدار اسٹیک ہولڈر اقدار پیدا کر سکیں۔

مجھے یہ اطلاع دیتے ہوئے بھی خوشی ہو رہی ہے کہ الحمدللہ آپ کی کمپنی کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے شرعی تعمیل کا سرٹیفکیٹ دیا گیا ہے۔ یہ کمپنی کے بورڈ آف ڈائریکٹرز کی غیر متزلزل حمایت کے ساتھ اسلامی شریعت کے اصولوں کے مطابق سختی سے کام کرنے کے لیے کمپنی کی انتظامیہ کے مضبوط عزم اور کوششوں کا عکاس ہے۔

بطور چیئرمین بورڈ، میں بورڈ کے ممبران کا کمپنی کے ساتھ ان کی وابستگی اور تعاون کے لیے ان کا شکریہ ادا کرنا چاہتا ہوں، ساتھ ہی کمپنی کے ملازمین کا ان کی محنت اور لگن، اور دیگر اسٹیک ہولڈرز کا ان کے اعتماد اور بھروسے پر تہہ دل سے شکریہ ادا کرتا ہوں۔

بورڈ اپنے اہم کردار کو برقرار رکھنے کے عزم کا اعادہ کرتا ہے تاکہ کمپنی کی سمت کو متعین کر سکے اور انتظامیہ کی رہنمائی کر سکے کہ وہ اپنے آپریشنز کو مندرجہ ذیل پیغام کے مطابق چلائے:

مستقبل کی پیکیجنگ: خوراک کی حفاظت اور زندگیوں کا تحفظ

نعیم علی محمد منشی
چیئرمین

کراچی؛
18 ستمبر 2024

CEO REVIEW

MR. NAJM-UL-HASSAN



Dear Shareholders,

I am pleased to share the ongoing progress of Macpac Films Limited, a journey that began in 1993 under the visionary leadership of Mr. Maqbool Elahi Sheikh. From humble beginnings, we have grown into one of the pivots of the BOPP and CPP films industry in Pakistan, driven by a commitment to innovation, resilience, and excellence. Today, Macpac is recognized not only for its customer-centric approach but also for its dynamic solutions in the flexible packaging sector. This year, our theme, "Packaging the Future: Securing Food, Sustaining Lives," highlights our focus on the vital role plastic films play in global food security. Packaging, as we see it, is more than just a product—it is an essential tool for preserving food, extending shelf life, and minimizing waste. Our innovative solutions ensure that safe, high-quality food reaches consumers, contributing to the well-being and sustainability of communities worldwide. In alignment with the UN Sustainable Development Goal 2, Zero Hunger, our efforts are aimed at addressing food security challenges by reducing spoilage and waste. This is our vision for the future—one where effective packaging helps to sustain lives.

Despite the global economic challenges of the past year—rising inflation, energy costs, and supply chain disruptions—I am proud to report that Macpac Films has demonstrated remarkable resilience. Our financial performance is a testament to this, with net profits before and after tax reaching PKR 418.6 million and PKR 257.7 million, respectively. This success is not just a result of our strategies but also the trust and support we continue to receive from our valued stakeholders. A major contributor to our achievements has been the successful implementation of SAP technology, which has greatly improved our operational efficiency and data-driven decision-making. This has strengthened our capacity to innovate and ensure we continue delivering premium-quality packaging solutions while adhering to our sustainability goals.

Another significant milestone for us this year was the registration of our overseas company, marking an important step in our global expansion strategy. This move not only broadens our market reach but also reinforces our position as leaders in the flexible packaging industry. We are poised to meet the growing international demand for sustainable, innovative packaging solutions, a demand that continues to rise as the world shifts toward more eco-friendly and efficient packaging options. Sustainability has always been at the heart of our mission. Our commitment to Environmental, Social, and Governance (ESG) principles, alongside our focus on Diversity, Equity, and Inclusion (DEI), ensures that we remain dedicated to minimizing our environmental footprint while maximizing our contributions to society.

Through our innovation in packaging materials and our drive toward circular economy practices, we aim to provide packaging solutions that not only meet market needs but also contribute to a more sustainable future.

As we look to the future, I do so with a strong sense of optimism and confidence. We are not only continuing the legacy of excellence that has defined Macpac Films but also pushing forward with the ambition to lead the industry in sustainable practices. I am deeply grateful to our dedicated team, loyal customers, and trusted stakeholders including our vendors, suppliers, technology providers, and bankers. Together, we are not just packaging products; we are securing the future and sustaining lives.

NAJMUL HASSAN
CHIEF EXECUTIVE OFFICER
September 18, 2024

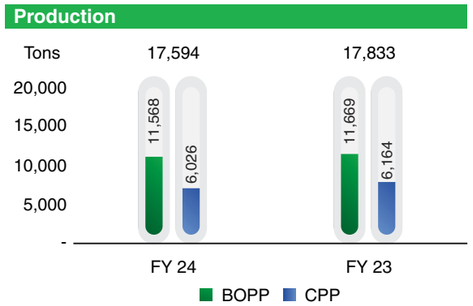
DIRECTORS' REPORT
TO THE SHAREHOLDERS

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

ASSALAM-O-ALAIKUM!

Dear Members,
The Directors of your Company are pleased to present their Report and Audited Financial Statements of the Company for the year ended June 30, 2024.

OPERATING AND FINANCIAL PERFORMANCE



PRODUCTION

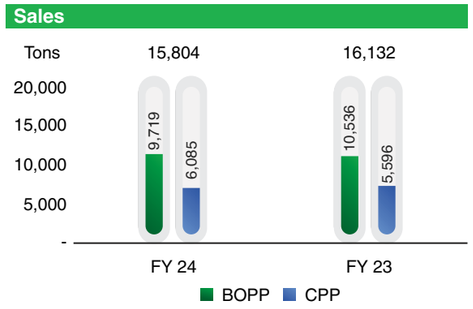
The Company's BOPP and CPP Production during the year under review was 11,568 metric tons and 6,026 metric tons respectively as compared to 11,669 metric tons and 6,164 metric tons respectively SPLY.

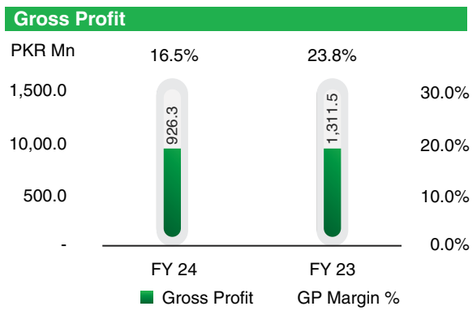
Overall production volume marginally declined by 1.3% but the Company was able to maintain its capacity utilization at 80% compared to 81% SPLY.

SALES PERFORMANCE

The Company's sales for the year ended June 30, 2024 was 15,804 metric tons as compared to 16,132 metric tons for the year ended on June 30, 2023.

Despite the challenging economic environment, the Company has maintained its market share by focusing on quality and customer retention, resulting in stable sales volumes.

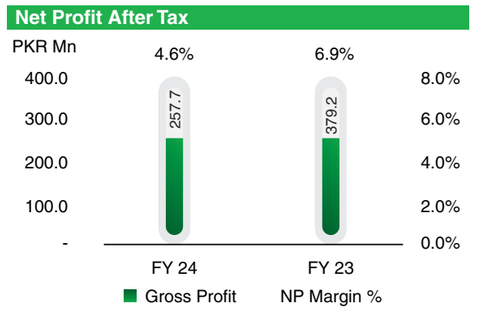




GROSS PROFIT

The gross profit of the Company is Rs. 926.3 million for the year under review as compared to Rs. 1,311.5 million last year with a decline of 29%.

This decrease is primarily attributed to rising gas prices and heightened inflationary pressures.



NET PROFIT

The net profit before tax for the year under review is Rs. 418.6 million as compared to Rs. 700.7 million during the same period last year.

Net profit after tax for the current year stood at Rs. 257.7 million compared to Rs. 379.2 million last year.

COMPARATIVE FINANCIAL RESULTS

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

	FY 24		FY 23	
	Rs. Mn	% of Sales	Rs.Mn	% of Sales
Sales (net)	5,619 .4		5,505.5	
Gross Profit	926.3	16.5%	1,311.5	23.8%
Profit before Tax	41 8.6	7.4%	700.7	12.7%
Profit after Tax	257.7	4.6%	379.2	6.9%
EPS	4.35		6.39	

EARNINGS PER SHARE

The earnings per share for the current year is Rs. 4.35 as compared to Rs. 6.39 last year.

DIVIDEND

Your Company is committed to providing a sustainable return to its shareholders over a longer term, and therefore, the Directors of the Company have proposed a dividend of Rs. 1.25 per share for the year ended June 30, 2024.

FUTURE OUTLOOK

As we look ahead, your Company is well positioned to navigate the evolving economic landscape of Pakistan, shaped by strategic reforms and global trends. The recent IMF agreement is expected to boost investor confidence and stabilize the economy through fiscal discipline and structural reforms.

Pakistan's economy is expected to grow, driven by increased investment in key sectors such as infrastructure, energy, and agriculture. The Government's focus on promoting trade and exports, particularly in the manufacturing sectors, is likely to benefit Macpac's diversified portfolio.

However, we remain vigilant about ongoing challenges, including inflationary pressures, currency fluctuation, and the need to deal with domestic cost pressures. The rising cost of raw materials and energy may impact margins, but we are committed to maximize operational efficiency and delivering value to our stakeholders.

Despite these challenges, your Company continues to leverage its core strengths and is well prepared to capitalize on emerging opportunities. Our successful establishment of a new Company in the international market at the beginning of this year marks a significant milestone in our expansion strategy. We will continue to closely monitor the economic situation and take proactive measures to safeguard the interests of our stakeholders. With careful planning and dedication, we are confident in our ability to navigate these challenges and achieve long-term success, Insha'Allah.

PRINCIPAL ACTIVITY

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

PRINCIPAL RISKS AND UNCERTAINTIES:

The principal risks and uncertainties include the risk of currency devaluation, increase in cost of energy, its availability and changes in fiscal policies.

GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS:

- The registered office of the company is located at 44-C, Block-6, PECHS, main Razi Road, Karachi.
- The production plant is located at Eastern Industrial Zone, Port Qasim, Karachi.
- North Sales office is situated at Lahore Center, Gulberg Lahore Pakistan.

MAJOR CAPITAL EXPENDITURE

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

COMPOSITION OF BOARD OF DIRECTORS

1. The total number of Directors as on June 30, 2024 were as follows:

   a. Male: 6
   b. Female: 1

2. The composition of board as on June 30, 2024 is as follows:

	CATEGORY	NAMES
a)	Independent Director	1. Ms. Hafsa Abbasy 2. Mr. Shabbir Hamza Khandwala
b)	Non-Executive Director	1. Mr. Naeem Ali Muhammad Munshi 2. Mr. Shariq Maqbool Elahi 3. Mr. Fahad Munshi
c)	Executive Director	1. Mr. Najmul Hassan 2. Mr. Ehtesham Maqbool Elahi

NAMES OF PERSONS WHO, AT ANY TIME DURING THE FINANCIAL YEAR, WERE DIRECTORS OF THE COMPANY

S. NO.	CATEGORY	TITLE
1	Mr. Naeem Ali Muhammad Munshi	Chairman
2	Mr. Najmul Hassan	Chief Executive Officer
3	Mr. Ehtesham Maqbool Elahi	Executive director
4	Mr. Shabbir Hamza Khandwala	Independent director
5	Ms. Hafsa Abbasy	Independent director
6	Mr. Shariq Maqbool Elahi	Non-Executive director
7	Mr. Fahad Munshi	Non-Executive director

AUDIT COMMITTEE OF THE BOARD

S. NO.	CATEGORY	TITLE
1	Mr. Shabbir Hamza Khandwala	Chairman
2	Mr. Naeem Ali Muhammad Munshi	Member
3	Mr. Shariq Maqbool Elahi	Member

HR & REMUNERATION COMMITTEE

S. NO.	CATEGORY	TITLE
1	Ms. Hafsa Abbasy	Chairperson
2	Mr. Shariq Maqbool Elahi	Member
3	Mr. Ehtesham Maqbool Elahi	Member

DIRECTORS' REMUNERATION

As per current remuneration policy approved by the Board, non-executive and independent directors are paid Rs. 120,000 for attending Board meetings and Rs. 96,000 for committee meetings.

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

AUDITOR

The existing Auditors, M/s. KPMG Taseer Hadi & Co., Chartered Accountants retired and have offered themselves for re-appointment for the year ending June 30, 2025. The reappointment has also been recommended by the Audit Committee of the Board.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Statement of Compliance with the Code of Corporate Governance is annexed.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The Company follows a Code of Conduct as approved by the Board which has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

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

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

DURING THE YEAR, THE BOARD OF DIRECTORS HELD 4 MEETINGS AND THE ATTENDANCE OF THE DIRECTORS WAS AS FOLLOWS:

S. NO.	CATEGORY	MEETINGS ATTENDED
1	Mr. Naeem Ali Muhammad Munshi	4
2	Mr. Najmul Hassan	4
3	Mr. Ehtesham Maqbool Elahi	4
4	Mr. Shabbir Hamza Khandwala	4
5	Ms. Hafsa Abbasy	3
6	Mr. Shariq Maqbool Elahi	4
7	Mr. Fahad Munshi	2

DURING THE YEAR, THE AUDIT COMMITTEE HELD 4 MEETINGS AND THE ATTENDANCE OF THE DIRECTORS WAS AS FOLLOWS:

S. NO.	CATEGORY	MEETINGS ATTENDED
1	Mr. Shabbir Hamza Khandwala	4
2	Mr. Naeem Ali Muhammad Munshi	4
3	Mr. Shariq Maqbool Elahi	4

DURING THE YEAR, THE HUMAN RESOURCE AND REMUNERATION COMMITTEE (HRRC) HELD 2 MEETINGS AND ATTENDANCE OF THE DIRECTORS WAS AS FOLLOWS:

S. NO.	CATEGORY	MEETINGS ATTENDED
1	Ms. Hafsa Abbasy	2
2	Mr. Shariq Maqbool Elahi	1
3	Mr. Ehtesham Maqbool Elahi	2

AUDIT COMMITTEE AND INTERNAL CONTROL SYSTEM

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

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

HR AND REMUNERATION COMMITTEE

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

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

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

Being a socially and ethically responsible corporation, Macpac Films Limited continuously undertakes initiatives to improve its environmental impact and remains committed to work toward the upliftment of society as a whole, focusing particularly on education and health. Details on this are included in relevant sections of the Annual Report.

HUMAN CAPITAL AND EMPLOYEE RELATIONS

The human capital of the Company is of critical importance. Macpac Films Limited, takes pride in ensuring an optimum integration of human resources with other resources to deliver the performance desired by the Company. The Company prioritizes the well-being and safety of its staff and focuses on effective health and safety programmes. Staff capacity is continually enhanced through training and development initiatives. In an increasingly demanding and competitive business environment, the challenges faced are multifaceted. Effective human resource management requires constant focus on the quality of human capital in the Company. Details on these important initiatives are included in the relevant sections of the Annual Report.

RELATED PARTY TRANSACTIONS

The Company has a policy on Related Party Transactions. All transactions with related parties have been carried out in the ordinary course of business on an arm's length basis and have been disclosed in the financial statements under relevant notes. These are reviewed regularly by the Audit Committee and the Board.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2024, along with necessary disclosures as required under the Code of Corporate Governance, is disclosed in the later part of this Annual Report.

ACKNOWLEDGMENT

The Directors of the Company extend their sincere gratitude to the Securities and Exchange Commission of Pakistan, the valued shareholders, partners, customers, government authorities, autonomous bodies, financial institutions, and bankers for their unwavering support and cooperation.

The Directors would also like to express their deep appreciation for the dedication, hard work, and invaluable contributions of the Company's talented staff. Their commitment to excellence has been instrumental in our continued success.

FOR AND ON BEHALF OF THE BOARD

NAJMUL HASSAN
CHIEF EXECUTIVE OFFICER

EHTESHAM MAQBOOL ELAHI
DIRECTOR

Karachi
September 18, 2024

2024

اظہار تشکر:

کمپنی کے ڈائریکٹرز سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، حصص یافتگان، شراکت داران، صارفین، سرکاری حکام، خود مختار اداروں، مالیاتی اداروں اور بینکرز کے مسلسل تعاون پر ان کا شکریہ ادا کرنا چاہتے ہیں۔

ڈائریکٹرز، کمپنی کے اسٹاف کی گرانقدر اور انتھک کوششوں اور خدمات کو بھی بے حد سراہتے ہیں۔ان کا عزم ہماری مسلسل کامیابی میں اہم کردار ادا کر رہا ہے۔

از طرف بورڈ،

نجم الحسن
چیف ایگزیکٹیو آفیسر

احتشام مقبول الٰہی
ڈائریکٹر

کراچی؛
18 ستمبر 2024

ایچ آر اور معاوضہ کمیٹی:

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

ماحولیاتی، سماجی ذمہ داری اور گورننس (ای ایس جی):

Macpac فلمز لمیٹڈ نے پانی اور توانائی کے تحفظ کو اعلیٰ ترجیح دی ہے۔اس میں توانائی کی کارکردگی کو بڑھانے اور ایندھن کے تحفظ کے لیے شمسی توانائی کے استعمال پر زور دینے کے ساتھ ساتھ پیداواری ضروریات کے لیے پانی کا موثر استعمال شامل ہے۔ کمپنی مکمل طور پے ماحول پر اس کے منفی اثرات کو کم کرنے کے لیے پر عزم ہے اور پائیدار حل کو فروغ دے کر اپنی ٹیم، سپلائرز اور صارفین کو ماحولیاتی تحفظ کی اہمیت کے بارے میں فعال طور پر تعلیم اور تربیت دے رہی ہے۔مزید برآں، کمپنی فضلہ جات کی ری سائیکلنگ پر بھی غور کر رہی ہے۔

سماجی اور اخلاقی طور پر ذمہ دار کارپوریشن ہونے کے ناطے Macpac فلمز لمیٹڈ اپنے ماحولیاتی اثرات کو بڑھانے کے لیے مسلسل اقدامات کرتی ہے اور تعلیم اور صحت پر خصوصی توجہ کے ساتھ، مجموعی طور پر معاشرے کی بہتری میں اپنا حصہ ڈالنے کے لیے وقف رہتی ہے۔جس کی تفصیلات سالانہ رپورٹ کے متعلقہ حصوں میں شامل ہے۔

انسانی سرمائے اور ملازمین کے تعلقات:

کمپنی کا انسانی سرمایہ انتہائی اہمیت کا حامل ہے۔Macpac فلمز لمیٹڈ کمپنی کو مطلوبہ کارکردگی فراہم کرنے کے لیے دیگر وسائل جیسے آلات اور ٹیکنالوجی کے نظام کے ساتھ انسانی وسائل کے بہترین انضمام کو یقینی بنانے پر فخر محسوس کرتی ہے۔ کمپنی اپنے اسٹاف کی فلاح و بہبود اور حفاظت کو ترجیح دیتی ہے اور تربیت اور ترقیاتی اقدامات کے ساتھ ساتھ صحت اور حفاظت کے موثر پروگراموں پر توجہ مرکوز کئے ہوئے ہے۔ تیزی سے طلب اور مسابقتی کاروباری ماحول میں، درپیش چیلنجز کثیر جہتی ہیں۔موثر انسانی وسائل کے انتظام کے لیے کمپنی میں انسانی سرمائے کے معیار پر مسلسل توجہ دینے کی ضرورت ہے۔ ان اہم اقدامات کی تفصیلات سالانہ رپورٹ کے متعلقہ حصوں میں شامل ہیں۔

متعلقہ فریقین کے ساتھ لین دین:

متعلقہ فریقین کے ساتھ تمام لین دین متفقہ شرائط پر کاروبار کے معمول کے مطابق کئے گئے ہیں اور متعلقہ نوٹ کے تحت مالی بیانات میں ظاہر کیا گیا ہے۔آڈٹ کمیٹی اور بورڈ کی جانب سے ان کا باقاعدگی سے جائزہ لیا جاتا ہے۔

شیئر ہولڈنگ کا نمونہ:

کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت 30 جون 2024 تک شیئر ہولڈنگ کا نمونہ ضروری اظہار کے ساتھ سالانہ رپورٹ میں پیش کیا گیا ہے۔

2024

دوران سال بورڈ آف ڈائریکٹرز کے 4 اجلاس منعقد ہوئے جن میں ڈائریکٹرز کی حاضری درج ذیل تھی:

نمبر شمار	ڈائریکٹرز کا نام	اجلاس میں حاضری
.1	جناب نعیم علی محمد منشی	4
.2	جناب نجم الحسن	4
.3	جناب احتشام مقبول الٰہی	4
.4	جناب شبیر حمزہ کھانڈوالا	4
.5	محترمہ حفصہ عباسی	3
.6	جناب شارق مقبول الٰہی	4
.7	جناب فہد منشی	2

دوران سال آڈٹ کمیٹی کے 4 اجلاس منعقد ہوئے جن میں ڈائریکٹرز کی حاضری درج ذیل تھی:

نمبر شمار	ڈائریکٹرز کا نام	اجلاس میں حاضری
.1	جناب شبیر حمزہ کھانڈوالا	4
.2	جناب نعیم علی محمد منشی	4
.3	جناب شارق مقبول الٰہی	4

دوران سال ہیومن ریسورس اینڈ ریمیونریشن کمیٹی (ایچ آر آر سی) کے 2 اجلاس منعقد ہوئے جن میں ڈائریکٹرز کی حاضری درج ذیل تھی:

نمبر شمار	ڈائریکٹرز کا نام	اجلاس میں حاضری
.1	محترمہ حفصہ عباسی	2
.2	جناب شارق مقبول الٰہی	1
.3	جناب احتشام مقبول الٰہی	2

آڈٹ کمیٹی اور داخلی کنٹرول سسٹم:

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

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

آڈیٹر:

موجودہ آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاونٹینٹس ریٹائر ہوگئے ہیں اور انہوں نے 30 جون 2025 کو ختم ہونے والے سال کیلئے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے بھی ان کی دوبارہ تقرری کی سفارش کی ہے۔

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل:

کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان اس کے ساتھ منسلک ہے۔

ضابطہ اخلاق اور کاروباری طریقوں کا بیان:

بورڈ نے اپنی معاون پالیسیوں اور طریقہ کار کے ساتھ ایک ضابطہ اخلاق تیار کیا ہے اور اس بات کو یقینی بنایا ہے کہ کمپنی میں اس پر عمل کیلئے مناسب اقدامات کئے گئے ہیں۔

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

☆ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاو میں تبدیلی کو شفافیت کے ساتھ پیش کرتے ہیں۔

☆ کمپنی میں حسابات کی کتابیں مناسب انداز میں رکھی گئی ہیں۔

☆ مناسب اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ کے اندازے ماہرانہ اور محتاط فیصلوں پر مبنی ہوتے ہیں۔

☆ مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS)، جو کہ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز بورڈ (IASB) نے جاری کیا ہے اور کمپنیز ایکٹ 2017 (ایکٹ) کے تحت مطلع کیا گیا ہے، ان کی پیروی کی گئی ہے۔

☆ کمپنی کے پاس انٹرنل آڈٹ فنکشن کا نظام مضبوط ہے جو اس مقصد کیلئے موزوں اور تجربہ کار سمجھا جاتا ہے اور کمپنی کی پالیسیوں اور طریقہ کار سے واقف ہے۔

☆ انٹرنل کنٹرول کے نظام مضبوط ہیں اور اس کی موثر طریقہ سے عملدرآمد اور نگرانی کی جاتی ہے۔

☆ آڈٹ کمیٹی کے تمام ممبران خود مختار/نان ایگزیکٹیو ڈائریکٹر ہیں۔

☆ آنے والے سالوں میں کمپنی کی کاروباری تسلسل پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

☆ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں ہے جیسا کہ لسٹنگ ریگولیشنز میں موجود ہے۔

☆ گذشتہ چھ سالوں کے اہم آپریٹنگ اور مالیاتی گوشوارے رپورٹ کے ساتھ منسلک ہیں۔

2024

ان افراد کے نام جو مالی سال کے دوران کمپنی کے ڈائریکٹرز تھے:

نمبر شمار	نام	عہدہ
.1	جناب نعیم علی محمد منشی	چیئرمین
.2	جناب نجم الحسن	چیف ایگزیکٹیو آفیسر
.3	جناب احتشام مقبول الٰہی	ایگزیکٹیو ڈائریکٹر
.4	جناب شبیر حمزہ کھانڈوالا	آزاد ڈائریکٹر
.5	محترمہ حفصہ عباسی	آزاد ڈائریکٹر
.6	جناب شارق مقبول الٰہی	نان ایگزیکٹیو ڈائریکٹر
.7	جناب فہد منشی	نان ایگزیکٹیو ڈائریکٹر

بورڈ کی آڈٹ کمیٹی:

نمبر شمار	نام	عہدہ
.1	جناب شبیر حمزہ کھانڈوالا	چیئرمین
.2	جناب نعیم علی محمد منشی	ممبر
.3	جناب شارق مقبول الٰہی	ممبر

ایچ آر اور معاوضہ کمیٹی:

نمبر شمار	نام	عہدہ
.1	محترمہ حفصہ عباسی	چیئرپرسن
.2	جناب شارق مقبول الٰہی	ممبر
.3	جناب احتشام مقبول الٰہی	ممبر

ڈائریکٹرز کا معاوضہ:

بورڈ کی جانب سے منظور شدہ موجود معاوضے کی پالیسی کے مطابق نان ایگزیکٹو اور آزاد ڈائریکٹرز کو بورڈ میٹنگ میں شرکت کے لیے 120,000 روپے اور کمیٹی میٹنگ کے لیے 96,000 روپے ادا کیے جاتے ہیں۔

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

جغرافیائی محل وقوع اور کاروبار کا پتہ:

- کمپنی کا رجسٹرڈ آفس C-44، بلاک 6، پی ای سی ایچ ایس، مین رضی روڈ، کراچی پر واقع ہے۔
- پروڈکشن پلانٹس ایسٹرن انڈسٹریل زون، پورٹ قاسم، کراچی میں واقع ہیں۔
- نارتھ سیلز آفس لاہور سینٹر، گلبرگ لاہور پاکستان میں واقع ہے۔

اہم سرمایہ جاتی اخراجات:

پراپرٹی، پلانٹ اور سامان میں اضافے کے بارے میں تفصیلات کے لیے برائے مہربانی مالیاتی گوشواروں کا نوٹ 9 ملاحظہ کریں۔

بورڈ آف ڈائریکٹرز کی تشکیل:

1. 30 جون 2024 کو ڈائریکٹرز کی کل تعداد درج ذیل تھی:

   a. مرد: 6

   b. خاتون: 1

2. 30 جون 2024 تک بورڈ کی تشکیل درج ذیل رہی:

	کیٹگری/قسم		نام:
a)	آزاد ڈائریکٹر	.1	محترمہ حفصہ عباسی
		.2	جناب شبیر حمزہ کھانڈوالا
b)	نان ایگزیکٹیو ڈائریکٹر	.1	جناب نعیم علی محمد منشی
		.2	جناب شارق مقبول الٰہی
		.3	جناب فہد منشی
c)	ایگزیکٹیو ڈائریکٹر	.1	جناب نجم الحسن
		.2	جناب احتشام مقبول الٰہی

2024

فی شیئر آمدنی:

موجودہ سال کے لئے فی شیئر آمدنی 4.35 روپے ہے جس کا موازنہ گذشتہ سال کی فی شیئر آمدنی 6.39 روپے سے کیا جاسکتا ہے۔

منافع منقسمہ:

آپ کی کمپنی اپنے شیئر ہولڈرز کو طویل مدتی پائیدار منافع فراہم کرنے کیلئے پر عزم ہے۔ لہٰذا کمپنی کے ڈائریکٹرز نے 30 جون 2024 کو ختم ہونے والے مالی سال کے لیے 1.25 روپے فی شیئر منافع منقسمہ کی سفارش کی ہے۔

مستقبل کا نقطہ نظر:

مستقبل کی طرف دیکھتے ہوئے، آپ کی کمپنی پاکستان کے ترقی پذیر اقتصادی منظر نامے میں کامیابی کے لیے اچھی طرح تیار ہے، جو کہ حکمت عملی کی اصلاحات اور عالمی رجحانات سے تشکیل پا رہا ہے۔ حالیہ آئی ایم ایف معاہدے کی بدولت سرمایہ کاروں کا اعتماد بڑھنے کی توقع ہے، جس سے معیشت میں مالی نظم وضبط اور ساختی اصلاحات کے ذریعے استحکام آئے گا۔

بنیادی شعبوں جیسے بنیادی اسٹرکچر، توانائی، اور زراعت میں بڑھتی ہوئی سرمایہ کاری کے باعث پاکستان کی معاشی شرح نمو میں بہتری کی توقع ہے۔ حکومت کی تجارت اور برآمدات کو فروغ دینے پر توجہ، خاص طور پر پیداواری شعبوں میں، Macpac کے متنوع پورٹ فولیو کے لیے فائدہ مند ثابت ہونے کی توقع ہے۔

تاہم، افراط زر کے دباؤ، کرنسی کی اتار چڑھاؤ، اور ملکی لاگت کے دباؤ جیسے چیلنجز سے نمٹنے کیلئے تیار ہیں۔ خام مال اور توانائی کی بڑھتی ہوئی قیمتیں ہمارے منافع پر اثر انداز ہو سکتی ہیں، لیکن ہم عملی کارکردگی کو بڑھانے اور اپنے شراکت داروں کے لیے قدر فراہم کرنے کے لیے پختہ عزم رکھتے ہیں۔

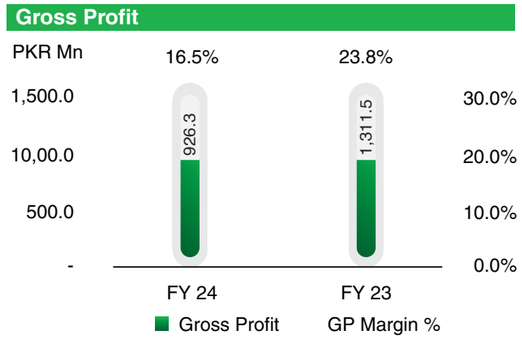
ان چیلنجز کے باوجود، آپ کی کمپنی اپنی بنیادی صلاحیتوں کا بھرپور فائدہ اٹھا رہی ہے اور ابھرتے ہوئے مواقعوں سے استفادہ حاصل کرنے کیلئے پوری طرح تیار ہے۔ اس سال کے آغاز میں بین الاقوامی مارکیٹ میں ایک نئی کمپنی کا کامیاب قیام ہماری توسیع کی حکمت عملی میں ایک اہم سنگ میل کی حیثیت رکھتا ہے۔ ہم اقتصادی حالات کی باریکی سے نگرانی کرتے رہیں گے اور اپنے شراکت داروں کے مفادات کے تحفظ کے لیے پیشگی اقدامات کریں گے۔ محتاط منصوبہ بندی اور لگن کے ساتھ، ہمیں یقین ہے کہ ہم ان چیلنجز کا مؤثر انداز میں سامنا کر سکتے ہیں اور طویل مدتی کامیابی حاصل کر سکتے ہیں، ان شاءاللہ۔

بنیادی سرگرمی:

کمپنی کی بنیادی سرگرمی پلاسٹک پیکیجنگ فلموں کی تیاری، پیداوار اور خرید و فروخت ہے۔

بنیادی خطرات اور غیر یقینی صورتحال:

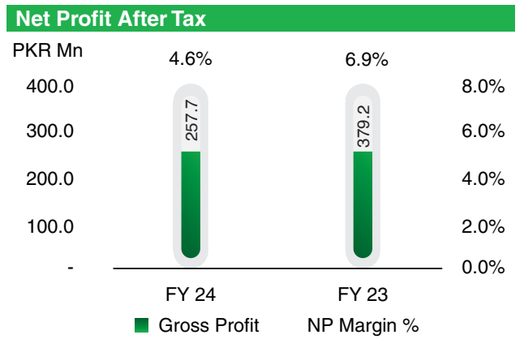
بنیادی خطرات اور غیر یقینی صورتحال میں کرنسی کی قدر میں کمی، شرح سود میں اضافہ، توانائی کی قیمت میں اضافہ، ان کی دستیابی اور مالیاتی پالیسیوں میں تبدیلیاں شامل ہیں۔



کل منافع:

رواں سال کمپنی کا مجموعی منافع 926.3 ملین روپے رہا جبکہ گذشتہ سال 1,311.5 ملین روپے تھا جو کہ 29 فیصد کی کمی ہے۔

اس کمی کی بنیادی وجہ گیس کی قیمتوں میں اضافے اور افراط زر کے دباؤ میں اضافہ ہے۔



خالص منافع:

زیر جائزہ سال کیلئے قبل از ٹیکس خالص منافع 418.6 ملین روپے ہے جو کہ گذشتہ سال کی اسی مدت کے دوران 700.7 ملین روپے تھا۔

موجودہ سال کیلئے بعد از ٹیکس خالص منافع 257.7 ملین روپے ہے جو کہ گذشتہ سال کی اسی مدت کے دوران 379.2 ملین روپے تھا۔

تقابلی مالی نتائج:

دو سالوں کے لیے وسیع تقابلی مالیاتی نتائج ذیل میں دیے گئے ہیں۔ گذشتہ چھ سالوں کی کارکردگی کے کلیدی اشارے بھی اس رپورٹ کے ساتھ منسلک ہیں۔

	مالیاتی سال 2024		مالیاتی سال 2023	
	ملین روپے	%	ملین روپے	%
فروخت (خالص)	5,619.4		5,505.5	
کل منافع	926.3	16.5%	1,311.5	23.8%
قبل از ٹیکس منافع	418.6	7.4%	700.7	12.7%
بعد از ٹیکس منافع	257.7	4.6%	379.2	6.9%
فی شیئر آمدنی	4.35		6.39	

2024

حصص داران کو ڈائریکٹرز کی اطلاع

شروع اللہ کے نام سے جو بڑا مہربان نہایت رحم کرنے والا ہے۔

السلام وعلیکم

معزز ممبران،

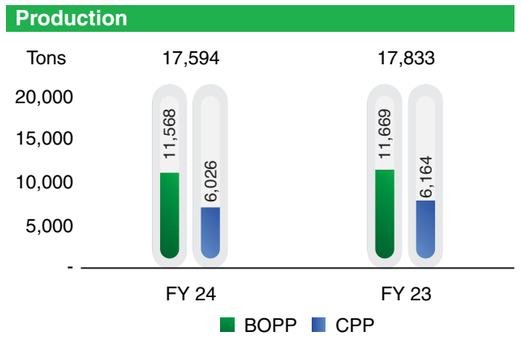
آپ کی کمپنی کے ڈائریکٹرز اپنی رپورٹ اور 30 جون 2024 کو ختم ہونے والے سال کیلئے کمپنی کے مالیاتی گوشوارے پیش کرنے پر بے حد خوش ہیں۔

عملی اور مالیاتی کارکردگی:

پیداوار:

دوران سال کمپنی کی بی او پی پی اور سی پی پی کی پیداوار بالترتیب 11,568 میٹرک ٹن اور 6,026 میٹرک ٹن رہی جبکہ گذشتہ سال کی پیداوار 11,669 میٹرک ٹن اور 6,164 میٹرک ٹن تھی۔

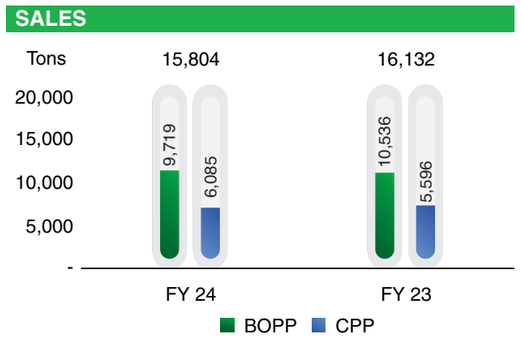
پیداواری حجم میں مجموعی طور پر 1.3 فیصد کی کمی ہوئی، لیکن کمپنی کے 81 فیصد کے مقابلے میں اپنی صلاحیت کے استعمال کو 80 فیصد پر برقرار رکھنے میں کامیاب رہی۔



فروخت/سیل کارکردگی:

30 جون 2024 کو ختم ہونے والے سال کیلئے کمپنی کی فروخت 15,804 میٹرک ٹن رہی جو کہ گذشتہ سال 30 جون 2023 کو 16,132 میٹرک ٹن تھی۔

کمپنی نے مشکل معاشی ماحول میں معیار کو فروغ اور کسٹمر کو برقرار رکھنے کو یقینی بناتے ہوئے کامیابی کے ساتھ اپنے مارکیٹ شیئر کو محفوظ رکھا اور اپنی فروخت کے حجم کو برقرار رکھنے میں کامیاب رہی۔



ROLES AND RESPONSIBILITIES
OF THE CHAIRMAN

The role of the Chairman is to lead and manage the Board of Directors of the Company. The Chairman will also create a framework and the conditions to enable the Board as a whole, and its individual Directors, to contribute effectively in the performance of their role.

RESPONSIBILITIES:

- Ensure that the Board addresses the matters that are of strategic and material importance to the future growth and success of the Company.
- Ensure appropriate delegation of authority from the Board to executive management, and clearly defining the role and responsibilities of the Chief Executive in writing.
- Set the Board's agenda (primarily focused on strategy, performance, value creation and accountability) and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues.
- Ensure that the Board determines the nature and extent of the significant risks that the Company is willing to embrace in implementing its strategy.
- Promote active engagement among Board members through mutual respect and open communication, ensuring ample time for thorough discussion, consideration of all viewpoints, and addressing requests for clarification or additional information promptly and completely.
- Ensure the Board receives accurate, timely, and comprehensive information, covering market communications, financial performance, shareholder matters, legal issues, and operations, facilitated by the Chairman.
- The Chairman will establish effective decision-making processes and ensure the Board forms well-resourced Committees with defined authority to execute their responsibilities.
- Ensure ample time for discussing complex issues, including arranging informal meetings for thorough preparation. The Chairman will also ensure non-Executive Directors have adequate time for critical issue consideration without facing unrealistic deadlines.
- In liaison with the Company Secretary, take the lead in ensuring a properly constructed formal induction programme for all new Directors be provided, which shall be comprehensive and tailored to cover the key businesses and issues facing the Company.
- Establish a process that enables the performance of its individual Directors, the Board as a whole and its committees are evaluated at least once a year. The Chairman will also ensure that the outcomes of the process are implemented and acted upon.
- With the Company Secretary's assistance, maintain high integrity and corporate governance standards, ensuring compliance with relevant codes.
- The Chairman shall chair all Board and general meetings of the Company.

ROLES AND RESPONSIBILITIES
OF CHIEF EXECUTIVE OFFICER (CEO)

The Chief Executive Officer (CEO) is responsible for leading the organization's day-to-day operations, implementing its strategic vision, and achieving its objectives as set by the Board of Directors.

RESPONSIBILITIES:

- Implement and execute the organization's long- and short-term strategies, plans, and policies as approved by the Board.
- Provide operational leadership and direction to senior management and the broader organization.
- Manage overall operations, ensuring efficient use of resources, effective risk management, and compliance with regulations.
- Develop and recommend operational budgets, plans, and policies for Board approval.
- Foster a culture of innovation, integrity, and accountability throughout the organization.
- Identify, assess, and mitigate operational risks; report significant risks to the Board.
- Develop and maintain relationships with key stakeholders, including customers, partners, suppliers, and regulatory bodies.
- Negotiate and approve agreements and contracts within delegated authority levels.
- Oversee the development and implementation of operational processes and systems.
- Ensure effective communication and collaboration across departments and levels.
- Provide regular, timely, and accurate progress reports to the Board on operational performance, strategic implementation, and significant issues.
- Identify and pursue new business opportunities aligned with the company's strategy and approved by the Board.
- Serve as the primary operational spokesperson, representing the organization in interactions with stakeholders.
- Address company-wide operational problems and ensure resolution.
- Monitor and report on progress toward operational goals and key performance indicators (KPIs).
- Collaborate with the Chairman and Board to ensure alignment and effective governance.

CORPORATE GOVERNANCE PRACTICES
AT MACPAC FILMS LIMITED

At Macpac Films Limited, maintaining the highest standards of corporate governance is critical to our success and sustainability. In 2024, the Board of Directors continued to uphold best practices in oversight, transparency, and accountability, ensuring that the company remains on a strong governance footing. Below is a summary of key corporate governance initiatives during the year:

1. Board Operations and Delegation

The Board of Directors plays a central role in guiding Macpac Films Limited's strategy and overseeing management to ensure the company meets its long-term objectives. The Board has established the Audit Committee, and Human Resource and Remuneration Committee—to whom specific responsibilities are delegated. These committees operate within clearly defined frameworks, enhancing focus on key areas while allowing the Board to concentrate on strategic decision-making. If any responsibilities arise outside the scope of the delegated responsibilities, the matter is discussed in the the Full Board for review and oversight. This delegation of authority ensures that each aspect of the company's governance is scrutinized with specialized attention, enabling the Board to act efficiently and with a broad, strategic perspective.

2. Orientation and Continuous Learning for Directors

To equip our directors with comprehensive knowledge of the company's operations, industry dynamics, and regulatory environment, orientation sessions were conducted for all new members of the Board. These sessions cover key areas such as corporate strategy, financial performance, industry trends, legal obligations, and sustainability goals. Directors are introduced to Macpac Films Limited's business model, key projects, and major stakeholders, ensuring they are well-prepared to contribute effectively from the outset.

3. Directors' Training Program

As part of our commitment to excellence in governance, Macpac Films Limited ensures that its directors are fully equipped to fulfill their roles. We are proud to report that all directors on the Board have successfully completed the Directors' Training Program (DTP), as required by the Code of Corporate Governance, 2019. Furthermore, during 2024, no director was required to undergo the DTP as all had previously completed this program. One director has been granted an exemption from the DTP based on his extensive qualifications and experience, which meets the criteria set by regulatory authorities.

4. Security Clearance of Foreign Directors

At present, Macpac Films Limited does not have foreign directors on its Board, and thus the requirement for security clearance for foreign directors is not applicable.

5. Board Meetings held Outside Pakistan

Board meetings of Macpac Films Limited are currently held within Pakistan, and no meetings have been conducted outside the country. The Company remains committed to complying with any future regulatory requirements or governance needs should these circumstances change.

6. Internal Evaluation of Board Performance

In 2024, Macpac Films Limited continued its commitment to excellence in governance through a comprehensive internal board evaluation process. This evaluation is crucial for assessing the effectiveness of the Board and ensuring it meets the highest standards of accountability, transparency, and performance. While we did not engage an external third party for board evaluation in 2024, a comprehensive internal performance review was conducted. This internal assessment covered key areas such as strategic oversight, decision-making processes, governance structures, and director engagement.

The internal evaluation involved a thorough review of the Board's composition, structure, and operational effectiveness. Board members participated in a confidential survey that solicited their insights on various aspects of board dynamics, strategic decision-making, and overall performance. This proactive approach demonstrates Macpac Films Limited's dedication to fostering a high-performing Board that is well-equipped to navigate the complexities of the industry and contribute to the company's long-term success.

While we acknowledge the value of external evaluations, the Board determined that the internal assessment provided adequate insights for this year. We remain committed to continuously improving governance practices and will consider engaging external evaluators when deemed appropriate.

7. External Oversight of Key Functions

Ensuring accountability and compliance is a key priority for Macpac Films Limited. Our external Auditor KPMG Taseer Hadi & Co. conducts an independent review of the company's financial statements, verifying their accuracy and compliance with international accounting standards. The Audit Committee works closely with these auditors, ensuring that financial reporting and internal controls meet the highest standards of integrity.

RELATED PARTY TRANSACTIONS

At Macpac Films Limited, we recognize the importance of transparency and accountability in all business operations, especially in transactions involving related parties. These transactions are a key area of focus to ensure that they are conducted in a fair, transparent, and compliant manner, aligned with the best interests of the Company and its stakeholders.

The Company adheres to the provisions of the Companies Act, 2017, the Listed Companies' Code of Corporate Governance, 2019, and the Related Party Transactions and Maintenance of Related Records Regulations, 2018. These regulatory frameworks guide us in identifying, approving, and reporting related party transactions with utmost diligence.

GOVERNANCE AND APPROVAL PROCESS

All transactions with related parties are reviewed in accordance with applicable legal requirements. They are placed quarterly before the Audit Committee, which rigorously assesses each transaction to ensure fairness and compliance. Upon recommendation by the Audit Committee, these transactions are then submitted to the Board of Directors for further review and final approval. This multi-tiered process ensures that all related party transactions are handled with the highest level of scrutiny.
In compliance with the law, directors who have a direct or indirect interest in any transaction must abstain from participation in discussions or voting on the matter, and at times the interested directors even leave the Board room until the matter is being discussed. This proactive approach helps in managing potential conflicts of interest and ensures that decisions are made in the best interest of the Company.

Non-Ordinary Course Contracts

Contracts that fall outside the ordinary course of business, especially those with related parties, are subject to enhanced due diligence. These transactions are reviewed with special attention to ensure they align with the strategic interests of the Company. Such non-ordinary contracts are also carefully evaluated to confirm that they meet the Company's standards of transparency and fairness.

Directors' Interests and Conflict Management

Macpac Films places a high priority on managing potential conflicts of interest, particularly in transactions involving directors or key managerial personnel. Any director with an interest in a related party transaction must declare his interest and refrain from participating in deliberations or decision-making regarding that transaction. This ensures that all decisions are made impartially and objectively.

Employees and directors are provided guidance on how to identify related party transactions and are encouraged to seek clarification from designated officers to ensure full compliance with regulatory requirements.

Transactions on an Arm's Length Basis

All related party transactions are conducted at an arm's length, meaning they are carried out under terms that are no different from those applicable to transactions between independent parties. This practice ensures that the terms are commercially reasonable and fair, and that no party gains undue advantage due to their relationship with the Company. The Board of Directors reviews these transactions to confirm their alignment with this principle.

Maintaining Complete Records

In compliance with regulatory requirements, Macpac Films maintains a detailed record of all related party transactions. These records include information such as the nature of the transaction, the parties involved, the financial terms, and any associated interests of directors or key personnel. This practice ensures full transparency and accountability in all related dealings.

Managing Risks and Ensuring Compliance

Macpac Films Limited is cognizant of the potential risks associated with related party transactions, such as conflicts of interest, inappropriate pricing, and the risk of transactions not being conducted at an arm's length. To mitigate these risks, the Company has established robust internal review mechanisms involving its Finance and Legal departments. These departments review the terms of all related party transactions to ensure that they meet both legal and commercial standards.

Ongoing disclosures from directors and key managerial personnel also help the Company monitor and assess related party transactions effectively. These measures are in place to ensure that related party transactions do not compromise the Company's integrity or its long-term sustainability.

BOARD POLICIES ON SIGNIFICANT MATTERS

Macpac Films Limited had established several essential policies, including our Health, Safety, and Environmental (HSE) Policy, and our Whistleblowing Policy. These policies reflect the Board's ongoing efforts to promote a culture of responsibility, integrity, and accountability within the Company. Additionally, while we continue to enhance our governance framework, we consistently monitor and develop policies in other significant areas to meet evolving business and regulatory needs.

The Board of Directors are committed to upholding the highest standards of corporate governance and accountability. The Board ensures that all significant matters concerning the Company's operations, risk management, employee well-being, and stakeholder engagement are addressed with diligence and transparency. The following are key areas where the Board's oversight mechanisms guide the Company's strategic direction and operational conduct:

a) Governance of Risk and Internal Controls

The Board places a strong emphasis on risk management and internal controls to safeguard the Company's assets, ensure operational continuity, and protect shareholder value. The Audit Committee regularly reviews the risk framework and internal control mechanisms, ensuring that the Company is well-prepared to manage financial, operational, and compliance risks effectively.

b) Diversity and Inclusion

Macpac Films is committed to promoting diversity and inclusion within the organization. This includes efforts to enhance gender diversity at all levels of the Company. The Board supports policies that ensure equal opportunities in recruitment and advancement, with clear objectives to improve diversity. Progress is tracked and regularly reported to ensure these goals are met.

c) Directors' Interest in Significant Contracts

The Board ensures transparency in the disclosure of any potential conflicts of interest involving directors. Any interest that a director may have in significant contracts or arrangements is duly disclosed, and appropriate actions are taken to ensure that such interests do not conflict with the Company's objectives or governance principles.

d) Remuneration of Non-Executive and Independent Directors

The remuneration of non-executive directors, including independent directors, is reviewed and approved by the Board. Directors are compensated for their time and contributions to Board and Committee Meetings. The Board ensures that compensation is in line with industry standards and reflects the scope of responsibilities undertaken by the directors.

e) Retention of Board Fee by Executive Directors in other Companies

Any fees earned by an executive director for serving as a non-executive director in other companies will be handled in accordance with the organization's remuneration practices.

f) Human Resource Management

The Board provides oversight for human resource management policies, which are central to attracting, retaining, and developing talent at Macpac Films Limited. Key aspects include:

- Succession Planning: The Board ensures that a robust succession plan is in place for key leadership positions to maintain operational stability.
- Merit-Based Recruitment: All recruitment is based on merit, with clear policies to ensure fairness and transparency.
- Performance Appraisal and Rewards: A structured performance-based appraisal system is in place to recognize and reward employee contributions, fostering motivation and growth.
- Training and Development: The Board supports initiatives for continuous training and professional development to enhance employee skills.
- Diversity and Inclusion: Policies supporting gender, race, and disability inclusion are part of the broader human resource strategy, ensuring a diverse workforce.
- Employee Engagement: Feedback mechanisms are in place to engage employees and address their concerns, ensuring their satisfaction and well-being.

g) Social and Environmental Responsibility

Macpac Films Limited is committed to sustainable and responsible business practices. The Board oversees policies on procurement, waste management, and emissions reduction to ensure that the Company minimizes its environmental footprint. Regular reporting on these practices is in place to maintain transparency with stakeholders.

h) Communication with Stakeholders

The Board recognizes the importance of clear and consistent communication with all stakeholders, including investors, employees, customers, and regulators.

i) Dividend Policy

Macpac Films Limited is committed to delivering value to its shareholders by carefully managing the distribution of profits. The Board strives to balance providing returns to shareholders with the need to reinvest in the Company to support long-term growth and strengthen financial stability. Any decisions regarding dividends are made after considering the Company's financial performance, future growth opportunities, and overall market conditions.

j) Investor Relations and Grievance Handling

Macpac Films Limited is committed to maintaining open and transparent communication with its shareholders. The Company has a dedicated section on its website for investor relations, where shareholders can access important updates and information. The Board ensures that any investor concerns or grievances are addressed promptly and transparently, reinforcing trust and confidence in the Company's management and operations. This digital platform serves as a key resource for shareholders to stay informed and engaged with the Company's performance and strategic direction.

k) Employee Health, Safety, and Protection

The health and safety of employees is a top priority at Macpac Films Limited. The Board oversees health and safety policies designed to ensure a safe working environment, in compliance with local and international standards. Regular training and audits are conducted to maintain workplace safety.

l) Whistleblowing Policy

The Company has a whistleblowing mechanism in place to ensure that any concerns raised by employees regarding unethical behavior, fraud, or other wrongdoings are addressed confidentially and transparently. The Audit Committee is responsible for overseeing the policy, ensuring protection for whistleblowers against retaliation or victimization.

m) Safety of Company Records

The Board ensures that robust measures are in place to safeguard the Company's records. This includes digital security protocols as well as physical protection of important documents to prevent unauthorized access and ensure the confidentiality and integrity of information.



BUSINESS
CONTINUITY PLAN

A Business Continuity Plan (BCP) is essential for ensuring that critical operations continue smoothly during and after unexpected disruptions. Macpac Films Limited has developed a comprehensive BCP to protect against risks such as equipment failures, natural disasters, and cyberattacks. The plan includes substantial investments in modernizing and upgrading manufacturing facilities, which are subject to thorough financial and operational evaluations to ensure long-term efficiency. Additionally, the company has implemented robust IT security measures, such as real-time data backup systems, off-site storage, and a designated disaster recovery site. A proper fire alarm system is also in place, guaranteeing the protection of all assets from fire hazards. In case of emergencies, key personnel have been identified to provide leadership and ensure timely decision-making. The company's well-structured succession plan further ensures operational continuity in the absence of critical staff. By integrating these safety and risk management measures, Macpac Films ensures resilience, asset protection, and uninterrupted services to its stakeholders.

DISCLOSURE REGARDING
GOVERNMENT OF PAKISTAN POLICIES

During the financial year, Macpac Films Limited closely monitored the regulatory environment and government policies relevant to the packaging and film production sector. The Government of Pakistan’s policies, including taxation measures, import/export regulations, and industrial policies, did not present any significant challenges or adverse impacts on the business operations of the company. Macpac Films Limited operates in alignment with existing government regulations, and there were no policy changes that negatively affected the company’s financial performance or market position during the year.

COMPANY’S CONTRIBUTION
TO NATIONAL EXCHEQUER

2024

Macpac Films Ltd plays a pivotal role in strengthening the national economy through a multifaceted approach. The company is deeply committed to Corporate Social Responsibility (CSR), driving community welfare and socio-economic development across the country. By participating in various government initiatives and programs, Macpac Films reinforces its dedication to national progress.

As a significant employer, Macpac Films provides jobs to hundreds of people, supporting not only individual livelihoods but also local economies, thereby contributing to reduced unemployment rates. The company also fulfills its financial responsibilities by paying a wide range of government levies and taxes, including corporate and income taxes that are essential for funding public services and infrastructure development. Additionally, it pays customs duties that facilitate international trade and economic growth.

In the current fiscal year, Macpac contributed 1.225 billion PKR to the national exchequer, further solidifying its role as a key player in the country's economic advancement. The company’s export activities also generate foreign exchange, contributing to the country's financial stability and growth.

Collectively, these contributions highlight Macpac Films Ltd's substantial impact on the national economy and its unwavering commitment to the nation’s financial health and development.

KPMG Taseer Hadi & Co.

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

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MACPAC Films Limited

Review Report on the Statement of Compliance with Listed companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with Listed companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **MACPAC Films Limited** for the year ended 30 June 2024 in accordance with the requirements of Regulation No.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 Director's 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 requires 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 Code as applicable to the Company for the year ended 30 June 2024.

Date: 27 September 2024

Karachi

UDIN: CR202410106oplV6BFYP

KPMG Taseer Hadi & Co.
Chartered Accountants

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

2024

Name of the Company: MACPAC FILMS LIMITED
Year ended: June 30, 2024

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

1. The total number of Directors are seven (07) as per the following:

Male: 6
Female: 1

2. The composition of Board is as follows:

i. Independent Directors
a) Mr. Shabbir Hamza Khandwala
b) Ms. Hafsa Abbasy

ii. Non-Executive Directors
a) Mr. Naeem Ali Muhammad Munshi
b) Mr. Shariq Maqbool Elahi
c) Mr. Fahad Munshi

iii. Executive Directors
a) Mr. Najmul Hassan
b) Mr. Ehtesham Maqbool Elahi

iv. Female Director
a) Ms. Hafsa Abbasy

Note: For the purposes of the rounding up of fraction, the Company has not rounded up the fraction as one since as it currently stands, the Board has adequate independent directors. If we compare the number of Non-Executive and Independent directors i.e., 5 directors as compared to Executive directors i.e., 2 directors, the Company is of the view that the Board under the current composition is adequately independent.

3. The directors have confirmed that none of them is serving as director on more than seven listed companies, including this Company;

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

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of 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 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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

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

9. Majority of the Directors along with the Company Secretary have either completed the Director's Certification from authorised institutions or have the prescribed qualification and experience pursuant to Regulation 19 of the CCG. All of the Directors are highly qualified and possess the requisite experience and knowledge required to perform their duties;

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;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

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

(a) Audit Committee of the Board:

S. NO.	NAME	TITLE
1	Mr. Shabbir Hamza Khandwala	Chairman
2	Mr. Shariq Maqbool Elahi	Member
3	Mr. Naeem Ali Muhammad Munshi	Member

(b) HR & Remuneration committee:

S. NO.	NAME	TITLE
1	Ms. Hafsa Abbasy	Chairperson
2	Mr. Shariq Maqbool Elahi	Member
3	Mr. Ehtesham Maqbool Elahi	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 (quarterly/half yearly/ yearly) of the committee were as per following:

(a) Audit Committee;

Four (04) meetings were held during the year. The meetings of the Audit Committee are held on a quarterly basis.

(b) HR & Remuneration committee;

Two (02) meetings were held during the year. The meeting of the HR and Remuneration Committee is held at least once in a year;

15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company;

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

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

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

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

a) Regulation 29:

Regulation 29 states that the Board may constitute a separate committee in the name of Nomination Committee, responsible for recommending to the Board the composition and chairmanship of the Board and the Board committees. As the constitution of nomination committee is not mandatory, the Board has opted to have these matters considered by the full Board.

b) Regulation 30:

Regulation 30 states that the Board may constitute a risk management committee. As the constitution of risk management committee is not mandatory, the Board has opted to have the matters relating risk and risk management to be considered by the Board Audit Committee and full Board.

NAEEM ALI MUHAMMAD MUNSHI
Chairman

NAJMUL HASSAN
Chief Executive Officer

Karachi
September 18, 2024

BOARD COMMITTEES'
TERMS OF REFERENCE (TOR)

Audit Committee

1. Mr. Shabbir Hamza Khandwala (Committee Chairman)
2. Mr. Shariq Maqbool Elahi (Member)
3. Mr. Naeem Ali Muhammad Munshi (Member)

Purpose

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

i. Integrity of the Company's financial statements
ii. Company's compliance with legal and regulatory requirements
iii. Independent auditor's qualifications and independence
iv. Performance of the Company's Internal audit function and independent auditors

Authority

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

- Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision by external auditors of any service to the Company in addition to audit of the financial statements
- Resolve any disagreements between management and the external auditors regarding financial reporting
- Meet with Company officers, external auditors, or outside counsel, as necessary
- seek any information it requires from any employee (and all employees are directed to cooperate with any request made by the Audit Committee) and external parties
- Obtain outside legal or other professional advice

Meetings

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

Responsibilities

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

- Determination of appropriate measures to safeguard the Company's assets
- Review of preliminary announcements of results prior to publication
- Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
- Major judgmental areas
- Significant adjustments resulting from the audit
- The going concern assumption

- Any change in accounting policies and practices
- Compliance with applicable accounting standards
- Compliance with listing regulations and other statutory and regulatory requirements
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary)
- Review of Management Letter issued by external auditors and management's response thereto
- Ensuring coordination between the internal and external auditors of the Company
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company
- Consideration of major findings of internal investigations and management's response thereto
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective
- Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body
- Determination of compliance with relevant statutory requirements
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof

Presence of The Chairman of The Audit Committee at the Annual General Meeting (AGM)

The Chairman of the Audit Committee attends the Annual General Meeting. Macpac Films Limited takes deliberate measures to ensure that the entire board of directors is present at the AGM. This practice aims to instill confidence and trust among the shareholders by providing them with the opportunity to engage directly with the company's leadership.

HR & Remuneration Committee

1. Ms. Hafsa Abbasy (committee Chairperson)
2. Mr. Ehtesham Maqbool Elahi (Member)
3. Mr. Shariq Maqbool Elahi (Member)

Purpose

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

Composition

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

Responsibilities

The HR & Remuneration Committee has the following responsibilities:

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

Meetings

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



GENDER PAY GAP STATEMENT

2024

Macpac Films Limited has its own grading system with corresponding pay scales. At the time of induction, all candidates irrespective of gender are interviewed and selected on the basis of their qualifications, experience, skills and competencies required for the position. The pay scales of the Company are common to all therefore, there is no pay gap between the salaries offered to male or female staff.

On behalf of the Board of Directors

NAJMUL HASSAN
Chief Executive Officer

Karachi
September 18, 2024



AUDIT COMMITTEE REPORT

Composition of the Committee

The Audit Committee comprises following three members who all are Non-Executive directors, with two being Independent directors as well; thus ensuring that the Committee operates with high levels of objectivity and independence. Chairman of the Audit Committee, Mr. Shabbir Hamza Khandwala, is a Fellow member of the Institute of Chartered Accountants of Pakistan (ICAP) and provides valuable financial expertise. The Committee members are:

S. NO.	MEMBER'S NAME	POSITION	TITLE
1	Mr. Shabbir Hamza Khandwala, FCA	Chairman	Independent & Non-Executive
2	Mr. Naeem Ali Muhammad Munshi	Member	Non-Executive
3	Mr. Shariq Maqbool Elahi	Member	Non-executive

Financial Reporting

While the CEO and the CFO are responsible for accuracy & integrity of financial statements/ reporting of the Company; the Audit Committee provides the Board with an additional assurance in fulfilling its oversight responsibility vis-à-vis published quarterly, half-yearly, and annual financial statements.

During the financial year, the Committee ensured that financial statements provided an accurate reflection of the Company's financial performance and were in compliance with applicable laws and international reporting/accounting pronouncements. Audit Committee also met the external audit Engagement Partner, in respect of half-yearly and annual financial statements of the Company. The Committee identified and addressed significant issues related to financial disclosures, ensuring that the statements were fair, transparent, and free from any material misstatements.

Risk Management and Internal Control

The Committee takes a proactive approach to risk management and internal controls, overseeing the Company's governance and operational risk frameworks. By regularly reviewing risk management strategies and assessing internal control processes, the Committee ensures the Company's operations are well-protected from internal and external risks. The Company has deployed a strong Internal Audit function across the organization; which assists the Board's Audit Committee in its oversight role.

Role of Internal Audit in Risk Management

By Statute, Head of Internal Audit is reportable to the following:

- Functionally to the Audit Committee.
- Administratively (i.e. day to day operations) to the Chief Executive Officer.

Head of Internal Audit establishes a risk-based annual audit plan that is approved by the CEO, and the Audit Committee. Risks that can and will affect the achievement of Operating, Reporting (financial & non-financial), and Compliance objectives are prioritized according to their impact-cum-likelihood, and remedial actions are devised accordingly. Based thereon, Internal Audit department undertakes thorough reviews of risk management controls and carries out ancillary audit procedures, to assess the adequacy of such controls in place. Under the quarterly mandatory reporting, Internal Audit provides assurance as to the exposure of identified risks, assesses the adequacy of emplaced internal controls, and provides recommendations for enhancing the level of controls needed to mitigate and/or manage such risks. Consequently, this structured reporting helps in ongoing risk management and also minimizes impact of risks on the Company's performance.

Whistle-blowing Incidences and Arrangement to Report

The Audit Committee received no whistle-blowing incidents during the year. The committee remains committed to fostering a work environment where employees and management feel safe and supported in raising any concerns related to financial or other matters.

Effectiveness of the External Audit Process

The effectiveness of the external audit process was rigorously evaluated during the year. This involved reviewing the external auditor's independence, objectivity, and performance. The Committee worked closely with the external auditors to ensure that their audits were thorough and effective. The external audit process was deemed effective in providing assurance on the integrity of the financial statements.

Reappointment of External Auditors

The Committee recommended reappointment of the existing external auditors for financial year ending on 30 June 2025, based on their performance and effectiveness during prior years.

Shabbir Hamza Khandwala
Chairman Board Audit Committee

Karachi
September 18, 2024

RISKS AND OPPORTUNITIES

KEY RISKS & OPPORTUNITIES (INTERNAL-EXTERNAL)

1. **Raw Material availability:** Ensuring timely procurement and maintaining adequate buffer stock mitigates the external risk of raw material availability, ensuring timely product supply to satisfy customer requirements.

2. **High Cost of Imported Raw Material:** We negotiate long-term contracts with key suppliers at the best prices to provide our products economically while ensuring top quality.

3. **Gas Availability:** Production relies on fluctuating RLNG and Sui gas. Reduced gas pressure or quality can cause production losses, requiring costly rented generators. Gas quality is continuously monitored, with diesel/furnace oil engines as backups. Alternative energy sources, including KE and solar power, ensure continuous and timely supply of goods at economic prices.

4. **Changes in tariff/dumping:** There have been surge in raw material duty and imports at dumped prices. We monitor regulatory duties and engage with government agencies through consultants, paying new taxes on merit and challenging unconstitutional moves. Removal of duties would harm local industry, but we aim to meet stakeholder expectations and reduce imports of finished films, adding value to the economy.

5. **Cyber security threat:** There is a potential threat of information leakage or hacks. We mitigate the threat of information leaks or hacks by maintaining up-to-date firewalls, antivirus software, and conducting regular vulnerability tests to ensure data security at all times.

6. **Machine breakdown/Hazards:** an internal short/medium term risk which can be mitigated through timely preventive maintenance of machines. This will ensure us a timely supply of goods at economic prices- resulting in long lasting relationships.

7. **Fluctuation in exchange rates:** is a big external risk as big quantity of our raw materials are imported. To mitigate this, We monitor foreign currency exposure and pass on any exchange impacts to customers in a timely manner.

8. **Credit Risk:** The external risk of credit is mitigated by regularly monitoring credit limits and ensuring no customer breaches the approved limit. This strengthens stakeholder value creation.

9. **Increasing Policy rates:** Increasing policy rates will reduce profitability due to our debt-based financing. We ensure timely receivable recovery, employ efficient working capital strategies, and negotiate the best rates with lenders to enhance shareholder value and maintain profitability.

OPPORTUNITIES

01 **Leverage existing capacity to diversify products and fulfill large orders:** The Company is committed to exploit all potential markets, both locally and internationally, to maximize volumes and improve market share. Our investment in BMR is a step in this direction. This will led be able to provide our customers with continuous and timely supply of goods at economic prices

02 **Reduce cost due to use of advanced technology:** By investing in advanced technology, efficiency will go up.

03 **Leveraging possible market opportunities:** the Company is focused on innovation and product development to enter new markets and attract demand. Further, we are entering untapped local and international markets in addition to already exporting to 4 countries.

04 **To explore high margin films:** We have a dedicated research and development department that conducts trials and tests films with enhanced properties, such as increased strength. This positions the company to capture more market share and benefit from economies of scale.

BOARD OVERVIEW
ON RISK OVERSIGHT

(a) Company's Risk Tolerance and Risk Management Policies

The management of Macpac Films Limited upholds the principles of good corporate governance, ensuring that the Company operates with transparency, accuracy, and timely financial information. The Board has implemented a system of sound internal controls, which include effective financial controls across all levels of the Company. The Company's risk tolerance is determined by these controls and is reviewed periodically to ensure that it supports sustainable growth while protecting shareholder value.

The Board has formed an Audit Committee, consisting of three non-executive directors, including an independent Chairman. The terms of reference for the Committee have been set by the Board in line with the guidelines provided in the Listing Regulations, establishing the Company's risk management policies.

(b) Robust Assessment of Principal Risks

The Board of Macpac Films Limited has conducted a comprehensive and ongoing assessment of the principal risks that could threaten the Company's business model, future performance, solvency, or liquidity. Key areas of risk include:

- **Operational Risks:** The Company's operations are dependent on the availability of imported raw materials.
- **Financial Risks:** Exposure to currency fluctuations, rising input costs, and unpredictable market conditions.
- **Strategic Risks:** Competitor actions and advancements in technology.
- **Compliance Risks:** Adherence to local and international regulations, including ESG standards.

This robust risk assessment is overseen by the Audit Committee, which monitors and ensures that risks are addressed through appropriate mitigation measures.

RISK MANAGEMENT
FRAMEWORK

Macpac Films Limited has established a comprehensive risk management framework aimed at identifying and mitigating key risks across the organization. The framework is built on the following principles:

- **Internal Audit Function:** The Company has deployed a strong Internal Audit function to support the Board's Audit Committee in its oversight role. The Head of Internal Audit prepares a risk-based annual audit plan, which is approved by the CEO and the Audit Committee.
- **Risk Methodology:** The risks that could potentially impact the Company's operational, reporting (both financial and non-financial), and compliance objectives are prioritized based on their likelihood and impact. Remedial actions are designed and implemented accordingly, ensuring that risks are effectively managed.
- **Risk Appetite:** The Company's risk appetite is determined by the Board, ensuring alignment with strategic objectives. Risks are carefully assessed to ensure they fall within acceptable thresholds that do not jeopardize the Company's long-term goals.
- **Risk Reporting:** Through this framework, the Internal Audit department reports regularly to the Audit Committee, ensuring that all risks are identified, assessed, and addressed in a timely manner. This structured reporting helps in ongoing risk management and performance improvement.

STEPS TO MITIGATE
KEY RISKS

Building on the risk management framework, the Company takes active steps to mitigate risks while identifying opportunities for growth:

- **Internal Control Reviews:** The Internal Audit department conducts thorough reviews of the Company's risk management controls on a regular basis. This includes performing audit procedures to assess the efficiency of risk controls in place.
- **Risk Assurance and Remediation:** As part of the quarterly mandatory reporting process, the Internal Audit department provides assurance on the exposure of identified risks. The adequacy of internal controls is assessed, and the department provides recommendations to either enhance controls or develop strategies to mitigate or eliminate risks altogether.

This proactive approach to risk management allows Macpac Films Limited to adapt to changing business environments and capitalize on potential opportunities while minimizing the impact of risks on the Company's performance.

SUPPLY CHAIN DISRUPTION
DUE TO ENVIRONMENTAL, SOCIAL, OR GOVERNANCE (ESG) INCIDENTS

Macpac Films Limited acknowledges the potential for supply chain disruptions arising from environmental, social, or governance (ESG) incidents. In response, the Company has developed strategies to monitor and mitigate these risks, including:

Environmental Risk Mitigation

The Company regularly evaluates its suppliers for compliance with environmental standards and regulations. This involves ensuring that suppliers implement sustainable practices and are prepared for any environmental challenges that may arise.

Social Risk Mitigation

The Company works closely with its suppliers to ensure adherence to ethical labor practices, safe working conditions, and compliance with social responsibility standards. This ensures that the risk of disruption due to labor disputes or social unrest is minimized.

Governance Risk Mitigation

The Company continuously monitors its supply chain for governance-related risks, including regulatory non-compliance or unethical practices. By maintaining strong oversight, Macpac Films Limited ensures that these risks are minimized and do not affect the continuity of operations.

To further bolster supply chain resilience, the Company has strengthened relationships with its existing suppliers and explored alternative sources to ensure operational continuity in the face of potential disruptions, such as geopolitical issues or natural disasters or macroeconomic factors. These actions ensure the long-term sustainability of Macpac Films Limited's supply chain operations.



FINANCIAL PERFORMANCE AND POSITION

YEAR AT
A GLANCE

a. During the year under review, the Company produced 11,568 metric tons of BOPP and 6,026 metric tons of CPP, compared to 11,669 metric tons and 6,164 metric tons respectively in the same period last year (SPLY). This represents a slight decline in overall production volume by 1.3%. Despite this, the Company successfully maintained its capacity utilization at 80%, only slightly lower than the 81% achieved in the previous year. For the year ended June 30, 2024, the Company's sales totaled 15,804 metric tons, a slight decrease from 16,132 metric tons in the previous year. Despite the challenging economic environment, the Company managed to maintain its market share by prioritizing quality and customer retention, which helped stabilize sales volumes.

   A comprehensive review of the Company's performance compared to the previous year is available in the section. Additional information can be found in the Horizontal/Vertical Analysis section of this Annual Report.

b. The management routinely prepares annual budgets and closely monitors performance against these targets. Any deviations are categorized into controllable and uncontrollable factors to evaluate the effectiveness of the teams responsible for budget planning. For controllable factors, prompt corrective actions are implemented. For uncontrollable factors, risk management policies are reviewed, and strategies are developed to mitigate their adverse effects. The Company's sales figures were nearly aligned with the budgeted projections. However, profitability was impacted more than anticipated, primarily due to a significant rise in power costs (driven by a substantial increase in gas tariffs) and higher finance costs.



THE YEAR AT **A GLANCE**

2024

PRODUCTION VOLUMES - TONS

% Δ	-1%	
17,594		17,833
FY24		FY23

SALES VOLUMES - TONS

% Δ	-2%	
15,804		16,132
FY24		FY23

SALES REVENUE - PKR MN

% Δ	2%	
5,619		5,505
FY24		FY23

GROSS PROFITS - PKR MN

% Δ	-29%	
926		1,311
FY24		FY23

CASH & BANK - PKR MN

% Δ	-45%	
147		268
FY24		FY23

EQUITY - PKR MN

% Δ	18%	
2,237		1,893
FY24		FY23

EARNINGS PER SHARE

Rs. /share		Rs. /share
4.35		6.39
FY24		FY23

DIVIDEND ANNOUNCED

Rs. /share		Rs. /share
1.25		1.50
FY24		FY23

DIVIDEND PAYOUT

Percentage		Percentage
28.7%		23.5%
FY24		FY23

DIVIDEND YIELD

Percentage		Percentage
7.0%		9.6%
FY24		FY23

SIX YEARS AT A GLANCE

Statement of Financial Position

	2024	2023	2022	2021	2020	2019
	Figures in PKR					
Property, Plant and Equipment	2,234,636,499	1,884,453,068	1,948,072,161	1,913,023,144	1,935,662,870	1,415,678,086
Intangible assets	17,668,898	836,118	408,566	510,708	638,385	797,985
Other non-current assets	16,815,042	12,776,285	20,026,285	15,095,485	11,537,730	6,401,418
Deferred tax asset - net	-	-	-	-	1,318,676	-
Current assets	2,536,540,862	2,719,918,944	2,078,322,205	1,282,503,689	1,024,794,484	1,073,282,055
Total assets	**4,805,661,301**	**4,617,984,415**	**4,046,829,217**	**3,211,133,026**	**2,973,952,145**	**2,496,159,544**
Share capital	593,011,500	593,011,500	593,011,500	593,011,500	593,011,500	593,011,500
Reserves	173,566,620	173,566,620	173,566,620	173,566,620	173,566,620	173,566,620
Unappropriated profits / (losses)	647,353,151	503,635,441	186,920,457	5,443,251	(177,791,039)	(113,939,276)
Surplus on revaluation of PPE	823,040,000	623,040,000	623,040,000	623,040,000	623,040,000	-
Non-current liabilities	357,062,078	365,951,699	258,034,006	394,234,183	421,226,007	446,942,396
Current liabilities	2,211,627,952	2,358,779,155	2,212,256,635	1,421,837,472	1,340,899,057	1,396,578,305
Total equity and liabilities	**4,805,661,301**	**4,617,984,415**	**4,046,829,217**	**3,211,133,026**	**2,973,952,145**	**2,496,159,544**
Vertical Analysis	Percentage					
Property, Plant and Equipment	46.5	40.8	48.1	59.6	65.1	56.7
Intangible assets	0.4	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.3	0.3	0.5	0.5	0.4	0.3
Deferred tax asset - net	-	-	-	-	0.0	-
Current assets	52.8	58.9	51.4	39.9	34.5	43.0
Total assets	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Share capital	12.3	12.8	14.7	18.5	19.9	23.8
Reserves	3.6	3.8	4.3	5.4	5.8	7.0
Unappropriated profits / (losses)	13.5	10.9	4.6	0.2	(6.0)	(4.6)
Surplus on revaluation of PPE	17.1	13.5	15.4	19.4	20.9	-
Non-current liabilities	7.4	7.9	6.4	12.3	14.2	17.9
Current liabilities	46.0	51.1	54.7	44.3	45.1	55.9
Total equity and liabilities	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Horizontal Analysis	Percentage					
Property, Plant and Equipment	18.6	(3.3)	1.8	(1.2)	36.7	20.3
Intangible assets	2,013.2	104.6	(20.0)	(20.0)	(20.0)	(12.1)
Other non-current assets	31.6	(36.2)	32.7	30.8	80.2	(36.7)
Deferred tax asset - net	-	-	-	(100.0)	100.0	-
Current assets	(6.7)	30.9	62.1	25.1	(4.5)	2.8
Total assets	**4.1**	**14.1**	**26.0**	**8.0**	**19.1**	**11.8**
Share capital	-	-	-	-	-	-
Reserves	-	-	-	-	-	-
Unappropriated profits / (losses)	28.5	169.4	3,334.0	103.1	(56.0)	(182.3)
Surplus on revaluation of PPE	32.1	-	-	-	100.0	-
Non-current liabilities	(2.4)	41.8	(34.5)	(6.4)	(5.8)	198.5
Current liabilities	(6.2)	6.6	55.6	6.0	(4.0)	18.6
Total equity and liabilities	**4.1**	**14.1**	**26.0**	**8.0**	**19.1**	**11.8**

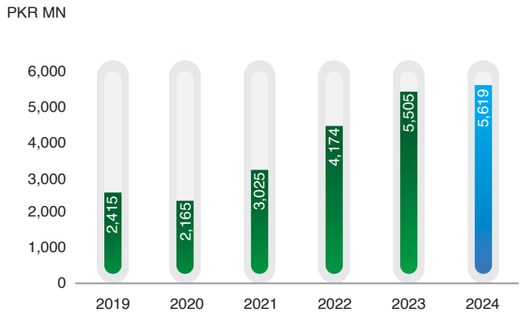
2024

Statement of Profit or Loss

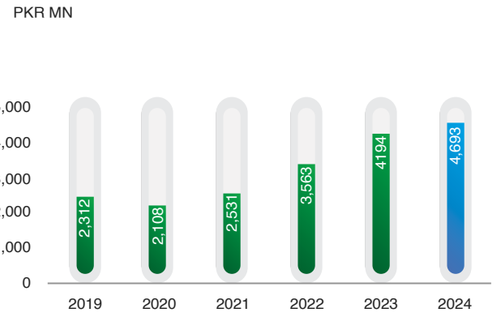
	2024	2023	2022	2021	2020	2019
	Figures in PKR					
Net sales	5,619,408,233	5,505,462,439	4,174,142,183	3,025,322,805	2,164,953,856	2,415,339,316
Cost of sales	(4,693,065,958)	(4,194,009,701)	(3,563,376,080)	(2,530,517,212)	(2,107,605,178)	(2,311,924,882)
Gross profit	**926,342,275**	**1,311,452,738**	**610,766,103**	**494,805,593**	**57,348,678**	**103,414,434**
Marketing and selling expenses	(156,583,388)	(101,646,032)	(69,243,641)	(62,955,826)	(26,941,488)	(29,607,769)
Administrative expenses	(302,619,397)	(200,259,269)	(139,397,353)	(113,564,094)	(88,211,804)	(89,002,331)
Operating profit / (loss)	**467,139,490**	**1,009,547,437**	**402,125,109**	**318,285,673**	**(57,804,614)**	**(15,195,666)**
Finance Costs	(135,118,869)	(133,742,264)	(93,909,807)	(91,710,220)	(157,005,124)	(88,709,026)
Other income	118,084,462	114,966,850	79,074,644	62,059,520	203,348,947	20,020,390
Other expenses	(31,461,687)	(290,106,836)	(124,651,152)	(14,622,408)	(149,947,663)	(116,788,605)
Profit / (loss) before taxation	**418,643,396**	**700,665,187**	**262,638,794**	**274,012,564**	**(161,408,454)**	**(200,672,907)**
Taxation	(160,923,087)	(321,451,673)	(78,390,417)	(87,347,510)	98,553,356	(33,244,793)
Net profit / (loss) for the year	**257,720,309**	**379,213,514**	**184,248,377**	**186,665,054**	**(62,855,098)**	**(233,917,700)**
Vertical Analysis	Percentage					
Net sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	(83.5)	(76.2)	(85.4)	(83.6)	(97.4)	(95.7)
Gross profit	**16.5**	**23.8**	**14.6**	**16.4**	**2.6**	**4.3**
Marketing and selling expenses	(2.8)	(1.8)	(1.7)	(2.1)	(1.2)	(1.2)
Administrative expenses	(5.4)	(3.6)	(3.3)	(3.8)	(4.1)	(3.7)
Operating profit / (loss)	**8.3**	**18.3**	**9.6**	**10.5**	**(2.7)**	**(0.6)**
Finance Costs	(2.4)	(2.4)	(2.2)	(3.0)	(7.3)	(3.7)
Other income	2.1	2.1	1.9	2.1	9.4	0.8
Other expenses	(0.6)	(5.3)	(3.0)	(0.5)	(6.9)	(4.8)
Profit / (loss) before taxation	**7.4**	**12.7**	**6.3**	**9.1**	**(7.5)**	**(8.3)**
Taxation	(2.9)	(5.8)	(1.9)	(2.9)	4.6	(1.4)
Net profit / (loss) for the year	**4.6**	**6.9**	**4.4**	**6.2**	**(2.9)**	**(9.7)**
Horizontal Analysis	Percentage					
Net sales	2.1	31.9	38.0	39.7	(10.4)	13.7
Cost of sales	11.9	17.7	40.8	20.1	(8.8)	21.5
Gross profit	**(29.4)**	**114.7**	**23.4**	**762.8**	**(44.5)**	**(53.6)**
Marketing and selling expenses	54.0	46.8	10.0	133.7	(9.0)	19.2
Administrative expenses	51.1	43.7	22.7	28.7	(0.9)	13.6
Operating profit / (loss)	**(53.7)**	**151.1**	**26.3**	**650.6**	**(280.4)**	**(112.7)**
Finance Costs	1.0	42.4	2.4	(41.6)	77.0	293.7
Other income	2.7	45.4	27.4	(69.5)	915.7	170.9
Other expenses	(89.2)	132.7	752.5	(90.2)	28.4	203.9
Profit / (loss) before taxation	**(40.3)**	**166.8**	**(4.2)**	**269.8**	**19.6**	**(403.7)**
Taxation	(49.9)	310.1	(10.3)	(188.6)	396.4	195.9
Net profit / (loss) for the year	**(32.0)**	**105.8**	**(1.3)**	**397.0**	**73.1**	**(526.5)**

GRAPHICAL PRESENTATION

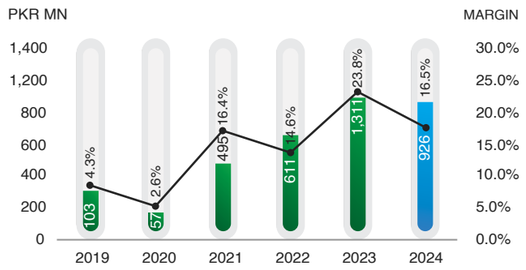
Revenue



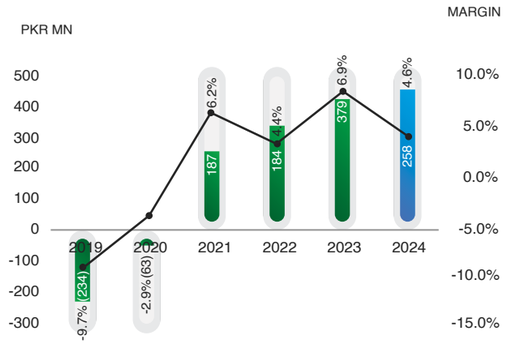
Cost of Sales



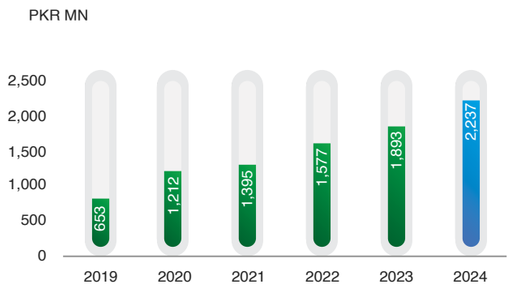
Gross Profit



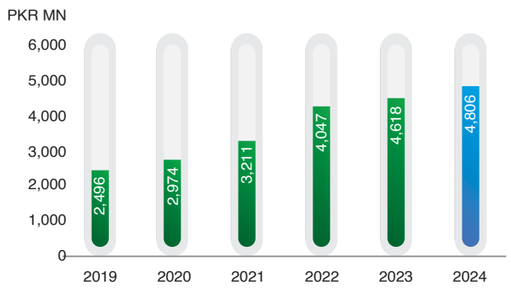
Net Profit



Equity

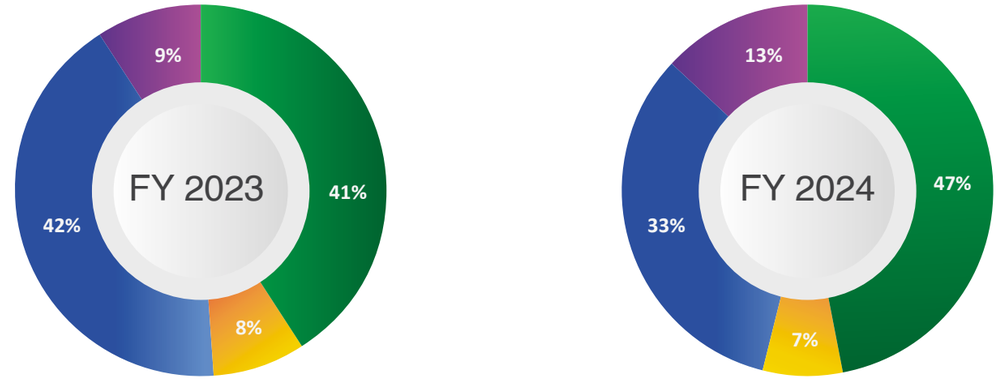


Total Assets

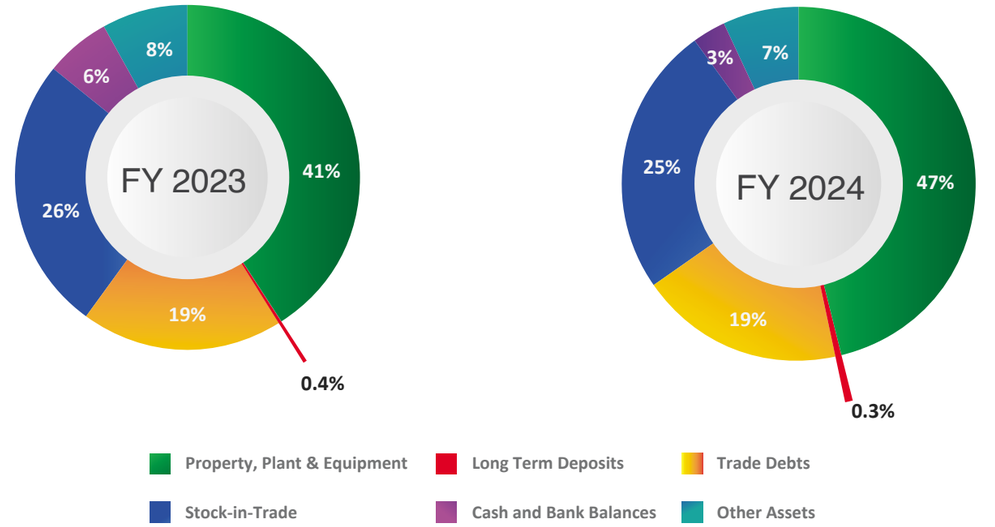


2024

EQUITY AND LIABILITIES - (PERCENTAGE)



ASSETS - (PERCENTAGE)

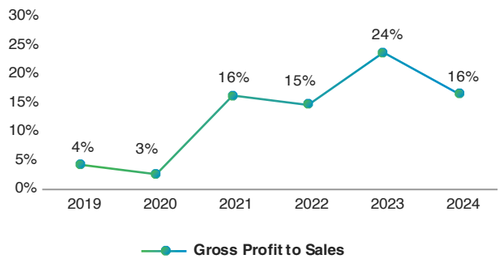


FINANCIAL RATIOS
ANALYSIS

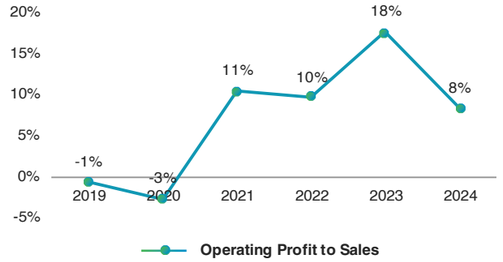
	UoM	2024	2023	2022	2021	2020	2019
Profitibility Ratios							
Gross Profit to Sales	%	16.5%	23.8%	14.6%	16.4%	2.6%	4.3%
Operating Profit to Sales	%	8.3%	17.7%	9.6%	10.5%	-2.7%	-0.6%
Net Profit to Sales	%	4.6%	6.9%	4.4%	6.2%	-2.9%	-9.7%
EBITDA Margin to Sales	%	10.9%	20.0%	12.5%	14.7%	3.5%	3.3%
Operating leverage ratio	times	-25.16	4.52	0.69	16.37	-27.05	-8.25
Return on Equity / Shareholders' Funds	%	11.5%	20.0%	11.7%	13.4%	-5.2%	-35.8%
Return on Capital employed	%	12.2%	20.5%	10.8%	11.4%	-5.0%	-25.3%
Return on Investment	%	43%	64%	31%	31%	-11%	-39%
Total Shareholder Return	%	23.9%	6.5%	-31.7%	-0.7%	69.8%	-53.3%
Return on Fixed Assets	%	11.5%	20.1%	9.5%	9.8%	-3.2%	-16.5%
Liquidity Ratios							
Current ratio	times	1.15	1.15	0.94	0.90	0.76	0.77
Quick ratio	times	0.64	0.66	0.46	0.47	0.52	0.50
Cash to Current Liabilities	times	0.07	0.11	0.04	0.01	0.01	0.04
Cash to Current Assets	times	0.06	0.10	0.04	0.01	0.02	0.05
Cash flow from Operations to Sales	times	0.10	0.12	0.13	0.10	0.09	0.08
Cash flow to capital expenditures	times	0.59	4.04	0.45	0.16	1.24	0.13
Cash flow coverage ratio	times	0.24	1.41	0.72	0.41	0.24	0.23
Activity / Turnover							
Inventory turnover ratio	times	4.09	3.76	4.26	5.48	5.99	5.33
No. of Days in Inventory	days	88	96	84	66	60	67
Debtor turnover ratio	times	5.92	6.81	7.25	8.06	5.74	5.44
No. of Days in Receivables	days	61	53	50	45	63	66
Creditor turnover ratio	times	2.57	2.51	3.36	4.03	2.86	2.73
No. of Days in Creditors	days	140	143	107	89	126	132
Operating Cycle	days	149	149	134	110	123	134
Cash conversion Cycle	days	9	5	27	21	-3	2
Total Assets turnover ratio	times	1.17	1.19	1.03	0.94	0.73	0.97
Fixed Assets turnover ratio	times	2.51	2.92	2.14	1.58	1.12	1.71
Market Ratios							
Market Value Per Share - at year end	Rs.	17.92	15.67	15.65	22.93	23.09	13.6
Market Value Per Share - high during the year	Rs.	24.24	17.39	28.36	28.17	23.76	31.7
Market Value Per Share - low during the year	Rs.	15.97	14.15	13.97	17.25	8.3	12.75
Cash Dividend per share	Rs.	1.25	1.50	1.00	0.00	0.00	0.00
Dividend Payout ratio	%	28.76%	23.46%	32.19%	0.00%	0.00%	0.00%
Dividend Yield ratio	%	6.98%	9.57%	6.39%	0.00%	0.00%	0.00%
Earnings per share (EPS)	Rs.	4.35	6.39	3.11	3.15	-1.06	-3.94
Price Earnings ratio	times	4.12	2.45	5.04	7.28	-21.78	-3.45
Price to Book ratio	times	0.22	0.20	0.23	0.42	0.46	0.32
Break-up value per share	Rs.	37.72	31.93	26.59	23.53	20.44	11.01
Break-up value per share - without surplus on revalution	Rs.	23.84	21.42	16.08	13.02	9.93	11.01
Capital Structure Ratios							
Interest Cover/Time Interest earned ratio	times	5.80	8.17	5.44	8.61	-0.93	-4.85
Weighted average cost of debt	%	16.8%	16.0%	8.7%	4.6%	5.8%	16.1%
Net Assets per share	Rs.	37.72	31.93	26.59	23.53	20.44	11.01
Financial leverage ratio	times	0.13	0.16	0.25	0.36	0.50	0.60
Debt to Equity ratio - as per book value	times	0.01	0.05	0.09	0.22	0.31	0.45
Debt to Equity ratio - as per market value	times	0.02	0.10	0.14	0.22	0.27	0.36
Non-Financial Ratios							
% of Plant Availability	%	80.0%	81.1%	82.4%	71.4%	46.6%	41.8%
Production per Employee	tons	44.11	51.39	51.94	47.01	36.51	34.55
Revenue per Employee (in millions)	Rs.	13.81	15.87	11.96	9.06	7.70	9.08
Staff turnover ratio	times	0.04	0.06	0.09	0.07	0.10	0.000
Spares Inventory as % of Assets Cost	%	1.3%	1.0%	0.0%	0.0%	0.0%	0.0%
Maintenance Cost as % of Operating Expenses	%	3.6%	6.9%	6.4%	5.6%	3.9%	5.9%
Customer Retention Ratio	%	100%	100%	100%	100%	100%	100%

PROFITABILITY
RATIOS

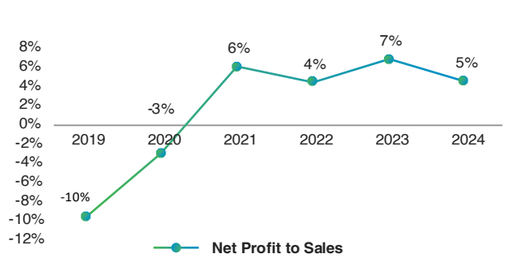
Gross Profit to Sales



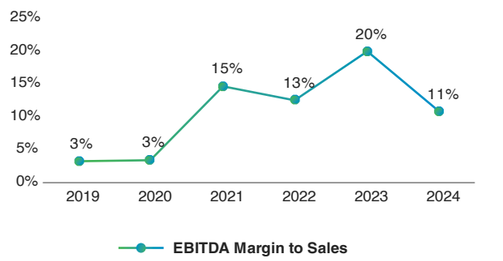
Operating Profit to Sales



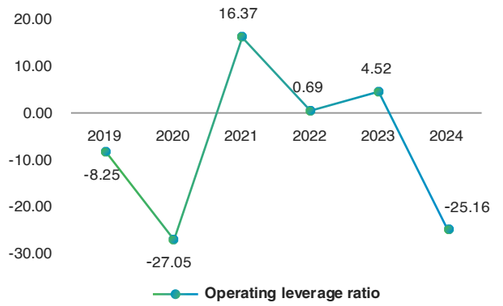
Net Profit to Sales



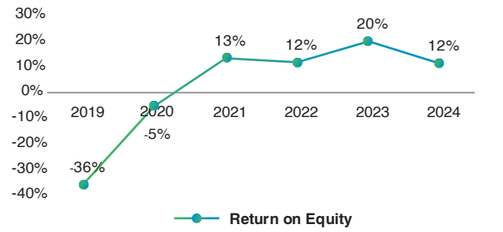
EBITDA Margin to Sales



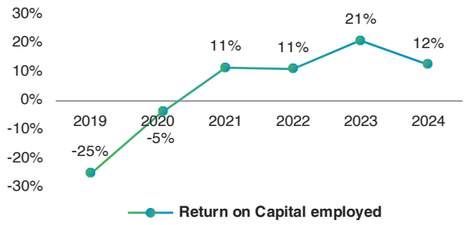
Operating leverage ratio



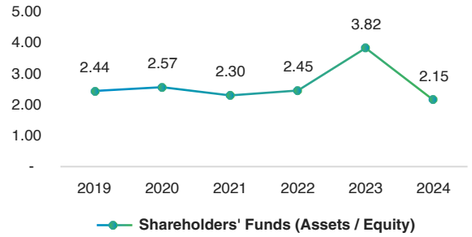
Return on Equity



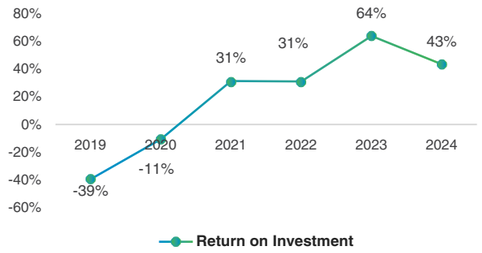
Return on Capital employed



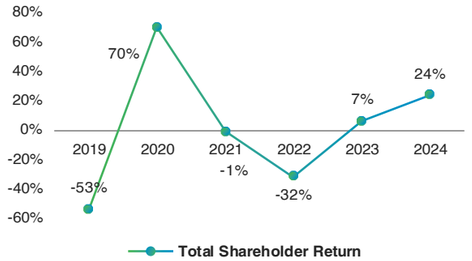
Shareholders' Funds (Assets / Equity)



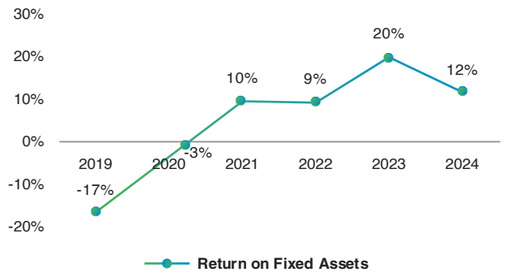
Return on Investment



Total Shareholder Return



Return on Fixed Assets

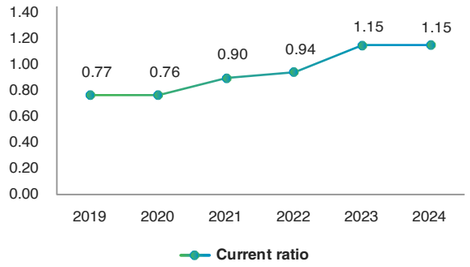


Comments

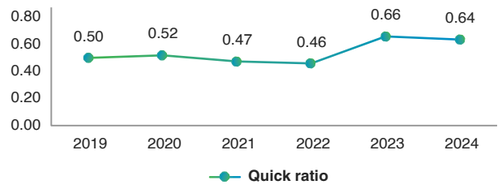
Overall, the financial performance in 2024 reflects a challenging position in both profitability and operational efficiency compared to 2023, with the notable exception of Total Shareholder Return, which saw improvement. This is largely attributed to the significant rise in gas prices and increased inflationary pressures.

LIQUIDITY RATIOS

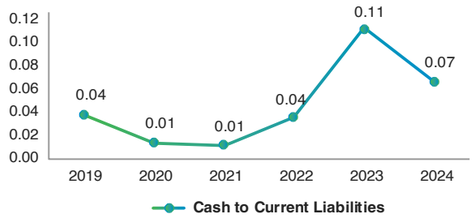
Current ratio



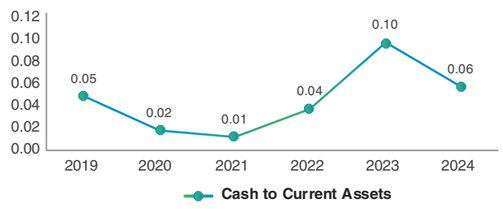
Quick ratio



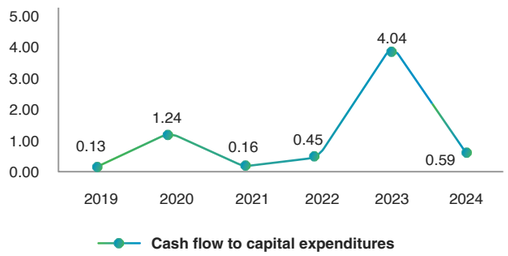
Cash to Current Liabilities



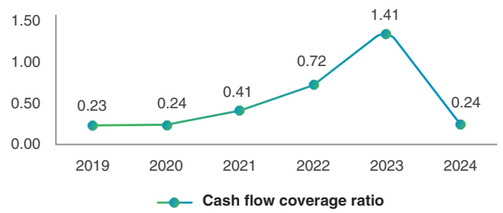
Cash to Current Assets



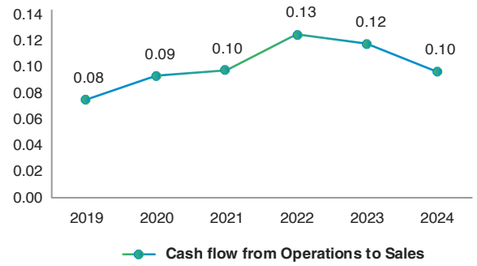
Cash flow to capital expenditures



Cash flow coverage ratio



Cash flow from Operations to Sales

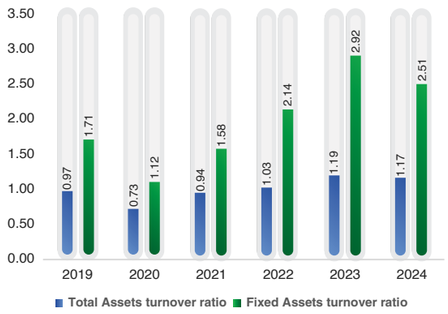


Comments

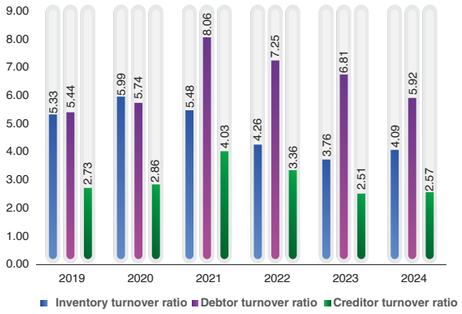
The liquidity ratios shows a sustained cash position to meet short-term liabilities and capital expenses in 2024 relative to 2023. The management of Macpac Films Ltd routinely reviews the liquidity analysis proactively and takes measures to mitigate any adverse impacts. This proactive approach helps ensure the company's financial stability and operational efficiency.

ACTIVITY/TURNOVER RATIOS

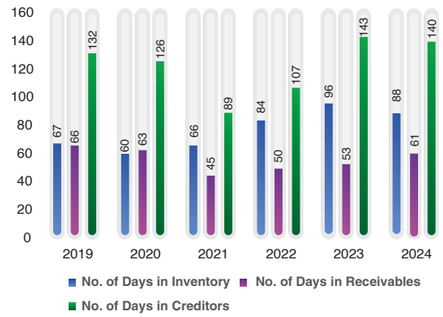
Turnover Ratios (in Times)



Working Capital Ratios (in Times)



Working Capital Ratios (in Days)



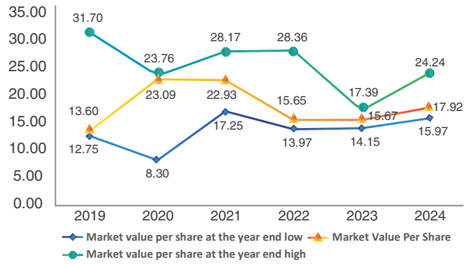
Comments

The fixed assets turnover and total assets turnover ratios have decreased over the past year, primarily due to the revaluation of land. However, our ongoing efforts in balancing, modernizing, and replacing (BMR) our asset base are anticipated to drive future revenue growth, which will contribute to improved overall financial performance for the company.

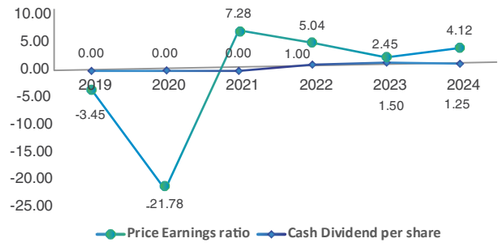
2024

MARKET RATIOS

Market Value



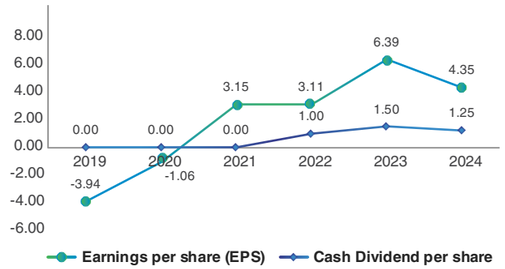
Earnings Ratio



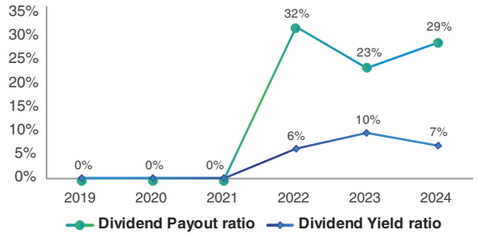
Price to Book ratio



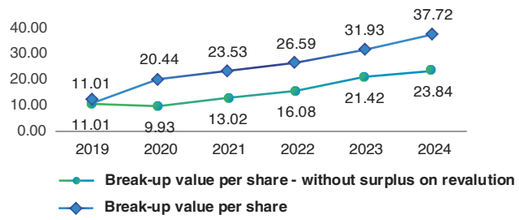
EPS VS DPS



Dividend Ratio



Break-up Value per Share

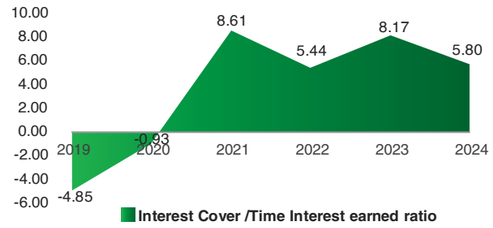


Comments

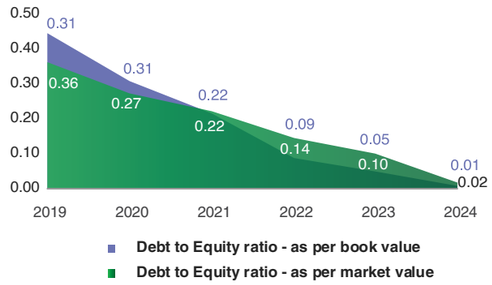
Investor confidence in our company appears to be stable and improving. Rising P/E and P/B ratios indicates confidence by market participants. The increase in break-up value per share reflects a stronger asset base. However, the drop in dividend yield indicates short-term challenges, that the management strives to address keeping in view long-term sustainability.

CAPITAL STRUCTURE
RATIOS

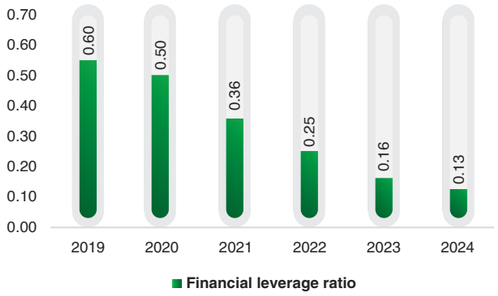
Interest Cover /Time Interest earned ratio



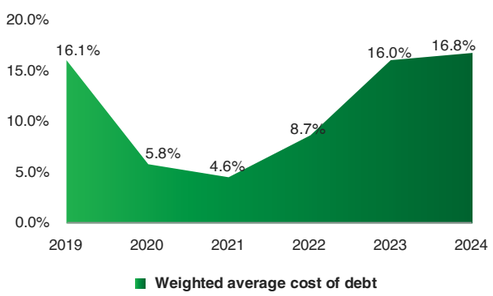
Debt to Equity



Financial leverage ratio



WAC of debt



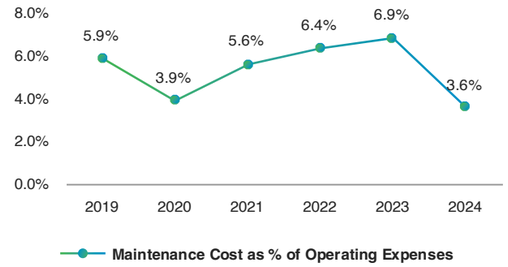
Comments

The company has bolstered its equity base, reflected in the rise in net assets per share and a reduction in financial leverage. There is also a stronger focus on internally generated cash flows from operations, reducing the dependence on debt.

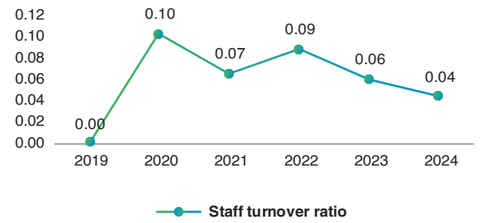
2024

NON FINANCIAL
RATIOS

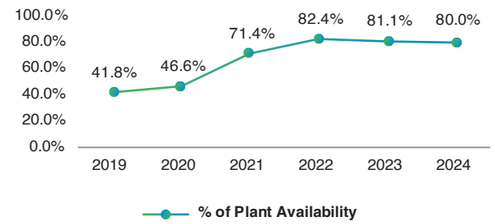
Maintenance Cost as % of Operating Expenses



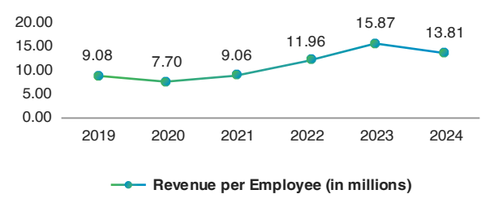
Staff turnover ratio



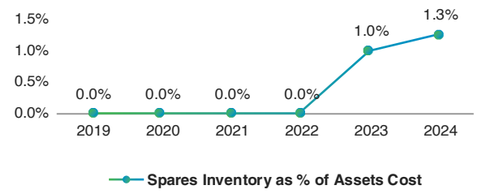
% of Plant Availability



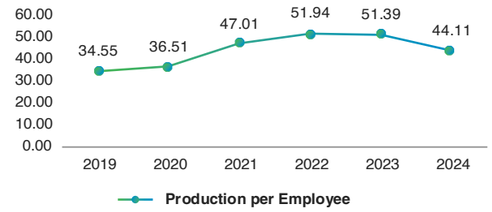
Revenue per Employee (in millions)



Spares Inventory as % of Assets Cost



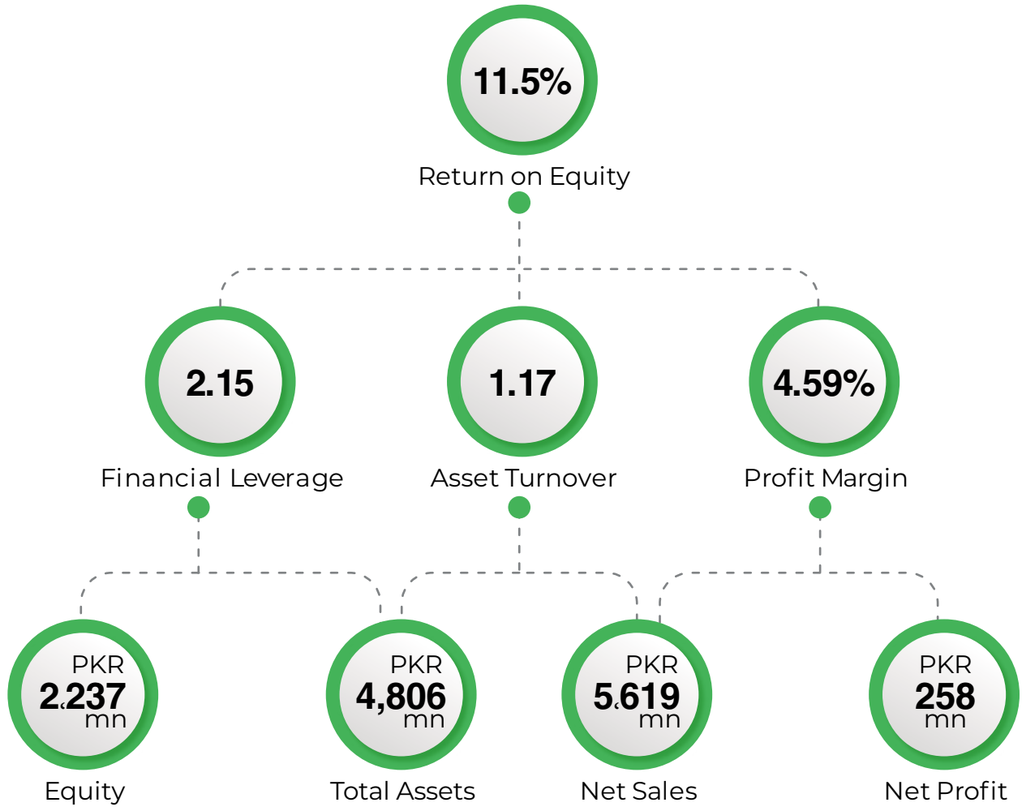
Production per Employee (Tons)



Comments

Improved staff turnover ratio suggests better retention and stability. Spares inventory management is steady, and maintenance costs have decreased, showing improved cost control.

DUPONT ANALYSIS



Year	Profit Margin (Net Profit/ Turnover)	Assets Turnover (Turnover/ Total Assets)	Financial Leverage (Total Assets/ Total Equity)	ROE
	A	B	C	A x B x C
2024	4.59%	1.17	2.15	11.5%
2023	6.89%	1.19	2.44	20.0%

2024

FREE CASH FLOW

	2024	2023
Cash Flows From Operating Activities	271,249,950	399,484,291
Interest expense	124,683,430	118,808,861
Tax impact on interest expense	(46,132,869)	(46,335,456)
	78,550,561	72,473,405
Capital Expenditures	(247,050,466)	(66,223,311)
Free Cash flow	102,750,046	405,734,385

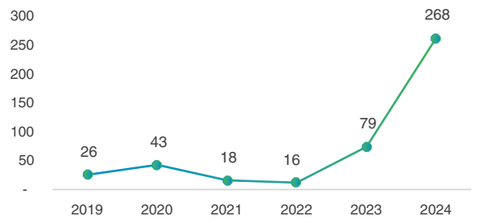
ECONOMIC VALUE ADDED

	2024	2023
	Figures in PKR Mn	
Net Income	257.7	379.2
Mark-up on islamic mode of financing	87.2	97.7
Net Operating Profit After Tax	344.9	476.9
Less: Cost of Capital		
WACC	19.57%	23.60%
Total Invested Capital	2,578.9	2,138.7
	(504.6)	(504.7)
Economic Value Added	(159.7)	(27.8)
Invested Capital		
Equity	2,237.0	1,893.3
LT Debt	16.7	31.6
ST Debt	325.2	213.8
Total Invested Capital	2,578.9	2,138.7

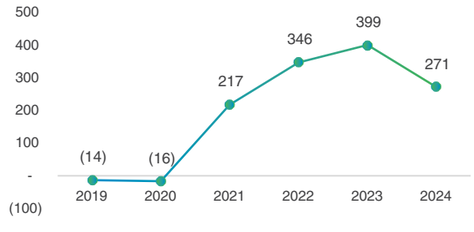
SUMMARY OF
CASH FLOW

	2024	2023	2022	2021	2020	2019
	Rupees					
Cash & cash equivalents - Opening	267,862,572	78,694,417	15,687,101	18,194,200	42,995,225	25,620,515
Net cash flows from Operating activities	271,249,950	399,484,291	346,294,426	216,928,343	(16,490,770)	(13,655,596)
Net cash flows (used in) Investing activities	(247,050,466)	(66,223,311)	(173,365,856)	(96,508,554)	(14,636,362)	(404,758,370)
Net cash flows (used in) / generated from Financing activities	(145,468,704)	(144,092,825)	(109,921,253)	(122,926,888)	6,326,109	435,788,678
Changes in cash & cash equivalents	(121,269,220)	189,168,155	63,007,316	(2,507,099)	(24,801,023)	17,374,712
Cash & cash equivalents - Closing	**146,593,352**	**267,862,572**	**78,694,417**	**15,687,101**	**18,194,200**	**42,995,227**

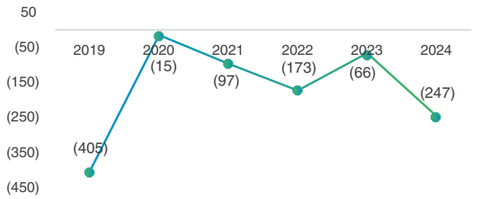
Opening Cash Flow (in millions)



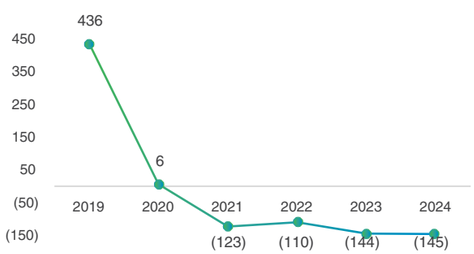
Net Operating Cash Flow (in millions)



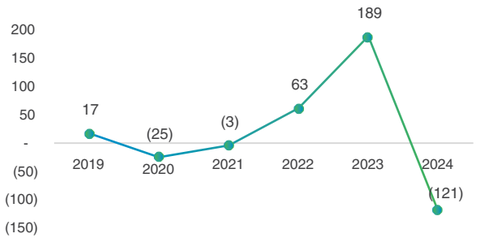
Net Investing Cash Flow (in millions)



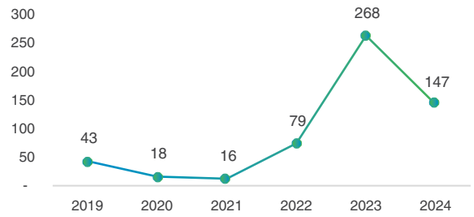
Net Financing Cash Flow (in millions)



Changes in cash & cash equivalents (in millions)



Closing Cash Flow (in millions)



STATEMENT OF
CASH FLOWS - DIRECT METHOD

	2024	2023
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from customers	**6,612,862,298**	6,249,365,809
Cash paid for materials	**(3,090,081,610)**	(3,213,903,024)
Cash paid for stores & spares	**(237,336,174)**	(182,449,855)
Cash paid to employees	**(372,744,569)**	(339,537,890)
Cash paid for utilities	**(767,638,547)**	(478,830,337)
Cash paid for transportation, travelling	**(171,828,334)**	(100,204,374)
Cash paid for license fee	**(51,132,049)**	(12,312,552)
Finance costs paid	**(91,187,498)**	(107,250,884)
Income and sales tax paid	**(1,262,567,014)**	(1,131,270,708)
Others	**(297,096,553)**	(284,121,895)
Net cash generated from operating activities	**271,249,950**	399,484,291
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets expenditure	**(233,461,707)**	(67,194,203)
Proceeds from disposal of fixed assets	**6,411,241**	12,050,510
Investment in term deposit receipts	**-**	(10,524,062)
Additions in intangibles	**(20,000,000)**	(555,556)
Net cash used in investing activities	**(247,050,466)**	(66,223,311)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of diminishing musharika	**(41,652,565)**	(84,334,609)
Payment of lease liabilities	**(15,220,492)**	(574,958)
Dividend paid	**(88,595,647)**	(59,183,258)
Net cash used in financing activities	**(145,468,704)**	(144,092,825)
Net (decrease) / increase in cash and cash equivalents	**(121,269,220)**	189,168,155
Cash and cash equivalents at the beginning of the year	**267,862,572**	78,694,417
Cash and cash equivalents at the end of the year	**146,593,352**	267,862,572

SEGMENTAL REVIEW
OF PERFORMANCE

The Company operates as a single business unit, with all activities being interconnected and managed on a unified basis. Consequently, no distinct business or geographical segments exist that require separate financial reporting. Accordingly, no segmental analysis of revenue, results, profit before tax, or segmental assets and liabilities is presented, as the Company's operations are integrated and managed as a single entity.

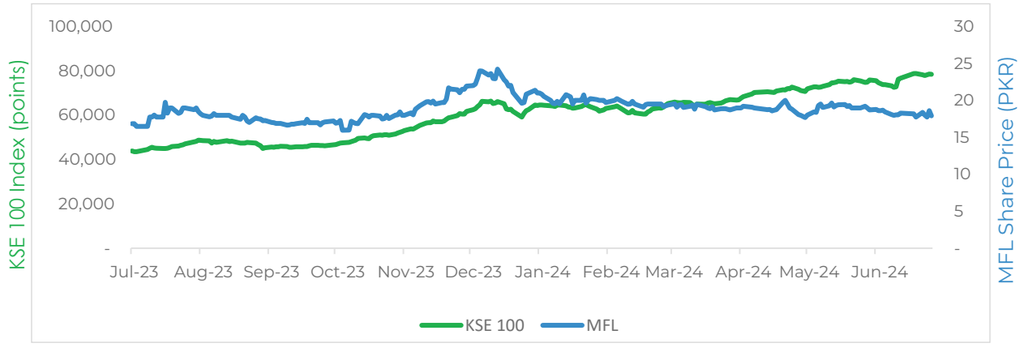
LOCAL VERSUS IMPORTED
MATERIAL AND
SENSITIVITY ANALYSIS

Macpac Films Ltd. produces BOPP and CPP films using a combination of local and imported raw materials. The major cost input for production is imported polypropylene resin. The imported material used for the production of BOPP and CPP films represents 65.4% of the cost of raw material composition.

A fluctuation in polypropylene resin price of PKR 100 per ton affects the cost of production by PKR 65.4 per ton. Due to resin prices cost of sales of the Company will increase/decrease by 6.5% and 13.1% in case of foreign currency fluctuation by 10% and 20% respectively.

The company is moderately sensitive to foreign currency fluctuations. The management constantly monitors international polypropylene resin prices and exchange rates and takes necessary and timely steps to mitigate such impacts.

SHARE PRICE
SENSITIVITY ANALYSIS



Data Source: Pakistan Stock Exchange

Macpac Films Limited shares symbol: (MACFL) are traded on Pakistan Stock Exchanges, with free float of 35% and market capitalization at the end of day of fiscal year was PKR 1,063 million. There are many factors, which might positively or adversely affect the share price of the Company, few of which are listed below.

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

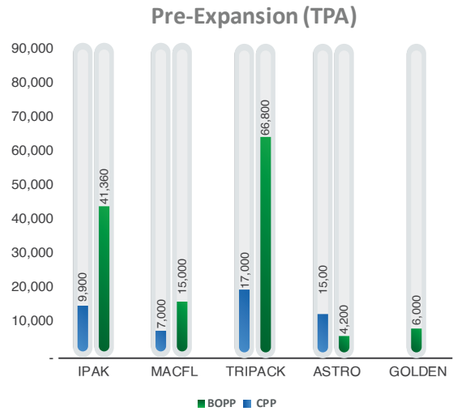
Commodity Prices
The Company's performance is mainly dependent upon the availability of raw material and any fluctuation in major input price (raw material tariffs, power and overhead) can positively or negatively affect the margins and the EPS which in turn can drive the market share price upwards or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

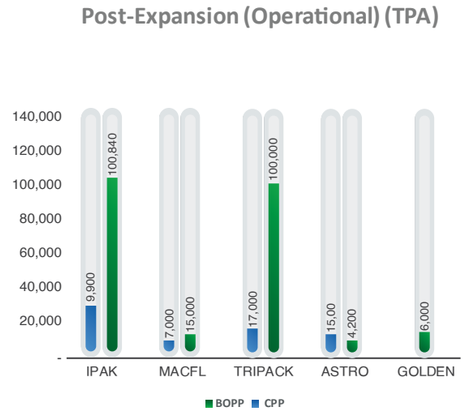
Regulations and Government Policies
The share price is also sensitive to any changes in policies by the government and regulatory authorities', both specific to the packaging sector and overall business activities may affect the market share price either positively or negatively, depending on whether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

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

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

INDUSTRY ANALYSIS
CAPACITIES





	PRE EXPANSION BOPP INDUSTRY SHARE	OPERATING POST EXPANSION BOPP INDUSTRY SHARE	CPP INDUSTRY SHARE
IPAK	32.47%	45.83%	18.03%
MACFL	11.78%	6.82%	12.75%
TRIPACK	52.45%	45.45%	30.97%
ASTRO	3.30%	1.91%	27.32%
GOLDEN	-	-	10.93%

Source: Companies website and research reports of brokerage houses

CEO VIDEO
MESSAGE

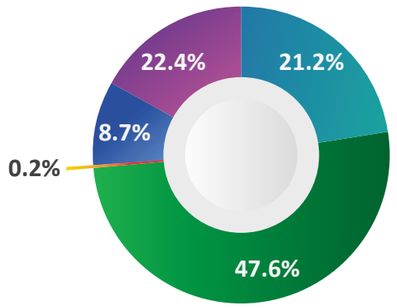
CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook is available on https://macpacfilms.net/ceo-video-message/

STATEMENT OF
VALUE ADDED

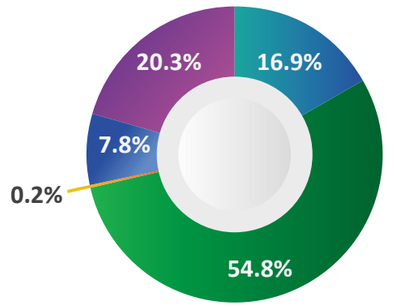
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	2024 PKR In '000'	%	2023 PKR In '000'	%
WEALTH GENERATED				
Gross Sales / Revenues	6,652,443		6,489,949	
Bought-in-material and services	(4,077,278)		(4,015,538)	
	2,575,165	**100.0%**	**2,474,411**	**100.0%**
WEALTH DISTRIBUTION				
To Employees				
Salaries, benefits and other costs	545,086	21.2%	416,960	16.9%
To Government				
Income tax, sales tax, excise duty and others	1,225,270	47.7%	1,357,011	54.8%
To Society				
Donation towards education, health and environment	4,630	0.2%	5,473	0.2%
To Providers of Capital				
Dividend to shareholders	88,952	3.5%	59,301	2.4%
Markup / Interest expenses on borrowed funds	135,119	5.2%	133,742	5.4%
To Company				
Depreciation, amortization, retained profit & surplus	576,108	22.4%	501,924	20.3%
	2,575,165	**100.0%**	**2,474,411**	**100.0%**

WEALTH DISTRIBUTION - 2024 (PERCENTAGE)



WEALTH DISTRIBUTION - 2023 (PERCENTAGE)





BUSINESS MODEL

DESCRIPTION OF THE **BUSINESS MODEL**

Inputs

Macpac Films Limited, a manufacturer of Biaxially Oriented Polypropylene (BOPP) films & Cast Polypropylene (CPP) in Pakistan, relies on several key inputs to deliver high-quality products to its customers:

01

Raw Materials:

The primary raw materials include polypropylene resin and other additives. These raw materials are sourced mainly from international suppliers to maintain high product quality and consistency.

02

Human Resources:

A skilled workforce comprising engineers, machine operators, quality control experts, and administrative staff is essential for smooth operations.

03

Technology & Machinery

State-of-the-art machinery and advanced technologies, including film stretching and extrusion machines, are crucial for BOPP & CPP film production. The implementation of SAP S/4HANA has improved operational efficiency, financial reporting, inventory management, cost control, and supply chain performance, while providing a scalable platform for future growth.

04

Energy:

Reliable energy sources are vital to our manufacturing operations. To mitigate energy dependence and environmental impact, the Company has invested in a solar power plant at production facility and head office, ensuring energy self-sufficiency, reducing carbon emissions, and optimizing operational efficiency.

05

Financial Capital:

Focus on sufficient working capital, investments in new technologies, and maintaining adequate liquidity to fund operations, innovation, and expansion.

BUSINESS ACTIVITIES

Macpac Films Limited undertakes the following core business activities:

01

Procurement & Supply Chain Management:

Raw materials are procured from a global network of suppliers to ensure consistency and quality in production. The supply chain team manages logistics and inventory to avoid disruptions in the production process.

02

Production:

Using high-end machinery, the polypropylene resin undergoes a process of extrusion, stretching, and coating to produce BOPP & CPP films with varied thickness, clarity, and tensile strength, depending on customer requirements.

03

Research & Development (R&D):

Continuous R&D initiatives focus on developing new film types, improving product quality, and enhancing production efficiency. This includes innovation in eco-friendly films, which align with global trends toward sustainability.

04

Quality Control:

Rigorous quality control measures are followed at every stage of production to meet international standards, ensuring the films meet the strict specifications of clients across various industries, such as food packaging, labeling, and industrial packaging.

05

Sales & Marketing:

The sales team is responsible for building and maintaining strong relationships with customers, both in Pakistan and internationally. Marketing efforts focus on communicating product value, innovation, and sustainability practices to enhance brand reputation and customer loyalty.

06

Distribution & Logistics:

The finished products are seamlessly distributed to customers via well-established logistic networks. Exporting products also requires compliance with international trade regulations and packaging standards.

Outputs

The primary outputs of Macpac Films Limited include:

01 **Biaxially Oriented Polypropylene (BOPP) & Cast Polypropylene (CPP) Films:**
These are the Company's main products and are offered in various grades, including transparent, opaque, and metalized films. These films are used for packaging, labeling, and lamination across different industries, including FMCG (fast-moving consumer goods), pharmaceuticals, and more.

02 **Custom Films:**
Specialized films tailored to meet customer-specific needs, such as high-barrier films for food packaging or eco-friendly options to reduce environmental impact.

Outcomes

The business outcomes reflect the overall success and impact of the business model, which include:

01 **Revenue Growth:**
The production and sale of high-quality BOPP films contribute to steady revenue growth, both in domestic and international markets.

02 **Customer Satisfaction:**
High-quality, customized products, timely delivery, and strong customer service have helped in building long-term relationships with key clients, enhancing the Company's reputation.

03 **Market Expansion:**
Continuous investment in product innovation and market research has allowed Macpac Films Limited to expand its footprint into international markets, diversifying revenue streams.

04 **Sustainability**
With growing awareness around sustainability, Macpac Films Limited is exploring opportunities and eco-friendly packaging films. This not only aligns with global trends but also opens up new markets and customer segments.

05 **Operational Efficiency:**
Ongoing investments in technology, automation, and process optimization have reduced production costs and improved overall operational efficiency, contributing to higher profitability.

MATERIAL CHANGES IN BUSINESS MODEL

2024

Several material changes in Macpac Films Limited's business model occurred during the fiscal year 2024, reflecting strategic adaptation and market alignment:

1 **Sustainability Focus:**

The Company is focused on developing eco-friendly packaging films and routinely focuses on the development of sustainable and eco-friendly packaging films in response to global environmental concerns and evolving customer preferences. Macpac Films has partnered with a plastic recycling company to minimize waste and enhance sustainability efforts. This partnership underscores their dedication to reducing environmental impact and promoting a circular economy, ensuring that their products not only meet market demands but also contribute positively to the environment.

2 **Expansion in International Markets:**

To leverage growth opportunities, Macpac Films Limited has broadened its business network into international markets, particularly in the Middle East, by establishing a new Company, Macpac Films Middle East L.L.C-FZ. This Company will operate under the UAE's free zone regulations, marking Macpac Films Limited's direct presence in the international market.

3 **Digital Transformation:**

In 2024, Macpac Films Limited invested in digital tools, including the implementation of SAP S/4HANA and Salesforce, to enhance supply chain management, customer engagement, and production tracking. This shift toward digitalization has streamlined business operations, improved real-time decision-making capabilities, and significantly enhanced overall efficiency.

These changes were implemented to enhance competitive advantage, reduce the Company's environmental impact, and meet the growing demand for sustainable packaging solutions, all while maintaining profitability and efficiency in operations.

DISCLOSURES
ON IT GOVERNANCE & CYBERSECURITY

IT GOVERNANCE & CYBER SECURITY

At Macpac Films Limited, the security, integrity, and availability of our Information Technology (IT) infrastructure are of paramount importance. The Board recognizes its responsibility in overseeing the evaluation and enforcement of legal and regulatory obligations concerning cyber risks. A dedicated Digital Transformation Department manages cybersecurity initiatives, supported by the implementation of an ERP system during the year. The Board regularly reviews the IT risk policy to ensure continuous compliance with relevant laws and industry standards.

Cybersecurity is a key element of the Board's risk management strategy, with regular updates on initiatives, potential threats, and risk mitigation efforts. In the event of a cyber breach, the Board ensures swift action and adherence to regulatory requirements. Additionally, the Board Audit Committee reviews annual reports on Information Systems (IS) and IT General Controls, underscoring our commitment to ongoing improvement in cybersecurity and IT governance.

IT GOVERNANCE AND OVERSIGHT

Oversight of IT governance and cybersecurity is a key priority for Macpac Films Limited. The Board has authorized the management of Macpac Films Limited to evaluate and enforce legal and regulatory obligations related to cyber risks. The Board, alongside management IT committee, monitors and assesses IT-related risks, ensuring that appropriate cybersecurity measures are in place. The Board actively oversees cybersecurity as a key element of the company's risk management strategy. Regular updates from management ensure that the Board is informed of cybersecurity initiatives, potential threats, and risk mitigation measures. In case of a cyber breach, the Board ensures timely responses and compliance with relevant laws.

The Board Audit Committee also receives comprehensive annual reports on Information Systems (IS) and IT General Controls, including governance frameworks and cybersecurity protocols, as part of our internal audit program. This process ensures continuous monitoring and improvement of IT security measures across the organization.

Our approach includes regular risk assessments, the identification and mitigation of vulnerabilities, and the adoption of preventive strategies to protect against potential threats. The IT department, under the guidance of senior management, ensures that all IT infrastructure is protected through stringent security measures, ensuring compliance with industry-specific cybersecurity requirements, while all employees are expected to comply with established policies and actively participate in maintaining a secure environment.

LEVERAGING INDUSTRY 4.0 TECHNOLOGIES

Macpac Films Limited continues to utilies cutting-edge technologies such as Robotic Process Automation (RPA), Blockchain, Artificial Intelligence (AI), and Cloud Computing. These technologies enhance operational transparency, reporting, and governance, driving efficiency and innovation.

KEY SECURITY INITIATIVES

- Risk Assessments: Annual risk assessments of our IS and IT functions are conducted to identify potential risks and vulnerabilities. These assessments ensure the integrity and security of our systems and compliance with standards.
- Penetration Testing: Both internal and external penetration tests are conducted regularly to evaluate the effectiveness of our security defenses. Collaborating with external experts allows us to continually enhance our systems and address vulnerabilities promptly.
- Patch Management: Ensuring that all IT equipment is promptly updated with the latest security patches is a top priority. This ongoing process helps prevent potential cyber-attacks by addressing known vulnerabilities before they can be exploited.
- Network Security: We employ advanced firewall systems to regulate and monitor internet traffic, enforcing strict access protocols. Continuous monitoring of network activity ensures that threats are detected and mitigated in real time.
- Employee Awareness: Our employees are the first line of defense in maintaining security. Regular IT security training is provided, covering topics such as password management, phishing awareness, and ransomware prevention. This fosters a culture of awareness and responsibility.

EARLY WARNING SYSTEM FOR CYBERSECURITY RISKS

Macpac Films Limited is developing an early warning system to identify and address cybersecurity risks, ensuring timely communication with the Board and prompt disclosures of any incidents. This system aligns with our commitment to continuous risk monitoring and mitigation.

DISASTER RECOVERY PLAN (DRP)

Macpac Films Limited's Disaster Recovery Plan (DRP) is a critical component of our broader Business Continuity Plan (BCP). Focused exclusively on IT infrastructure, the DRP ensures the continuity of critical systems and services in the event of disruptions caused by unforeseen events such as natural disasters, human error, or other incidents. The primary objective of the DRP is to minimize downtime, protect vital data, and restore normal operations as quickly as possible. By maintaining cost-effective contingency solutions, Macpac Films Limited ensures the rapid resumption of critical IT functions during disasters and has a comprehensive disaster recovery plan in place to address including data backups, failover protocols, and regular security audits to minimize downtime and ensure business continuity.

DIGITAL TRANSFORMATION AND CYBERSECURITY

In 2024, Macpac Films Limited made significant strides in its digital transformation journey, which has been a major driver of operational efficiency and security improvements.

SAP S/4HANA CLOUD (PROJECT BURRAQ): A key milestone was achieved in January 2024, with the successful implementation of SAP S/4HANA Cloud, a cutting-edge enterprise resource planning (ERP) system. This project, completed in just three months using the Rise with SAP platform, has enhanced business process automation, improved data security, and streamlined operations across the company. This system also bolsters our cybersecurity by providing built-in safeguards that align with industry best practices.

SALESFORCE CRM: In tandem with SAP, our Salesforce CRM implementation has optimized sales processes, centralized customer data, and improved data integrity. This platform has empowered MACPAC FILMS LIMITED to enhance customer relationships while ensuring secure and real-time management of sensitive data.

Both the SAP S/4HANA and Salesforce systems reflect Macpac Films Limited's commitment to leveraging technology to drive growth, innovation, and operational efficiency while safeguarding information in an increasingly complex digital landscape.

IMPLEMENTATION AND MANAGEMENT OF SAP S/4HANA ERP SYSTEM

As part of our ongoing commitment to operational excellence, Macpac Films Limited has successfully implemented SAP S/4HANA, the world's leading Enterprise Resource Planning (ERP) software, in record time. This disclosure outlines the key aspects of the ERP system's design, management support, risk control, and security measures, specifically tailored to our manufacturing operations.

a) Design and Integration of Core Business Processes:

The SAP S/4HANA ERP system has been meticulously designed to integrate and streamline the critical functions of our manufacturing business. It consolidates essential modules into a single platform, enabling seamless data flow and real-time operational insights. The modules include: Finance & Controlling, Material Management, Production Planning, Quality Management, Sales & Distribution, Plant Maintenance. This integration allows for real-time data visibility, improved workflow efficiency, and enhanced decision-making capabilities, ultimately contributing to operational excellence.

b) Management Support for Effective Implementation and Continuous Updation:

Board has authorized the management to oversee the implementation, and to ensure the swift and successful implementation of SAP S/4HANA. Their proactive involvement and commitment to digital transformation have ensured that the ERP system was implemented within the shortest possible time, aligning with the company's strategic goals. Management continues to provide support for the continuous updation and optimization of the system to adapt to evolving business needs. This ongoing commitment includes regular system updates, training for key users, and fostering a culture of digital innovation across all departments.

Macpac Films Limited ensured a comprehensive user training program for its newly implemented ERP software, SAP S/4HANA. The training sessions were conducted across various departments to ensure that key users could effectively utilize the system's features. Hands-on workshops, in-depth tutorials, and role-specific training modules were organized to ensure users gained proficiency in managing core business processes.

c) Risk Management and Control on ERP Projects:

In recognition of the risks inherent in ERP projects, the company has established a comprehensive risk management framework for SAP S/4HANA. Key measures include:

- **Project Governance:** The implementation was overseen by a cross-functional steering committee, ensuring that all critical phases, from planning to go-live, were managed with precision and oversight.

- **Change Management:** Structured change management processes were put in place to mitigate operational disruptions, ensuring smooth transitions and stakeholder engagement across the organization.

- **Regular Audits:** Routine audits are conducted to assess system performance and to identify any emerging risks, ensuring prompt action where necessary.

d) System Security, Access Control, and Segregation of Duties:

With the implementation of SAP S/4HANA, the company has reinforced its commitment to data security, access control, and the segregation of duties. These measures ensure the protection of sensitive information and the integrity of our operational processes:

- **Data Security and Encryption:** Sensitive data within SAP S/4HANA is encrypted both in transit and at rest, safeguarding against unauthorized access and breaches.
- **Access Control Mechanisms:** Role-based access control (RBAC) ensures that employees have access to data and functionalities relevant to their job roles. This minimizes the risk of data misuse or exposure.
- **Segregation of Duties (SoD):** To prevent potential conflicts of interest or fraudulent activity, the system enforces strict segregation of duties. Key tasks, especially in finance and procurement, are divided among different users to ensure that no individual has complete control over critical processes.

The successful implementation of SAP S/4HANA marks a significant milestone in Macpac Films Limited's digital transformation, enhancing operational efficiency and positioning the company for long-term growth.









FUTURE OUTLOOK

FORWARD
LOOKING STATEMENTS

Macpac Films Limited is committed to cultivating success by encouraging innovation within the industry. By contributing to business development and diversifying into value-added sectors of the market, the company aims to augment shareholders' value. Macpac is actively exploring and planning to grow its current value chain exposure, emphasizing the responsible consumption of natural resources. This strategic approach not only enhances the company's market presence but also aligns with its commitment to sustainability and long-term growth.

Despite facing significant economic challenges such as high inflation, and fiscal deficit, Macpac Films Limited achieved its highest-ever revenue of Rs. 5.6 billion in FY 2024, marking a 2.1% increase compared to the previous year. This sustainable growth was achieved by relatively maintaining production volumes, with BOPP and CPP production totaling 11,568 metric tons and 6,026 metric tons respectively. The company maintained its capacity utilization at 80%.

Sales performance also remained stable, with 15,804 metric tons sold, compared to 16,132 metric tons in the previous year. Macpac Films Limited successfully maintained its market share by focusing on quality and customer retention. While CAPEX investments helped manage costs through efficiencies, the anticipated impacts of power costs outweighed these benefits. A detailed analysis of financial and non-financial performance is highlighted in the financials section, providing picture of the company's resilience and strategic management in navigating these economic challenges.

The staff-level agreement with the International Monetary Fund (IMF) for a USD 7 billion Extended Fund Facility (EFF), if realized, is expected to ease the pressure on foreign exchange reserves. This would help mitigate economic uncertainty, providing greater stability and predictability for businesses and investors, thereby fostering a more conducive environment for growth and investment.

The Company's management is confident that the significant capital investments planned for future and those made in previous years will provide a competitive edge. Additionally, the Company is committed to maintaining its sales index in the coming year. However, it anticipates that high energy costs will continue to exert pressure on overall profit margins.

The management has allocated a budget for the development of its resource capitals including human capital, manufacturing capital, intellectual capital, and social and relationship capital, and expects to meet the needs of all stakeholders. Further discussion on the forward-looking statement is provided in the future outlook section of the Directors' Report.

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PERFORMANCE OF THE COMPANY AS COMPARED TO LAST YEAR'S DISCLOSURES

The year 2024 witnessed political instability, high interest rates, and spiking inflation, coupled with raw material shortages observed due to a deteriorating foreign exchange situation and policy amendments by the State Bank of Pakistan. These factors affected the timely supply of materials both on our end and for our customers.

In response to these challenges, the management implemented timely and appropriate measures, enabling the Company to perform well and achieve desirable results. Additionally, due to unfavorable exchange rate movements, the Company continued to maintain its policy of sight payment terms for raw material imports.

STATUS OF THE PROJECTS

At the start of this year, Macpac Films Ltd took a significant step in expanding its global reach by establishing a Company in the Middle East, enhancing its presence in key international markets. Both ongoing and newly initiated projects are handled with meticulous attention to detail, ensuring exceptional results. The integration of Salesforce has transformed our customer relationship management, allowing the company to streamline sales processes, enhance client interactions, and leverage data-driven insights. In parallel, the adoption of SAP has optimized operations, particularly in supply chain management, financial reporting, and enterprise resource planning, leading to improved efficiency and decision-making. Additionally, Macpac Films is actively working on implementing solar energy solutions as part of its sustainability initiative, which, once completed, will further reduce operational costs and minimize the environmental impact. These strategic initiatives reflect Macpac Films' commitment to innovation, operational excellence, and sustainable growth.

SOURCES OF INFORMATION / ASSUMPTION

The information and assumptions are based on the current economic and business environment, as well as the Company's internal risk assessments. Data is gathered from both internal departments (manufacturing, technical, supply chain, etc.) and external sources (legal, technical, and financial consultants), and is regularly reviewed and acted upon. These assumptions are continuously updated to reflect changing circumstances. Additionally, banks were consulted to assess our assumptions regarding interest rate and exchange rate fluctuations.

RESEARCH & DEVELOPMENT INITIATIVES

Macpac Films Ltd has placed significant emphasis on research and development (R&D) to drive innovation and maintain its leadership in the flexible packaging industry, particularly in the production of Biaxially Oriented Polypropylene (BOPP) and Cast Polypropylene (CPP) films. The company's R&D efforts focus on multiple key areas: product innovation, sustainability, and operational efficiency.

1. **Product Innovation**

   Macpac Films continuously explores new materials and advanced film technologies to cater to the evolving needs of the packaging industry. Their R&D team is dedicated to developing specialized films with enhanced barrier properties, such as moisture and oxygen barriers, which extend the shelf life of packaged goods. Additionally, the company is working on multilayer films that provide greater durability and flexibility for various packaging applications, including food, pharmaceutical, and industrial uses. This drive for product innovation enables Macpac to offer a diverse range of films tailored to specific customer requirements.



2. **Sustainability**

   In response to increasing demand for eco-friendly packaging, Macpac Films has made sustainability a core aspect of its R&D initiatives. By focusing on reducing the carbon footprint of their products, Macpac aims to meet the growing sustainability expectations of consumers and regulatory bodies. This includes developing packaging films that are easier to recycle and incorporate post-consumer recycled content, aligning with global sustainability trends.

3. **Operational Efficiency**

   Macpac Films is also leveraging R&D to improve its production processes, with a strong focus on optimizing efficiency and minimizing waste. The company is investing in technologies to monitor machine uptime and enhance production line performance, ensuring consistent output and reducing downtime. This focus on operational efficiency not only improves productivity but also reduces costs, which can be passed on to customers in the form of competitive pricing. Additionally, by integrating advanced machinery and automation, the company is able to ensure high-quality production while minimizing human error and resource wastage.

4. **Expansion and Market Growth**

   To support its growth ambitions, Macpac Films is also utilizing R&D to develop new products and improve existing ones, helping the company expand into new markets. This includes exploring high-performance films that cater to specific industries like pharmaceuticals, agriculture, and food packaging. The establishment of international Company further highlights the company's intent to increase market share through continuous innovation in both product development and process improvement.

STAKEHOLDER RELATIONSHIP & ENGAGEMENT

STAKEHOLDER ENGAGEMENT **PROCESS AND FREQUENCY**

At Macpac Film Limited, we recognize the importance of maintaining strong relationships with our stakeholders. Our approach to stakeholder engagement is guided by our commitment to transparency, accountability, and creating long-term value for all parties involved. We believe that meaningful engagement with our stakeholders—whether they are employees, customers, shareholders, suppliers, regulators, or the communities in which we operate—plays a pivotal role in the success of our business.

OUR ENGAGEMENT APPROACH

Macpac Film Limited adopts a proactive approach to engaging with stakeholders, ensuring that their views, concerns, and expectations are considered in it's decision-making processes. We are committed to fostering an open and constructive dialogue, which helps it stay aligned with their needs and respond effectively to evolving trends and challenges.

ENGAGEMENT PRACTICES

Employees: We engage with our employees through regular meetings, surveys, and open forums that promote a culture of inclusivity and collaboration. We believe in empowering our workforce by valuing their contributions and encouraging professional growth.

Shareholders: We maintain ongoing communication with our shareholders through annual general meetings, financial reports, and investor briefings, ensuring transparency and accountability in our business performance.

Customers: Feedback from our customers is integral to the continuous improvement of our products and services. We engage with customers through surveys, feedback mechanisms, and direct communication channels to ensure we meet and exceed their expectations.

Suppliers: We maintain strong relationships with our suppliers through regular communication and collaboration to ensure sustainable sourcing and ethical business practices.

Regulators and Government Bodies: Compliance and alignment with regulatory frameworks are of utmost importance. We engage with regulators through formal submissions, consultations, and industry forums to ensure adherence to all relevant laws and standards.

Communities: We actively engage with the communities in which we operate, focusing on initiatives that support local development, environmental sustainability, and social responsibility.

ONGOING COMMITMENT

Macpac Film Limited remains dedicated to continuously enhancing our stakeholder engagement efforts. We recognize that our stakeholders play a critical role in shaping our business, and we are committed to fostering lasting and positive relationships that drive sustainable growth.

IMPACT OF STAKEHOLDER RELATIONSHIPS ON PERFORMANCE AND VALUE

Strong stakeholder relationships are crucial to Macpac Films Limited's success. Positive relationships with our stakeholders can:

- **Enhance our reputation:** A positive reputation can attract investors, customers, and talent.
- **Improve access to capital:** Strong relationships with lenders and investors can facilitate access to financing.
- **Strengthen our supply chain:** Positive relationships with suppliers can ensure a reliable and efficient supply chain.
- **Foster innovation:** Collaboration with stakeholders can lead to new ideas and products.
- **Mitigate risks:** Open communication with stakeholders can help us identify and address potential risks.

To manage these relationships effectively, we employ the following strategies:

- **Regular communication:** We maintain regular communication channels with our stakeholders to keep them informed about our activities and performance.
- **Feedback mechanisms:** We actively seek feedback from stakeholders to understand their perspectives and address their concerns.
- **Stakeholder engagement initiatives:** We organize various stakeholder engagement initiatives, such as investor conferences, community events, and media briefings.

BOARD'S ROLE IN STAKEHOLDER ENGAGEMENT

The board of directors plays a critical role in overseeing stakeholder engagement. The board has taken the following steps to solicit and understand the views of stakeholders:

- **Corporate briefing sessions:** At least two (02) events are organized in a fiscal year by sending invitation to investors and analysts through various mediums, including, but not limited to, PUCARS, Company Website, and Social Media Accounts.





- **Analyst briefing summaries:** As a result of corporate briefing sessions, analyst briefing summaries are procured by the investor relations and presented to the management, which is then taken to the board.

By actively engaging with stakeholders and seeking their input, the board ensures that the company's strategy and operations align with the interests of all stakeholders.

INVESTOR RELATIONS

Our Investor Relations section, accessible via the company's corporate website, serves as a dedicated platform for providing key financial information, corporate updates, and other essential resources.

Key Features of Our Investor Relations Platform

The Investor Relations section of our website has been designed to offer easy access to all relevant financial and corporate information. It includes the following key features:

- **Financial Reports and Results:**
  Shareholders and potential investors can access our quarterly, half-yearly, and annual financial reports, along with detailed analysis and performance reviews.

- **Corporate Announcements and Disclosures:**
  We provide timely updates on significant corporate events, regulatory disclosures, and material developments. This includes press releases, management updates, and stock exchange filings, ensuring full compliance with transparency standards.

- **Annual General Meeting (AGM) Information:**
  The website hosts all information regarding upcoming AGMs, including agendas, voting instructions, and relevant materials. Investors can also access past AGM minutes and shareholder resolutions, keeping them informed about key decisions and corporate governance matters.

- **Stock Information:**
  Real-time stock performance data, historical share price information, and analysis tools are available for investors looking to track Macpac Films Limited's market performance. This section also includes updates on dividends, shareholding patterns, and capital structure.

- **Sustainability and CSR Reporting:**
  Recognizing the growing importance of Environmental, Social, and Governance (ESG) factors, we also provide detailed reports on our sustainability initiatives, corporate social responsibility (CSR) activities.

- **Investor Queries and Contact Information:**
  For direct engagement, investors can reach out to our dedicated Investor Relations team through the contact information provided.

REDRESSAL OF INVESTORS' COMPLAINTS

Macpac Films Ltd is committed to providing excellent service to our investors. We have established a robust complaint resolution process to address any concerns or grievances raised by investors. The process involves:

- **Dedicated contact:** A contact number for investor relations has been designated, that is also available on WhatsApp.

- **Prompt acknowledgment:** All complaints are promptly acknowledged and investigated.

- **Fair and impartial resolution:** Complaints are resolved in a fair and impartial manner, in accordance with applicable laws and regulations.

- **Regular updates:** Investors are provided with regular updates on the status of their complaints.

STEPS TO ENCOURAGE MINORITY SHAREHOLDERS TO ATTEND ANNUAL GENERAL MEETING (AGM)

Macpac Films Limited is dedicated to fostering an inclusive and participatory environment for all shareholders, including minority shareholders. We recognize the importance of their involvement in the decision-making process and have implemented several measures to encourage their attendance at general meetings

1. **Timely and Transparent Communication**
   Advance Notice: Macpac Films Limited provide early and detailed notice of the general meeting, including the date, time, location (or virtual platform), and agenda items to be discussed. This gives shareholders adequate time to plan their participation. Macpac Films Limited send notices via multiple channels such as email, postal mail, the company's website, and public announcements to ensure all minority shareholders receive the information.

2. **Accessible Meeting Locations**
   General meetings are held at accessible locations to facilitate easy attendance for all shareholders. Macpac Films Limited also provide clear directions and logistical support to ensure that minority shareholders can attend without any inconvenience.

3. **Virtual Attendance Options**
   To accommodate shareholders who may not be able to attend in person, we offer virtual attendance options. Shareholders can participate in the meetings through video conferencing and postal balloting.

4. **Shareholder Engagement Programs**
   Macpac Films Limited distribute relevant materials (e.g., annual reports, financial statements, agenda items, and resolutions) well in advance so that minority shareholders can review them and prepare for discussions or votes.

5. **Simplified Voting Procedures**
   Macpac Films Limited have streamlined its voting procedures to make it easier for minority shareholders to cast their votes. Proxy voting options are available, allowing shareholders to appoint a representative to vote on their behalf if they are unable to attend the meeting.

6. **Encouraging Feedback and Suggestions**
   Macpac Films Limited actively encourage minority shareholders to provide feedback and suggestions on how we can improve their experience and participation in general meetings.

7. **Post-Meeting Engagement**
   After the meeting, Macpac Films Limited share the extracts of the minutes, resolutions passed, and key decisions with shareholders through multiple channels as prescribed by PSX and SECP to keep them informed.

2024

SHAREHOLDER VALUE AND RETURNS

Macpac Films Limited is dedicated to maximizing shareholder value across all its operations. Over the past three years, we have consistently distributed regular dividends, demonstrating our commitment to rewarding our shareholders. Our Earnings Per Share (EPS) reflects our strong financial performance. Our strategic policy balances immediate gains for shareholders with the retention of a portion of our income to build reserves, ensuring sustainable growth and future expansion.

ISSUES RAISED IN LAST ANNUAL GENERAL MEETING (AGM)

During the Annual General Meeting (AGM) of Macpac Films Limited held on October 16, 2023, no major issues were raised by the shareholders. However, general questions related to the company's financial accounts were asked. The management responded to those queries appropriately.



EXCELLENCE IN CORPORATE REPORTING

COMPLIANCE WITH FINANCIAL STANDARDS & ADOPTION OF INTEGRATED REPORTING FRAMEWORK

By adopting the International Integrated Reporting Framework (IIRF) at Macpac Films Ltd, we fully apply its Fundamental Concepts, Content Elements, and Guiding Principles to present a comprehensive and balanced view of how we create value over time. Here's how we approach this adoption:

1. Fundamental Concepts:

- Value Creation: At Macpac Films Ltd, we aim to explain how we create value not only for our shareholders but also for our stakeholders, including employees, customers, and society. This involves assessing the financial, social, and environmental impacts of our business.
- Capitals: We utilize the six capitals identified by the IIRF: financial, manufactured, intellectual, human, social and relationship, and natural. It's important for us to detail how we use and impact these capitals in our operations.
- Value Creation Process: This involves outlining our inputs (the capitals), business activities, outputs, and outcomes, showing how we create or deplete value over time.

Application: We provide a clear narrative on how each of these six capitals is used in our business model, explaining how our actions lead to value creation in both the short and long term.

2. Content Elements:

The International Integrated Reporting Council (IIRC) outlines eight content elements that we include in our integrated reports:

- Organizational Overview and External Environment: We present Macpac Films Ltd's mission, vision, and the broader context in which we operate.
- Governance: We explain our governance structures and their role in driving value creation.
- Business Model: We illustrate how our business model uses the six capitals to generate value.
- Risks and Opportunities: We highlight key risks and opportunities that impact our business.
- Strategy and Resource Allocation: We detail our strategy and how we allocate resources to achieve it.
- Performance: We evaluate our performance against our strategic objectives.
- Outlook: We offer insights into our future prospects and market outlook.
- Basis of Preparation and Presentation: We explain how we prepared the report, including significant assumptions and measurement bases.

Application: We structure our reporting around these content elements, providing transparent information on our strategy, risks, performance, and future outlook.

3. Guiding Principles:

- Strategic Focus and Future Orientation: Our reports communicate how our strategy is aligned with our ability to create value.
- Connectivity of Information: We provide a holistic view, linking financial and non-financial information to present a clear picture of our business.
- Stakeholder Relationships: We emphasize the quality of our relationships with key stakeholders in our reports.
- Materiality: We focus on the material issues that influence our ability to create value.
- Conciseness: We strive to keep our reports clear and concise, avoiding unnecessary detail.
- Reliability and Completeness: The information we present is trustworthy and covers all areas that impact value creation.
- Consistency and Comparability: Our reports are consistent year-to-year and allow for easy comparison across the industry.

Application: We adhere to these guiding principles to ensure that our reports are strategically focused, clearly connect financial and non-financial performance, and are accessible to stakeholders. Information is concise, relevant, and consistently presented, enabling easy comparison over time.

FINANCIAL STATEMENTS

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
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Karachi 75530 Pakistan
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INDEPENDENT AUDITOR'S REPORT

To the members of MACPAC Films Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **MACPAC Films Limited** ("the Company"), which comprise the statement of financial position as at 30 June 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 policy 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 30 June 2024 and of the profit and the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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.

KPMG Taseer Hadi & Co.

Following are the Key audit matters:

S.No.	Key audit matters	How the matters were addressed in our audit
1.	**Revenue Recognition** Refer notes 7.14 & 30 to the financial statements. The Company's revenue for the year ended 30 June 2024 was Rs. 5,619 million. The Company generates revenue from sale of plastic packaging films. We identified revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company, large number of revenue transactions, inherent risk that revenue could be recorded in an incorrect period or subject to manipulation in order to achieve financial targets and expectations.	Our audit procedures amongst others, included the following: • Obtaining an understanding of the process relating to the recognition of revenue; • Inspecting revenue contracts with customers on sample basis to understand and assess the terms and conditions therein which may affect the revenue recognition; • Performing verification on a sample basis of revenue transactions recorded during the year with underlying documentation including sales invoices and dispatch documents; • Comparing a sample of revenue transactions recorded just before and after the year end with sales invoices, delivery challans, bill of lading and other relevant documents to assess whether the revenue has been recognized in the appropriate accounting period; and • Evaluating the appropriateness of disclosure presented in the financial statements in accordance with the requirement of IFRS 15.
2.	**Valuation of Inventories** Refer notes 7.4 & 12 to the financial statements. As at 30 June 2024, the Company's stock-in-trade amounted to Rs 1,132 million. We identified the valuation of stock-in-trade as a key audit matter because determining an appropriate write-down as a result of net	Our audit procedures amongst others, included the following: • Obtaining an understanding of policies and procedures followed by the Company with respect to valuation of inventories; • Assessing appropriateness of the Company's accounting policies for valuation of inventories and compliance of those policy with the accounting and reporting standards as applicable in Pakistan;

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S.No.	Key audit matters	How the matters were addressed in our audit
	realizable value (NRV) being lower than their cost involves significant judgement and estimation.	• Attending management's inventory counts and observed the process, including the process implemented by management to identify and monitor obsolete stock; • Comparing the net realizable values, to the cost of finished goods to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards; • Assessing the adequacy of the related disclosures in the notes to the financials statements.

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

Management is responsible for the other information. The other information comprises the information included In the Annual Report, but does not include the financial statements and our Auditor's Report thereon. We were provided with the Director's Report to the Shareholders and Chairman's Review Report prior to the date of this Auditor's Report and the remaining parts of the Annual Report are expected to be made available to us after that date.

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 on the other information that we obtained prior to the date of this Auditor's Report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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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.

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

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

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Date: 27 September 2024

Karachi

UDIN: AR202410106dQPLb7I0r

KPMG Taseer Hadi & Co.
Chartered Accountants

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STATEMENT OF **FINANCIAL POSITION**

As at June 30, 2024

	Note	2024 (Rupees)	2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,234,636,499	1,884,453,068
Intangible assets	10	17,668,898	836,118
Long-term deposits	11	16,815,042	12,776,285
		2,269,120,439	1,898,065,471
CURRENT ASSETS			
Inventories	12	1,131,640,060	1,165,508,058
Stores and spares		61,475,107	46,579,607
Trade receivables - net	13	899,842,277	860,411,242
Loans and advances	14	47,299,910	70,212,808
Short-term deposits, prepayments and other receivables	15	164,491,272	265,503,892
Taxation - net	16	74,674,822	33,316,703
Short term investment	17	10,524,062	10,524,062
Cash and bank balances	18	146,593,352	267,862,572
		2,536,540,862	2,719,918,944
TOTAL ASSETS		4,805,661,301	4,617,984,415
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 70,000,000 (2023: 70,000,000) ordinary shares of Rs.10/- each		700,000,000	700,000,000
Issued, subscribed and paid-up capital	19	593,011,500	593,011,500
Capital reserves	20	173,566,620	173,566,620
Revenue reserves	20	647,353,151	503,635,441
Surplus on revaluation of property, plant and equipment	20	823,040,000	623,040,000
		2,236,971,271	1,893,253,561
NON-CURRENT LIABILITIES			
Diminishing musharika arrangement	21	16,721,796	31,585,665
Lease liabilities	22	47,262,164	776,392
Deferred tax liability	23	152,528,133	193,206,958
Employee benefits obligations	24	140,549,985	80,878,191
Provision for gas infrastructure development cess	25	-	59,504,493
		357,062,078	365,951,699
CURRENT LIABILITIES			
Trade and other payables	26	1,605,188,067	1,920,245,161
Short-term borrowings - secured	27	325,180,889	213,821,187
Accrued mark-up	28	13,972,124	6,696,989
Unclaimed dividend		1,209,289	550,336
Unpaid dividend		-	302,875
Current portion of liabilities	21,22 & 25	266,077,583	217,162,607
		2,211,627,952	2,358,779,155
CONTINGENCIES AND COMMITMENTS	29		
TOTAL EQUITY AND LIABILITIES		4,805,661,301	4,617,984,415

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

Chief Executive Officer **Director** **Chief Financial Officer**

STATEMENT OF **PROFIT OR LOSS**

For the year ended June 30, 2024

2024

	Note	2024 (Rupees)	2023
Revenue from contract with customers - net	30	5,619,408,233	5,505,462,439
Cost of sales	31	(4,693,065,958)	(4,194,009,701)
Gross profit		926,342,275	1,311,452,738
Administrative expenses	32	(302,619,397)	(200,259,269)
Marketing and distribution expenses	33	(156,583,388)	(101,646,032)
Other operating expenses	35	(31,311,707)	(254,991,429)
Impairment loss on trade receivables	13.1	(149,980)	(35,115,407)
Operating profit		435,677,803	719,440,601
Finance costs	34	(135,118,869)	(133,742,264)
Other income	36	118,084,462	114,966,850
Profit before income taxes and final taxes		418,643,396	700,665,187
Taxation - final taxes	37	(1,029,422)	-
Profit before income tax		417,613,974	700,665,187
Taxation - income tax	37	(159,893,665)	(321,451,673)
Profit after taxation		257,720,309	379,213,514
Earning per share - basic and diluted	38	4.35	6.39

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

Chief Executive Officer **Director** **Chief Financial Officer**

STATEMENT OF **COMPREHENSIVE INCOME**

For the year ended June 30, 2024

	Note	2024	2023
		(Rupees)	
Profit after taxation		**257,720,309**	379,213,514
Other comprehensive income			
Item that will not be reclassified to profit or loss - net of tax of profit or loss in subsequent periods - net of tax:			
Surplus on revaluation of property, plant and equipment	*9.2*	**200,000,000**	-
Re-measurement loss on defined benefit plan	*24.2*	**(39,763,292)**	(5,241,610)
Tax effect		**14,712,418**	2,044,228
		(25,050,874)	(3,197,382)
Total comprehensive income for the year		**432,669,435**	376,016,132

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

Chief Executive Officer **Director** **Chief Financial Officer**

STATEMENT OF **CHANGES IN EQUITY**

For the year ended June 30, 2024

2024

	Reserves					
		Capital reserves		Revenue reserves	Total	
	Issued, subscribed and paid - up capital	Share premium	Surplus on revaluation of property, plant and equipment	Unappropriated profit	Total reserves	Total equity
	(Rupees)					
Balance as at July 01, 2022	593,011,500	173,566,620	623,040,000	186,920,456	983,527,076	1,576,538,576
Profit for the year	-	-	-	379,213,514	379,213,514	379,213,514
Other comprehensive loss for the year - net of tax	-	-	-	(3,197,382)	(3,197,382)	(3,197,382)
	-	-	-	376,016,132	376,016,132	376,016,132
Transaction with owners:						
Final cash dividend for the year ended June 30, 2022 at the rate of Rs. 1 per share - net of tax	-	-	-	(59,301,147)	(59,301,147)	(59,301,147)
Balance as at June 30, 2023	593,011,500	173,566,620	623,040,000	503,635,441	1,300,242,061	1,893,253,561
Balance as at July 01, 2023	**593,011,500**	**173,566,620**	**623,040,000**	**503,635,441**	**1,300,242,061**	**1,893,253,561**
Profit for the year	**-**	**-**	**-**	**257,720,309**	**257,720,309**	**257,720,309**
Other comprehensive income for the year - net of tax	**-**	**-**	**200,000,000**	**(25,050,874)**	**174,949,126**	**174,949,126**
	-	**-**	**200,000,000**	**232,669,435**	**432,669,435**	**432,669,435**
Transaction with owners:						
Final cash dividend for the year ended June 30, 2023 at the rate of Rs. 1.5 per share - net of tax	**-**	**-**	**-**	**(88,951,725)**	**(88,951,725)**	**(88,951,725)**
Balance as at June 30, 2024	**593,011,500**	**173,566,620**	**823,040,000**	**647,353,151**	**1,643,959,771**	**2,236,971,271**

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

Chief Executive Officer **Director** **Chief Financial Officer**

STATEMENT OF **CASH FLOWS**

For the year ended June 30, 2024

	Note	2024	2023
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operating activities	41	546,171,328	650,565,986
Long term deposit (paid) / received		(4,125,000)	7,250,000
Taxes paid		(170,528,418)	(110,292,696)
Gratuity paid	24.2	(11,409,936)	(9,773,238)
Finance costs paid		(88,858,023)	(138,265,760)
		(274,921,377)	(251,081,694)
Net cash generated from operating activities		271,249,950	399,484,291
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets expenditure		(233,461,707)	(67,194,203)
Proceeds from disposal of fixed assets		6,411,241	12,050,510
Investment in term deposit receipts		-	(10,524,062)
Additions in intangibles		(20,000,000)	(555,556)
Net cash used in investing activities		(247,050,466)	(66,223,311)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of diminishing musharika		(41,652,565)	(84,334,609)
Payment of lease liabilities		(15,220,492)	(574,958)
Dividend paid	22.1	(88,595,647)	(59,183,258)
Net cash used in financing activities		(145,468,704)	(144,092,825)
Net (decrease) / increase in cash and cash equivalents		(121,269,220)	189,168,155
Cash and cash equivalents at the beginning of the year		267,862,572	78,694,417
Cash and cash equivalents at the end of the year	50	146,593,352	267,862,572

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

Chief Executive Officer | **Director** | **Chief Financial Officer**

NOTES TO THE **FINANCIAL STATEMENTS**

For the year ended June 30, 2024

2024

1 LEGAL STATUS AND OPERATIONS

1.1 Macpac Films Limited (the Company) was incorporated on August 19, 1993, in Pakistan as a limited liability company under the repealed Companies Ordinance, 1984 [now Companies act, 2017 (the Act)] and is listed on the Pakistan Stock Exchange Limited on February 24, 2004. The principal activity of the Company is to manufacture, produce, buy and sell plastic packaging films.

2 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNIT/PLANT IS AS FOLLOWS:

Location and address	Purpose
44-C, P.E.C.H.S, Block 6, Main Razi Road, Karachi.	Registered Office & Head Office
Plot # Ez/1/P-10 East Industrial Zone, Karachi	Production Plant
Room # 21, Second floor, Gulberg Centre, Lahore	North Sales Office

Subsequent to the year end, the registered office of the Company has been shifted from Plot # 21, Maqboolabad, Jinnah Cooperative Housing Society, Tipu Sultan Road, Karachi to 44-C, PECKS, Block 6, Main Razi Road, Karachi

3 STATEMENT OF COMPLIANCE

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

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

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

4 BASIS OF PREPARATION

4.1 Basis Of Measurement

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

4.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of rupees, unless otherwise stated.

5 NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS, INTERPRETATIONS

There are new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on July 1, 2023 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements except the following:

The Company has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from July 1, 2023. These amendments neither resulted in any changes to the accounting policies nor impacted the accounting policies' 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 entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The information disclosed in Note 7 material accounting policies has been assessed to be in line with the amendments.

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

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 01, 2024:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January, 2020) apply retrospectively for the annual periods beginning on or after January 01, 2024 (as deferred vide amendments to IAS 1 in October, 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the Company's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. The Company's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. The Company shall apply those amendments retrospectively in accordance with IAS 8.

- Non-current Liabilities with Covenants (amendment to IAS 1 in October, 2022) aims to improve the information Company provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which the Company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the Company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, Companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after January 01, 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

NOTES TO THE **FINANCIAL STATEMENTS**
For the year ended June 30, 2024

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September, 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after January 01, 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If the Company (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the Company's liabilities and cash flows, and the Company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors the Company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after January 01, 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available

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  - Lack of Exchangeability (amendments to IAS 21) clarify:

  - when a currency is exchangeable into another currency; and

  - how a company estimates a spot rate when a currency lacks exchangeability.

    Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

  - the nature and financial impacts of the currency not being exchangeable;
  - the spot exchange rate used
  - the estimation process; and
  - risks to the company because the currency is not exchangeable.

- The amendments apply for annual reporting periods beginning on or after January 01, 2025. Earlier application is permitted. Earlier application is permitted.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures:

- Financial Assets with ESG-Linked features:

- Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

- Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

- The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

- The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

  - not related directly to a change in basic lending risks or costs; and

  - are not measured at fair value through profit or loss.

- The amendments apply for reporting periods beginning on or after January 01, 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

  - Recognition / Derecognition requirements of Financial Assets / liabilities by Electronic Payments:

- The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognized and derecognized and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognize their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the Company to derecognize its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

  - no practical ability to withdraw, stop or cancel the payment instruction;
  - no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
  - the settlement risk associated with the electronic payment system is insignificant.

  The amendments apply for reporting periods beginning on or after January 01, 2026. Earlier application is permitted.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

(a) determining the impairment, residual values, revaluation of land, useful lives, method of depreciation of property, plant and equipment and intangible assets (notes 7.1, 9.1 & 10.1);
(b) provision for expected credit loss of certain financial assets (note 7.10 & 13.1);
(c) recognition of staff retirement benefits (note 7.9 & 24);
(d) recognition of taxation and deferred tax (notes 7.6, 16 & 23);
(e) estimation of net realizable value of inventory (note 7.4 & 12);
(f) contingencies (note 7.20 & 29.1).
(g) leases liabilities and right-of-use assets (note 7.18 & 22).
(h) provisions (note 7.15)

7 MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these financial statements are set out below. Further, accounting policies related to material class of accounts doesn't necessarily means it is material. These policies have been consistently applied to all the years presented.

7.1 Property, plant and equipment

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

Depreciation is charged to statement of profit or loss on all operating assets using the reducing balance method other than leasehold improvement which is depreciated using straight line method at the rates specified in note 9 to the financial statements.

Depreciation on additions is charged from the day the asset is available for use and no depreciation is charged on the day of disposal.

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

Assets residual values, useful lives and method of depreciation are reviewed and adjusted prospectively, if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Capital work-in progress

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

7.2 Surplus on revaluation of property, plant and equipment

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

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

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

7.3 Intangible assets

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

Amortization on additions is charged from the day the asset is available for use and no amortization is charged on the day of disposal.

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

7.4 Inventories

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

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

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

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

Scraps are valued at estimated realisable value.

7.5 Stores and spares

These are valued at weighted average cost except for items in transit which are stated at invoice value plus other charges incurred thereon till the reporting date. Provision for obsolete and slow moving stores, spare parts and loose tools is determined based on management's estimate regarding their future usability.

NOTES TO THE **FINANCIAL STATEMENTS**
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7.6 Taxation

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

Current tax

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

Deferred tax

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

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

Levies - final tax

Tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income or any minimum tax which is not adjustable against future income tax liability is classified as levy in the statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 12/IAS 37.

7.7 Cash and cash equivalents

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

7.8 Impairment of non-financial assets

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

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

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

7.9 Employee benefits obligations

Defined benefit plan - staff gratuity scheme

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

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

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

7.10 Financial instruments

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

7.10.1 Financial assets

a) Initial recognition and measurement

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

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

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

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

b) Subsequent measurement

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

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

i) Financial assets at amortised cost (debt instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

iv) Financial assets at fair value through profit or loss

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

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

c) Derecognition

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

- The rights to receive cash flows from the asset have expired; or

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

d) Impairment of financial assets

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

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

7.10.2 Financial liabilities

a) Initial recognition and measurement

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

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

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

i) Financial liabilities at fair value through profit or loss

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

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

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

ii) Loans and borrowings

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

b) Derecognition

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

7.10.3 Offsetting of financial instruments

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

7.11 Short term investment

Investments in Pakistan Term Deposit Receipts are classified at amortized cost and are initially measured at fair value. Transaction costs directly attributable to the acquisition are included in the carrying amount.

7.12 Trade receivables-net

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

7.13 Trade and other payables

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

7.14 Revenue from contract with customers

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

Revenue is recognised at amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises revenue when performance obligation is satisfied, at a point in time, when control of goods have been transferred to a customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from the Company premises, for local sale, or when it is delivered by the Company at customer premises as per the contract, for exports sale.

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

Contract liabilities

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

7.15 Other income

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

- Income from Islamic banks is recognized on time proportion basis taking into account the amount outstanding and rates applicable thereon.
- Dividend income is recognized when the Company's right to receive the payment is established.
- Interest on loans and advances to employees is recognized on the effective interest method.
- Income from sale of scrap is recorded on delivery of scrap to the customer.
- Income from foreign currency exchange are described in note 7.17 of these financial statements.

7.16 Provisions

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

7.17 Foreign currency transactions

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

7.18 Dividends

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

7.19 Leases

The Company assess at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company acts as a lessee and applies a single recognition and measurement approach for all the leases except for short-term leases of 12 months or less and leases of low value assets (if any). The Company recognises lease liability to make lease payments and right-of-use assets (ROU assets) representing the right to use the underlying assets.

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

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

ii) Lease liabilities

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

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

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

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

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

The Company applies the short-term lease recognition exemption to its short-term leases of assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do

not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

7.20 Earnings per share

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

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

7.21 Contingent liabilities

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

8 DETAILS OF RELATED PARTIES OF THE COMPANY

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

Name of related party	Basis of relationship
Hilal Foods (Private) Limited	Common Directorship
Shalimar Foods Products	Common Directorship
Toyo Packaging (Private) Limited	Common Directorship
Mac Business Solution (Private) Limited	Common Directorship
TGA Sustainability (Private) Limited	Common Directorship
Mac Properties (Private) Limited	Common Directorship
Macpac Films Middle East L.L.C-FZ	Common Directorship
Mr. Najm ul Hassan (Chief Executive Officer)	Key management personnel
Mr. Ehtesham Maqbool Elahi (Executive Director)	Key management personnel
Mr. Habib Elahi (Director Operations)	Key management personnel
Mr. Faisal Panawala (Chief Finanical Officer)	Key management personnel
Ms. Um-e-Farwa (Head of IT)	Key management personnel
Mr. Mohammad Fahad (Head of Internal Audit)	Key management personnel

9 PROPERTY, PLANT AND EQUIPMENT

	Note	2024	2023
		(Rupees)	
Operating fixed assets	*9.1*	**2,073,196,043**	1,862,853,575
Right-of-use assets	*9.6*	**49,217,902**	1,360,691
Capital work-in-progress	*9.8*	**112,222,554**	20,238,802
		2,234,636,499	1,884,453,068

9.1 Operating fixed assets

2024

	Leasehold land	Buildings on leasehold land	Leasehold Improvement	Plant and machinery	Furniture and fixtures	Electric Installations	Refrigeration and air conditioning	Generators & solar	Office equipment	Computers	Motor vehicles	Total
	OWNED											
	(Rupees)											
Net carrying value basis												
Opening net book value (NBV) as at July 01, 2023	640,000,000	154,270,686	-	848,503,339	5,750,790	9,964,302	10,838,097	136,274,430	12,378,623	4,116,275	40,757,033	1,862,853,575
Additions/ transfers (at cost)	-	7,099,933	24,138,264	55,612,171	14,579,049	11,459,898	9,749,990	663,723	4,214,241	9,022,033	13,528,153	151,067,455
Revaluation	200,000,000	-	-	-	-	-	-	-	-	-	-	200,000,000
Disposals (at NBV)	-	-	-	-	-	-	(360,575)	(11,564,623)	-	(40,121)	(31,681)	(11,997,000)
Depreciation charge (Note 9.4)	-	(7,978,270)	(1,384,957)	(89,090,597)	(1,178,182)	(1,439,430)	(1,560,191)	(13,182,106)	(1,579,516)	(2,475,210)	(6,859,529)	(128,727,987)
Net book value (NBV) as at June 30, 2024	840,000,000	153,392,349	22,753,307	816,024,913	19,151,657	19,984,770	18,667,322	112,191,424	15,013,349	10,622,977	45,393,976	2,073,196,043
Gross carrying value basis												
Cost / revalued amount	840,000,000	227,952,124	24,138,264	2,035,728,452	25,822,991	24,174,995	23,563,821	151,183,577	24,657,939	15,404,666	105,731,316	3,498,358,147
Accumulated depreciation	-	(74,559,775)	(1,384,957)	(1,219,703,539)	(6,671,334)	(4,190,225)	(4,896,499)	(38,992,153)	(9,644,590)	(4,781,689)	(60,337,340)	(1,425,162,104)
Net book value (NBV) as at June 30, 2024	840,000,000	153,392,349	22,753,307	816,024,913	19,151,657	19,984,770	18,667,322	112,191,424	15,013,349	10,622,977	45,393,975	2,073,196,043
Rate of depreciation		5%	20%	10%	10%	10%	10%	10%	10%	25%	20%	

2023

	Leasehold land	Buildings on leasehold land	Leasehold Improvement	Plant and machinery	Furniture and fixtures	Electric Installations	Refrigeration and air conditioning	Generators	Office equipment	Computers	Motor vehicles	Total
	OWNED											
	(Rupees)											
Net carrying value basis												
Opening net book value (NBV) as at July 01, 2022	640,000,000	149,409,444	-	825,295,762	5,021,800	8,275,385	5,932,814	147,162,442	11,410,930	2,464,907	42,214,661	1,837,188,145
Additions/ transfers (at cost)	-	12,651,958	-	112,032,673	1,308,685	2,690,770	5,681,869	4,065,379	2,189,608	2,494,938	14,035,083	157,150,963
Disposals (at NBV)	-	-	-	-	-	-	-	-	-	-	(6,154,319)	(6,154,319)
Depreciation charge (Note 9.4)	-	(7,790,716)	-	(89,825,096)	(579,695)	(1,001,853)	(776,586)	(14,953,391)	(1,221,915)	(843,570)	(9,338,392)	(125,331,214)
Net book value (NBV) as at June 30, 2023	640,000,000	154,270,686	-	848,503,339	5,750,790	9,964,302	10,838,097	136,274,430	12,378,623	4,116,275	40,757,033	1,862,853,575
Gross carrying value basis												
Cost	640,000,000	220,852,191	-	1,979,476,569	11,910,551	12,877,631	15,739,316	173,913,475	21,043,538	10,290,966	94,075,883	3,180,180,120
Accumulated depreciation	-	(66,581,505)	-	(1,130,973,230)	(6,159,761)	(2,913,329)	(4,901,219)	(37,639,045)	(8,664,915)	(6,174,691)	(53,318,850)	(1,317,326,545)
Net book value (NBV) as at June 30, 2023	640,000,000	154,270,686	-	848,503,339	5,750,790	9,964,302	10,838,097	136,274,430	12,378,623	4,116,275	40,757,033	1,862,853,575
Rate of depreciation		5%	20%	10%	10%	10%	10%	10%	10%	25%	20%	

9.2 The Company revalued its leasehold land using the market comparable method. The valuation was performed by an independent valuer on June 30, 2024, based on proprietary databases of transaction prices for properties of a similar nature, location, and condition. As of the revaluation date, the fair value of the leasehold land was determined by Chadils Valuations (Private) Limited, an accredited independent valuer certified by the Pakistan Bankers' Association, with experience in valuing similar assets. A net gain from the revaluation of the leasehold land, amounting to Rs. 200 million, has been recognized in Other Comprehensive Income (OCI). Fair value measurement disclosures for the revalued leasehold land are provided in Note 44 of these financial statements.

Had there been no revaluation, the carrying value of the leasehold land would be as follows:

	2024	2023
	(Rupees)	
Leasehold land	16,960,000	16,960,000

9.2.1 Forced sales value of leasehold land is Rs. 672 million.

9.3 Details of operating fixed assets disposal having net book value in excess of Rs. 5,000,000/- are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceed	Gain / (loss)	Mode of disposal	Particulars of buyer	Relationship with buyer
	(Rupees)							
Waukesha Genset	23,393,620	11,828,997	11,564,623	5,932,203	(5,632,420)	By negotiation	Gencom Engineering	Third party

9.4 Allocation of depreciation expense

	Note	2024	2023
		(Rupees)	
Cost of sales	31	117,680,698	118,763,216
Administrative expenses	32	9,031,253	5,381,368
Marketing and selling expenses	33	2,016,036	1,186,630
		128,727,987	125,331,214

9.5 The details of immovable assets (i.e. land and building) of the Company as at June 30, 2024 are as follows:

Location	Address	Usage	Covered Area (sq. ft)
Karachi	Plot # Ez/1/P-10 East Industrial Zone, Karachi	Production facility	181,387.97

9.6 Right-of-use assets

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

		Note	2024	2023
			Office Premises (Rupees)	
	Opening balance		1,360,691	839,412
	Additions		59,400,420	1,937,226
	Adjustment		-	(839,412)
	Depreciation expense	22.2 & 9.6.1	(11,543,209)	(576,535)
	Closing balance		49,217,902	1,360,691

9.6.1 Right of use asset is depreciated over lease term.

9.7	Allocation of depreciation expense	Note	2024 (Rupees)	2023
	Administrative expenses	32	10,890,077	-
	Marketing and selling expenses	33	653,132	576,535
			11,543,209	576,535

9.8 Capital work-in-progress

	Balance as at July 01, 2023	Additions	Transfers	Balance as at June 30, 2024
	(Rupees)			
Buildings on leasehold land	6,498,323	9,448,034	(7,099,933)	8,846,424
Leasehold Improvement	-	24,138,264	(24,138,264)	-
Plant and machinery	13,740,479	47,698,167	(56,612,170)	4,826,476
Furniture and fixtures	-	19,145,273	(14,579,049)	4,566,224
Electric installations	-	15,975,051	(11,459,898)	4,515,153
Refrigeration and air conditioning	-	12,272,169	(9,749,990)	2,522,179
Generators & solar	-	87,609,822	(663,723)	86,946,099
Office equipment	-	4,214,241	(4,214,241)	-
Computers	-	9,022,033	(9,022,033)	-
Motor vehicles	-	13,528,153	(13,528,153)	-
	20,238,802	243,051,207	(151,067,454)	112,222,554

	Balance as at July 01, 2022	Additions	Transfers	Balance as at June 30, 2023
	(Rupees)			
Buildings on leasehold land	17,234,322	5,051,796	(15,787,795)	6,498,323
Plant and machinery	91,941,576	53,407,555	(131,608,652)	13,740,479
Generators & solar	868,706	-	(868,706)	-
	110,044,604	58,459,351	(148,265,153)	20,238,802

10	**INTANGIBLE ASSETS**	Note	2024 (Rupees)	2023
	Computer software	10.1	17,668,898	836,118

10.1 Computer software

	Net carrying value basis			
	Opening balance		836,118	408,566
	Additions		20,000,000	555,556
	Amortization	10.2	(3,167,220)	(128,004)
	Closing balance		17,668,898	836,118
	Gross carrying value basis			
	Cost		2,541,294	1,985,738
	Additions		20,000,000	555,556
	Accumulated amortization		(4,872,396)	(1,705,176)
	Net carrying value		17,668,898	836,118

10.2 Amortization charge for the year at the rate of 20% per annum has been allocated to administrative expenses (Note 32).

11	**LONG-TERM DEPOSITS**	Note	2024 (Rupees)	2023
	Security deposits			
	Sui southern gas company		12,576,930	12,576,930
	Other deposits		4,238,112	199,355
			16,815,042	12,776,285

12	**INVENTORIES**			
	Raw material:			
	- In hand	12.1 & 31	372,278,547	548,928,265
	- In transit		220,228,749	181,282,518
	- In bonded warehouse		188,935,924	226,617,915
			781,443,220	956,828,698
	Work in process	31	269,044,165	133,110,261
	Finished goods	31	81,152,675	75,569,099
			350,196,840	208,679,360
			1,131,640,060	1,165,508,058

12.1 This includes packing material amounting to Rs. 10.6 million (2023: Rs. 9.8 million).

13 TRADE RECEIVABLES-NET	Note	2024 (Rupees)	2023
Considered good			
- Related parties	*13.3 & 13.4*	**233,562,390**	265,346,090
- Other parties	*13.1*	**666,279,887**	595,065,152
		899,842,277	860,411,242
Considered doubtful		**68,598,238**	68,448,258
	13.5	**968,440,515**	928,859,500
Less: Allowance for expected credit loss	*13.2*	**(68,598,238)**	(68,448,258)
		899,842,277	860,411,242

13.1 This includes receivables from export customers amounting to Rs. 10.6 million (2023: Nil).

13.2 Allowance for expected credit losses

	2024 (Rupees)	2023
Opening balance	**68,448,258**	33,332,851
Impairment loss on trade receivables	**149,980**	35,115,407
Closing balance	**68,598,238**	68,448,258

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

Description	2024 (Rupees)	2023
Hilal Foods (Private) Limited	**8,837,192**	16,892,289
Shalimar Foods Products	**8,115,856**	1,487,346
Toyo Packaging (Private) Limited	**114,275,686**	104,288,723
Mac Business Solution (Private) Limited	**44,072,972**	29,693,387
TGA Sustainability (Private) Limited	**58,260,684**	112,984,345
	233,562,390	265,346,090

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

	2024 (Rupees)	2023
Hilal Foods (Private) Limited	**8,837,192**	16,892,289
Shalimar Foods Products	**8,115,856**	1,487,346
Toyo Packaging (Private) Limited	**114,275,686**	104,288,723
Mac Business Solution (Private) Limited	**44,072,972**	29,693,387
TGA Sustainability (Private) Limited	**58,260,684**	112,984,345

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

	Total	Neither past due nor impaired	Past due but not impaired: > 30 days up to 60 Days	> 60 days upto 90 days	>90 days upto180 Days	>180 days
	(Rupees)					
Related parties						
Hilal Foods (Private) Limited	**8,837,192**	**8,837,192**	**-**	**-**	**-**	**-**
Shalimar Foods Products	**8,115,856**	**5,623,024**	**679,252**	**1,813,579**	**-**	**-**
Mac Business Solution (Private) Limited	**44,072,972**	**44,072,972**	**-**	**-**	**-**	**-**
TGA Sustainability (Private) Limited	**58,260,684**	**26,155,349**	**13,363,331**	**11,898,931**	**6,843,073**	**-**
Toyo Packaging (Private) Limited	**114,275,686**	**83,752,034**	**12,284,935**	**18,238,717**	**-**	**-**
	233,562,390	**168,440,571**	**26,327,518**	**31,951,227**	**6,843,073**	**-**
Other than related parties	**734,878,125**	**482,344,781**	**77,359,226**	**69,623,172**	**12,628,157**	**92,922,789**
2024	**968,440,515**	**650,785,352**	**103,686,745**	**101,574,399**	**19,471,230**	**92,922,789**

	Total	Neither past due nor impaired	Past due but not impaired: > 30 days up to 60 Days	> 60 days upto 90 days	>90 days upto180 Days	>180 days
	(Rupees)					
Related parties						
Hilal Foods (Private) Limited	16,892,289	4,933,235	11,959,054	-	-	-
Shalimar Foods Products	1,487,346	-			397,497	1,089,849
Mac Business Solution (Private) Limited	29,693,387	14,327,755	964,810	14,400,822	-	-
TGA Sustainability (Private) Limited	112,984,345	12,963,360	21,000,026	21,007,981	58,012,978	-
Toyo Packaging (Private) Limited	104,288,723	28,721,023	38,511,219	28,364,660	8,691,821	-
	265,346,090	60,945,373	72,435,109	63,773,463	67,102,296	1,089,849
Other than related parties	663,513,410	275,740,919	94,296,899	33,628,316	86,806,401	173,040,875
2023	928,859,500	336,686,292	166,732,008	97,401,779	153,908,697	174,130,724

14 LOANS AND ADVANCES	Note	2024 (Rupees)	2023
Unsecured, considerd good			
Loans			
- Employees	*14.1*	**1,731,625**	2,185,939
Advances			
- Suppliers and contractors		**11,580,688**	40,103,288
- Employees	*14.2*	**50,000**	8,385,116
- Others		**33,937,597**	19,538,465
		45,568,285	68,026,869
		47,299,910	70,212,808

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

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

15 SHORT TERM DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES	Note	2024 (Rupees)	2023
Short term deposits - unsecured, considered good			
- Containers		**586,350**	21,858,181
- Nazir high court	*29.1.2*	**9,525,757**	9,525,757
- Margin against letter of credit	*15.1*	**120,641,652**	205,995,776
- Others		**13,330,578**	13,695,257
		144,084,337	251,074,971
Short-term prepayments	*15.2*	**17,184,719**	13,163,183
Other receivables		**3,222,216**	1,265,738
		164,491,272	265,503,892

15.1 This represents LC margin kept with the conventional banks of Rs. 91 million and islamic banks of Rs. 29.6 million in relation to import of specified items.

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

16 TAXATION – NET	2024 (Rupees)	2023
Income tax refundable	**39,810,560**	57,455,957
Sales tax refundable / (payable)	**34,864,262**	(24,139,254)
	74,674,822	33,316,703

17 SHORT TERM INVESTMENT

This comprise of shariah compliant investment in (TDRs) amounting to Rs.10.524 million at a rate of 16% to 16.5% (2023: Rs. 10.524 million at a rate of 16.50%). These TDRs are submitted as bank guarantee to SSGC being a security deposit.

18 CASH AND BANK BALANCES	Note	2024 (Rupees)	2023
Cash in hand		**5,409,310**	5,551,208
Cash at banks - current accounts	*18.1*	**141,184,042**	201,880,419
Cash at banks - saving accounts	*18.2*	**-**	60,430,945
		146,593,352	267,862,572

18.1 This comprise of balance in islamic banking of Rs. 116.61 million (2023: Rs. 131.95 million) and balance in conventional banking of Rs. 22.56 million (2023: Rs. 69.93 million).

18.2 Saving account earns profit from shariah compliant bank at floating rates based on daily bank deposit rates ranging from 10.00% to 11.01% (2023: 7.50% to 10.00% per annum).

19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Authorised share capital

2024 (Number of Shares)	2023		2024 (Rupees)	2023
70,000,000	70,000,000	Ordinary shares of Rs. 10 each	**700,000,000**	700,000,000

Issued, subscribed and paid up share capital

2024 (Number of Shares)	2023	Fully paid ordinary shares of Rs. 10/- each	2024	2023
25,986,000	25,986,000	- Issued for cash	**259,860,000**	259,860,000
12,900,000	12,900,000	- Issued as fully paid bonus shares	**129,000,000**	129,000,000
20,415,150	20,415,150	- Issued as right shares at a premium	**204,151,500**	204,151,500
59,301,150	59,301,150		**593,011,500**	593,011,500

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

20 RESERVES	2024 (Rupees)	2023
Capital reserve		
Share premium	**173,566,620**	173,566,620
Surplus on revaluation of property, plant and equipment	**823,040,000**	623,040,000
Revenue reserve		
Unappropriated profit	**647,353,151**	503,635,441
	1,643,959,771	1,300,242,061

21 DIMINISHING MUSHARIKA ARRANGEMENT	Note	2024 (Rupees)	2023
Outstanding	*21.1*	**40,616,463**	83,093,573
Current portion		**(23,894,667)**	(51,507,908)
Long Term		**16,721,796**	31,585,665

21.1 The Company obtained a diminishing musharika facility from a financial institution for plant and machinery aggregating to Rs. 368 million for a period of 5 years. The rate of return used as the discounting factor is 3 months KIBOR plus 2.25%. Musharika units are to be purchased in 5 years in 20 quarterly instalments latest by June 2024 and are secured against the specific charge over plant and machinery with 25% margin. The Company also had obtained a diminishing musharika facility from a financial institutions for vehicles aggregating to Rs. 24 million for a period of 5 years. The rate of return used as the discounting factor is 1 year KIBOR plus spread of 2.25% to 2.5%.

22 LEASE LIABILITIES

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

	Note	2024	2023
		(Rupees)	
Opening balance		**1,362,269**	449,499
Adjustment		**-**	(449,499)
Addition		**59,400,420**	1,937,226
Interest expense relating to lease liability	*34*	**11,234,443**	208,035
Payments		**(15,220,492)**	(782,992)
Closing balance		**56,776,640**	1,362,269
Current		**9,514,476**	585,877
Non-Current		**47,262,164**	776,392
		56,776,640	1,362,269

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

The following are the amounts recognised in statement of profit or loss:

	Note	2024	2023
		(Rupees)	
Depreciation expense of right-of-use assets	*9.6*	**11,543,209**	576,535
Interest expense on lease liabilities	*34*	**11,234,443**	208,035
Expense relating to short-term leases	*32*	**7,359,138**	12,351,000
		30,136,790	13,135,570

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

	2024		2023	
	Minimum Lease Payments (MLP)	Present Value of MLP	Minimum Lease Payments	Present Value of MLP
	(Rupees)			
Within one year	**21,073,791**	**9,514,476**	782,992	585,876
After one year but not more than five years	**66,084,150**	**47,262,164**	861,292	776,392
Total minimum lease payments	**87,157,941**	**56,776,640**	1,644,284	1,362,268
Less: Finance charges	**(30,381,301)**	**-**	(282,016)	-
Present value of minimum lease payments	**56,776,640**	**56,776,640**	1,362,268	1,362,268
Less: Current portion	**(9,514,476)**	**(9,514,476)**	(585,876)	(585,876)
	47,262,164	**47,262,164**	776,392	776,392

23 DEFFERED TAX LIABILITY

	2024	2023
	(Rupees)	
Taxable temporary differences arising due to:		
- accelerated tax depreciation	**242,389,438**	269,921,421
- accelerated tax amortization	**57,045**	114,836
- right-of-use assets	**17,877,023**	530,669
	260,323,506	270,566,926
Deductible temporary differences arising due to:		
- lease liabilities	**(20,622,522)**	(302,793)
- provision for staff retirement benefits – gratuity	**(51,320,357)**	(33,586,722)
- provision for expected credit losses	**(24,916,386)**	(26,694,821)
- provision for GIDC	**(2,940,327)**	(228,492)
- Workers welfare fund	**(2,383,612)**	-
- Worker's profit participation fund	**(3,080,365)**	-
- unrealized exchange gain	**(2,531,804)**	(5,527,277)
- minimum tax	**-**	(11,019,883)
	(107,795,373)	(77,359,988)
	152,528,133	193,206,958

		Note	2024	2023
			(Rupees)	
24	**EMPLOYEE BENEFITS OBLIGATIONS**			
24.1	**The amount recognized in the statement of financial position is as follows:**			
	Present value of defined benefit obligation	*24.2*	**140,549,985**	80,878,191
24.2	**Changes in the present value of defined benefit obligation are as follows:**			
	Opening balance		**80,878,191**	61,936,775
	Charge for the year	*24.3*	**31,318,438**	23,473,044
	Re-measurement loss recognized in other comprehensive income		**39,763,292**	5,241,610
	Benefits paid		**(4,790,382)**	(2,507,308)
	Advances paid		**(6,619,554)**	(7,265,930)
	Closing balance		**140,549,985**	80,878,191
24.3	**Charge for the year recognized in the statement of profit or loss is as follows:**			
	Current service cost		**19,453,789**	15,854,833
	Interest cost		**11,864,649**	7,618,211
			31,318,438	23,473,044
			-	
24.4	**The charge for the year has been allocated as follows:**			
	Cost of sales	*31.1*	**18,687,584**	14,030,446
	Administrative expenses	*32.1*	**10,098,847**	8,055,054
	Marketing and selling expenses	*33.1*	**2,532,007**	1,387,544
			31,318,438	23,473,044

24.5 The principal assumptions used in the actuarial valuations carried out as of June 30, 2024 using the 'Projected Unit Credit' method are as follows:

	2024	2023
Expected rate of increase in salary level	**15.25% p.a**	17% p.a
Discount rate	**14.75% p.a**	16.25% p.a

24.6 Impact of changes in assumption on present value of defined benefit scheme without payable is as follows:

Assumption	**1% increase**	1% increase
	(Rupees)	
Discount rate	**163,984,694**	103,067,775
Salary	**192,210,368**	119,630,329

Assumption	**1% decrease**	1% decrease
	(Rupees)	
Discount rate	**(191,604,188)**	(119,074,414)
Salary	**(163,238,059)**	(102,466,308)

24.7 Maturity profile of the defined benefit obligation:	**2024**	2023
	(Years)	
Weighted average duration	**8.00**	7.24

24.8 Description of the risks to the Company

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

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

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

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

24.9 Comparison of five years:

As at June 30,	**2024**	2023	2022	2021	2020
	(Rupees)				
Present value of defined benefit obligation	**140,549,985**	80,878,191	61,936,775	48,502,400	41,526,179

25 PROVISION FOR GAS INFRASTRUCTURE DEVELOPMENT CESS	**2024**	2023
	(Rupees)	
Gas infrastructure development cess	**232,668,440**	224,573,316
Less: Current portion shown under current liabilities	**(232,668,440)**	(165,068,823)
	-	59,504,493

26 TRADE AND OTHER PAYABLES	Note	2024 (Rupees)	2023
Trade creditors		234,433,056	713,972,759
Import bills for goods and fixed asset		692,769,237	734,997,968
Accrued liabilities		138,604,039	80,912,882
Advances from customers - unsecured (contract liabilities)		214,873,292	118,881,343
Workers' profits participation fund	26.1	216,384,616	207,903,949
Workers' welfare fund		35,781,686	25,299,286
Withholding tax payable		71,242,457	34,300,285
Others		1,099,684	3,976,689
		1,605,188,067	1,920,245,161

26.1 Workers' profits participation fund

Opening balance		207,903,949	177,504,501
Charged for the year	35	22,128,854	38,447,246
Interest on workers' profits participation fund	34	18,125,674	18,302,734
Paid during the year		(31,773,861)	(26,350,532)
Closing balance		216,384,616	207,903,949

27 SHORT-TERM BORROWING - SECURED

Istisna arrangement	27.1	325,180,889	213,821,187
		325,180,889	213,821,187

27.1 Represents Islamic financing facility of Rs. 325.2 million (2023: 213.8 million) obtained from Islamic banks which are payable within four months carrying markup of 6 months KIBOR plus spread of 2.5% and is secured against joint pari passu charge of Rs.1,001 million over current assets, joint pari passu charge of Rs. 220 million over plant and machinery of the Company and joint pari passu charge of Rs. 113 million over leasehold land and building of the Company.

28 ACCRUED MARK-UP	2024 (Rupees)	2023
Islamic Banks		
Diminishing musharika arrangement	1,049,542	2,668,026
Istisna arrangement	11,392,112	3,990,327
	12,441,654	6,658,353
Lease liabilities	1,530,470	38,636
	13,972,124	6,696,989

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 In the year 2017, sales tax audit for the tax year 2012-2014 of the Company was selected and an order was passed by the Deputy Commissioner Inland Revenue dated October 23, 2017 for a demand of Rs. 3,897,611/- against the Company. An appeal against the above order has been filed before the Commissioner Inland Revenue - Appeals II by the Company and during the year, the Commissioner Inland Revenue Authority (CIR-A) had set aside the issues pertaining to sales tax amounting to Rs. 766,794/- and CIR-A had deleted sales tax demand of Rs.898,818/- together with default surcharge and penalty and forward the same for further examination to Deputy Commissioner Inland Revenue while the Company had already paid the aforesaid demand of Rs.831,108/- together with related penalty of Rs.41,555/- into Government Treasury.

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

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

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

However, due to the inherent uncertainties involved in the matter, the management based on the opinion of their legal advisor, has not accounted for increase in tariff rate amounting to Rs. 9.525 million as of June 30, 2023 which includes Rs. 1.001 million for the year as the management is confident that the decision of the case will be in their favor.

29.1.3 The Deputy Commissioner Inland Revenue had passed an order under Section 11 of Sales Tax Act, 1990. An appeal against the above order has been filed before the Commissioner Inland Revenue - Appeals II (CIRA) by the Company and an order was passed by the CIRA dated August 31, 2022 wherein tax demand of Rs.21,344,007/- had been upheld and remaining tax demand of Rs.291,477,683 has been remanded back by CIRA with specific directions. The Company had filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the demand upheld in aforesaid order of the CIRA. Main hearing of the appeal has been heard by the Appellate Tribunal Inland Revenue (ATIR) and the case has been reserved for order.

The concerned Deputy Commissioner Inland Revenue had initiated the remand back proceeding and confirmed the demand as established earlier without following the direction of the CIRA through its Order-in-Original No.14/2022-2023 dated June 24, 2023. The Company also filed an appeal before CIRA against aforesaid remand back order which has been heard by CIRA and main hearing of the appeal has been heard by the ATIR on February 26, 2024 and the appellate order has been passed whereby the demand has been deleted and the case has been remanded with directions to the assessing officer.

On the basis of factual and legal position in above pending appeals with the Commissioner Inland Revenue - Appeals II (CIRA) and the Appellate Tribunal Inland Revenue (ATIR), our tax consultant's anticipate a favorable outcome of such appeals in favor of the Company. Therefore, the Company based on aforesaid position has not made any provision in these financial statements.

29.1.4 The Deputy Commissioner Inland Revenue had issued demand of penalty of Rs.8,503,141/-and default surcharge of Rs.1,305,330. An appeal against the above order has been filed before the Commissioner Inland Revenue - Appeals II (CIRA) by the Company and an order was passed by the Commissioner Inland Revenue - Appeals II (CIRA) dated April 11, 2023 decided the appeal against such order and deleted the demand. The department had filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against appellate order of Commissioner Inland Revenue - Appeals II. The hearing against aforesaid appeal has not been fixed by the Appellate Tribunal Inland Revenue as yet. Therefore, the Company based on advice of its tax consultants has not made any provision in these financial statements.

29.1.5 Income Tax Returns upto Tax Year 2023, corresponding to Financial Year ended upto June 30, 2023 have been submitted, which are construed as deemed assessment orders under Section 120 of the Income Tax Ordinance, 2001 [the Ordinance].

The Notice for the payment of super tax has been issued by the Deputy Commissioner Inland Revenue, Karachi to the Company wherein super tax Rs. 71,500,082/- @ 10% of taxable income of Rs.715,000,821 has been computed on the basis of slab rates introduced rate through Finance Act, 2023, The Company challenged the chargeability of super tax in the Islamabad High Court through writ petition No. 365/2024 and the Hon'ble Court in deciding aforesaid petition held that amended rate introduced through Finance Act, 2023 for super tax has no retrospective application for Tax Year 2023. The Company had already discharged a portion of the super tax liability amounting to Rs.28,600,033/- under the rate introduced through Finance, 2022 for the year 2022-2023 in another case of similar nature. However provision in these financial statements.

29.1.6 In tax year 2020, The Income Tax Assessment under Section 120 of the Ordinance was subject to amendment in terms of Section 122(5A) and a show cause notice had been issued under Section 122(9) of the Ordinance. The Company submitted legal response to the show cause notice and made complete responses against the aforesaid show cause as well. However, amended assessment order under section 122(5A) dated January 29, 2024 has been passed by the Additional Commissioner whereby tax refundable amount had been wipeout to the extent of Rs.16,096,175/-. The Company had filed an appeal before the Commissioner Inland Revenue Appeal [CIRA] against the aforesaid Order and in deciding aforesaid appeal the CIRA had deleted the demand and remanded back the case through its appellate order under section 129(1) of the Ordinance.

In tax year 2021: The Income Tax Assessment under Section 120 of the Ordinance was subject to amendment in terms of Section 122(5A) and a showcause notice had been issued under Section 122(9) of the Ordinance. The Company submitted legal response to the showcause notice and made complete responses against the aforesaid show cause as well. However, amended assessment order under section 122(5A) dated January 29, 2024 passed by the Additional Commissioner whereby tax demand

of Rs.9,277,532 has been established. The Company had filed an appeal before the Commissioner Inland Revenue Appeal [CIRA] against the aforesaid Order which is pending before CIRA. Therefore, the Company based on advice of its tax consultant anticipates favorable outcome of aforesaid appeal in favour of the Company. Hence, no provision requires to be made in financial statement.

In tax year 2022: The Income Tax Assessment under Section 120 of the Ordinance is subject to amendment in terms of Section 122(5A) and a show cause notice had been issued under Section 122(9) of the Ordinance. The Company submitted legal response to the showcause notice and made complete responses against the aforesaid show cause as well. However, amended assessment order under section 122(5A) dated February 29, 2024 passed by the Additional Commissioner whereby tax demand of Rs.50,063,001/- has been established. The Company had filed an appeal before the Commissioner Inland Revenue Appeal [CIRA] against the aforesaid Order which is pending before CIRA. Therefore, the Company based on advice of its tax consultant anticipates favorable outcome of aforesaid appeal in favour of the Company. Hence, no provision requires to be made in financial statement.

29.1.7 In tax year 2022, the notice for the payment of super tax of Rs.15,897,889/- is issued by the Deputy Commissioner-IR to the Company who identified the computational error therein. As a result of such error, the super tax worked out to Rs. 7,766,794/- which the Company requested him to adjust from the tax refunds for the Tax Year 2022. Hence, no super tax is stand payable and no provision is required to be made in the Financial Statements.

29.1.8 The Company filed a Constitutional petition No. 3407 of 2014 before the High Court of Sindh to restrain the Federal Government from coercing the Company to transfer 5% of its profits to the Workers' Profit Participation Fund. The High Court of Sindh granted an ad interim order in favour of the Company, which is still in operation. The petition is still pending before the High Court of Sindh and the Company has a reasonable probability of success in this petition.

29.1.9 The Company filed a Suit No. 798 of 2016 before the High Court of Sindh and impugned the insertion of Tariff Heading 9830.0000 in the Second Schedule to the Sindh Sales Tax on Services Act, 2011 through the Finance Act, 2013 and subsequent show cause notice dated December 03, 2015 issued by the Sindh Revenue Board on the basis of this tariff heading and said heading reads "Services provided in the matter of manufacturing or processing for others on toll basis. The High Court of Sindh granted an ad interim order in favour of the Company, which is still in operation. The suit is still pending before the High Court of Sindh and the Company has a reasonable probability of success in this suit.

29.1.10 The Company had filed five appeals before the Commissioner Appeal Sindh Revenue Board [CASRB], Karachi against four Orders dated November 16, 2023 in respect of the year 2017, 2021, 2022 and 2023 and one Order dated November 23, 2023 pertain to the year 2018 whereby SWWF demand of Rs.25,175,601/- had been established by the Deputy Commissioner-SRB, Karachi. All aforesaid five appeals are pending before the commissioner appeals SRB. The Company had made payment of 10% of demand in compliance with the appellate order passed by the Appellate Tribunal SRB to obtain stay against recovery of impugned demand of SWWF. Therefore, the Company based on advice of its tax consultant anticipates favorable outcome of aforesaid appeal in favour of the Company. Hence, no provision requires to be made in financial statement.

		Note	2024	2023
			(Rupees)	
29.2	**COMMITMENTS**			
29.2.1	Outstanding bank guarantees		**12,774,062**	11,873,412
29.2.2	Outstanding letters of credit	*29.2.3*	**572,127,586**	384,962,278

29.2.3 The aforesaid letter of credit is secured against lien over import documents.

		2024	2023
30	**REVENUE FROM CONTRACT WITH CUSTOMERS**	(Rupees)	
	Gross sales		
	- Local	**6,549,501,139**	6,489,949,432
	- Exports	**102,942,174**	-
		6,652,443,313	6,489,949,432
	Less: Sales tax	**(1,033,035,080)**	(984,486,993)
		5,619,408,233	5,505,462,439

30.1 All sales revenue earned by the Company is shariah compliant.

		Note	2024	2023
31	**COST OF SALES**		(Rupees)	
	Opening stock of raw material		**539,102,630**	328,872,517
	Purchases during the year		**3,056,213,612**	3,316,019,768
			3,595,316,242	3,644,892,285
	Closing stock of raw material	*12*	**(361,694,570)**	(539,102,630)
	Raw material consumed		**3,233,621,672**	3,105,789,655
	Manufacturing expenses			
	Salaries, wages and other benefits	*31.1*	**347,228,319**	273,346,539
	Oil and lubricants / diesel		**18,164,781**	13,465,349
	Packing material consumed		**128,354,035**	116,004,914
	Consumable stores		**48,349,728**	17,194,854
	Water charges		**1,055,064**	9,900,986
	Repairs and maintenance		**57,363,130**	82,364,344
	Vehicle running and maintenance		**14,675,719**	14,410,206
	Utilities		**742,207,869**	488,648,226
	SAP service charges		**20,371,745**	-
	Insurance		**15,659,255**	11,823,314
	Telephone		**6,172,502**	2,819,791
	Consultancy charges		**4,424,150**	-
	Security charges		**4,465,258**	3,066,137
	Depreciation	*9.4*	**117,680,698**	118,763,216
	Transportation		**51,452,649**	34,330,945
	Rent, rates and taxes		**5,182,099**	1,551,420
	Traveling and accommodation		**10,205,172**	3,264,943
	Others		**7,949,593**	6,700,175
			1,600,961,766	1,197,655,359
			4,834,583,438	4,303,445,014

	Note	2024	2023
		(Rupees)	
Opening work-in-process		**133,110,261**	88,488,789
		4,967,693,699	4,391,933,803
Closing work-in-process	*12*	**(269,044,165)**	(133,110,261)
Cost of goods manufactured		**4,698,649,534**	4,258,823,542
Finished goods			
Opening stock		**75,569,099**	10,755,258
Closing stock	*12*	**(81,152,675)**	(75,569,099)
		(5,583,576)	(64,813,841)
		4,693,065,958	4,194,009,701

31.1 Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 18.69 million (2023: Rs. 14.03 million).

		Note	2024	2023
32	**ADMINISTRATIVE EXPENSES**		(Rupees)	
	Salaries, wages and other benefits	*32.1*	**109,431,081**	70,658,235
	Directors' remuneration		**54,978,738**	46,004,308
	Vehicle maintenance		**15,484,515**	13,813,395
	Legal and professional		**9,593,643**	8,615,751
	Traveling and accommodation		**21,223,667**	6,227,830
	Insurance		**1,076,921**	547,086
	Fees and subscription		**16,431,789**	12,312,552
	Rent, rates and taxes	*32.2*	**7,359,138**	12,351,000
	Advertisement		**739,322**	434,897
	Postage and stationery		**1,186,233**	1,040,471
	Donation	*32.3*	**4,630,000**	5,472,500
	SAP service charges		**7,340,299**	-
	Telephone		**2,746,404**	1,350,991
	Newspaper and periodicals		**5,255**	10,050
	Transportation		**1,136,859**	-
	Amortization	*10.2*	**3,167,220**	128,004
	Fuel and power		**3,648,175**	2,325,796
	Auditors' remuneration	*32.4*	**4,991,232**	2,747,412
	Depreciation	*9.4 & 9.7*	**19,921,330**	5,381,368
	Repair and maintenance		**4,568,820**	1,988,601
	Security		**4,443,752**	1,642,844
	Water		**379,590**	447,131
	Others		**8,135,415**	6,759,047
			302,619,397	200,259,269

32.1 Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 10.09 million (2023: Rs. 8.06 million).

32.2 This represents expense relating to short term lease.

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

	Note	2024 (Rupees)	2023
Kiran foundation		**1,300,000**	-
Karachi institute of kidney diseases association		**600,000**	600,000
The citizen foundation		**500,000**	500,000

32.4 Auditor's remuneration

Audit fee		**3,200,000**	1,409,399
Fee for review of half yearly		**600,000**	302,500
Fee for review of code of corporate governance		**200,000**	91,053
Other services		**350,000**	247,500
Out of pocket expenses		**641,232**	696,960
		4,991,232	2,747,412

33 MARKETING AND DISTRIBUTION EXPENSES

	Note	2024 (Rupees)	2023
Salaries, wages and other benefits	*33.1*	**33,448,120**	26,950,828
Vehicle running and maintenance		**4,042,956**	3,692,847
Travelling and accommodation		**4,321,663**	809,217
Cartage and Octroi		**83,488,324**	58,836,382
Postage and stationery		**370,027**	1,239,584
Fees and subscription		**-**	518,856
Telephone		**311,205**	269,548
SAP service charges		**12,687,818**	-
Power / electricity		**168,574**	88,953
Sales promotion		**14,598,762**	6,764,158
Depreciation	*9.4 & 9.7*	**2,669,168**	1,763,165
Insurance		**284,764**	130,552
Others		**192,008**	581,942
		156,583,388	101,646,032

33.1 Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 2.53 million (2023: Rs. 1.39 million).

34 FINANCE COSTS

	Note	2024 (Rupees)	2023
Mark-up on islamic mode of financing:			
- diminishing musharika arrangements		**12,265,938**	23,624,232
- istisna arrangement		**74,962,252**	74,103,880
		87,228,190	97,728,112
Others:			
- lease liabilities	*22*	**11,234,443**	246,671
- letters of credit		**-**	4,752,607
- gas infrastructure development cess		**8,095,124**	(2,221,263)
- interest on workers' profits participation fund	*26.1*	**18,125,674**	18,302,734
- bank charges		**10,435,438**	14,933,403
		47,890,679	36,014,152
		135,118,869	133,742,264

35 OTHER OPERATING EXPENSES

	Note	2024 (Rupees)	2023
Worker's profit participation fund	*26.1*	**22,128,854**	38,447,246
Workers welfare fund		**9,182,853**	12,625,267
Exchange loss - net		**-**	168,194,084
Surcharge on annual maintenance charges		**-**	955,368
Others expenses		**-**	34,769,464
		31,311,707	254,991,429

36 OTHER INCOME

	2024 (Rupees)	2023
Income from islamic banks	**8,668,262**	-
Scrap sales	**14,111,475**	16,580,778
Exchange gain - net	**17,371,827**	-
Loss on sale of operating fixed assets	**(5,585,762)**	5,657,191
Others	**83,518,660**	92,728,881
	118,084,462	114,966,850

37 TAXATION

	2024 (Rupees)	2023
Final taxes		
Final tax	**1,029,422**	-
Income tax		
Current	**176,412,755**	195,589,177
Prior	**11,761,062**	(5,736,144)
Deferred	**(28,280,152)**	131,598,641
	159,893,665	321,451,674
	160,923,087	321,451,674

37.1 This represents final tax paid on export sale under section 154 of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

37.2 The income tax assessment of the Company has been finalized up to tax year 2023.

37.3 Relationship between income tax expense and accounting profit:

	2024	2023
	(Rupees)	
Profit for the year	417,613,974	700,665,187
Tax at the enacted tax rate 29% (2023: 29%)	121,108,053	203,192,904
Super tax under section 4C 8% (2023: 10%)	33,409,118	76,476,095
Prior year tax	11,761,062	(5,736,144)
Effect of rate difference	(7,290,657)	45,352,006
Effect of permanent difference	-	3,403,591
Others	906,090	(1,236,779)
	159,893,665	321,451,673
Effective tax rate	38%	46%
Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:		
Current tax liability for the year as per applicable tax laws	177,442,176	195,589,177
Portion of current tax liability as per tax laws, representing income tax under IAS 12	(176,412,755)	(195,589,177)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37	(1,029,422)	-
Difference	-	-

38 EARNING PER SHARE-BASIC AND DILUTED

Profit attributable to ordinary shareholders	257,720,309	379,213,514
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	59,301,150	59,301,150
	(Rupees)	
Earnings per share - basic and diluted	4.35	6.39

There were no convertible dilutive potential ordinary shares outstanding as at June 30, 2024 and June 30, 2023.

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

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

	Chief Executive		Director		Executives	
	2024	2023	2024	2023	2024	2023
	(Rupees)		(Rupees)		(Rupees)	
Remuneration	31,738,979	25,579,014	18,152,256	11,440,671	79,292,217	74,270,947
Medical allowance	3,900,000	3,000,002	1,187,502	1,098,100	4,820,559	2,363,666
Other perquisites (Motor vehicle maintenance etc.)	1,025,727	1,042,424	1,651,433	1,259,103	15,361,588	12,658,431
	36,664,706	29,621,440	20,991,192	13,797,874	99,474,364	89,293,044
Number of person(s)	1	1	1	1	21	18

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

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

Aggregate amount charged in the financial statements for fees to non-executive director is Rs. 3.22 million (2023: Rs. 2.64) against attending the board meetings.

40 TRANSACTIONS WITH RELATED PARTIES

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

Directors and Key Management Personnel	2024	2023
	(Rupees)	
Remuneration	94,910,930	77,781,147
Office rent charged	-	6,175,500
Office rent received	-	3,489,600
Office rent paid	-	6,175,500

Common Directorship	2024 (Rupees)	2023 (Rupees)
Toyo Packaging (Private) Limited		
Sale of goods / processing charges	**257,444,653**	249,918,745
Receipts against sale of goods / processing charges	**247,457,690**	331,511,565
Hilal Foods (Private) Limited		
Sale of goods	**43,174,062**	41,742,178
Receipts against sale of goods	**51,229,158**	33,910,245
Shalimar Food Products		
Sale of goods	**26,241,396**	9,084,311
Receipts against sale of goods	**19,612,887**	11,172,625
Mac Properties (Private) Limited		
Office rent charged	**7,359,138**	6,175,500
Office rent paid	**7,029,138**	6,175,500
Mac Business Solutions (Private) Limited		
Sale of goods	**230,078,366**	36,604,565
Receipts against sale of goods	**215,698,780**	17,702,548
TGA Sustainability (Private) Limited		
Sale of goods	**133,464,664**	276,134,255
Receipts against sale of goods	**188,188,325**	228,156,618
Receipts against utilities	**4,828,560**	4,871,399

40.1 The related parties status of outstanding receivables, if any, as at June 30, 2024 and June 30, 2023 are disclosed in respective notes to these financial statements.

41 CASH GENERATED FROM OPERATIONS	*Note*	2024 (Rupees)	2023 (Rupees)
Profit before income taxes		**417,613,974**	700,665,187
Adjustments for non-cash and other items:			
Depreciation	*9.4 & 9.7*	**140,271,196**	125,907,749
Amortization	*10.1*	**3,167,220**	128,004
Provision for gratuity	*24.2*	**31,318,438**	23,473,044
Finance costs	*34*	**135,118,869**	133,742,264
Final Tax	*37*	**1,029,422**	-
Impairment loss on trade receivables	*13.1*	**149,980**	35,115,407
Exchange (gain) / loss - unrealized	*35*	**(6,970,404)**	14,172,506
Loss / (gain) on disposal of operating fixed assets	*36*	**5,585,762**	(5,657,191)
		309,670,483	326,881,783
		727,284,457	1,027,546,970
Working capital changes	*41.1*	**(181,113,129)**	(376,980,984)
		546,171,328	650,565,986

41.1 Working capital changes	2024 (Rupees)	2023 (Rupees)
(Increase) / Decrease in current assets		
Stock-in-trade	**33,867,998**	(102,116,744)
Stores and spares	**(14,895,501)**	(46,579,607)
Trade receivables-net	**(39,581,015)**	(240,583,623)
Loans and advances	**22,912,898**	(16,580,701)
Short trade deposits, prepayments and other receivables	**101,012,620**	(185,166,425)
Sales tax refundable / (payable)	**(59,003,516)**	36,491,018
	44,313,484	(554,536,082)
(Decrease) / Increase in current liabilities		
Short term borrowings	**111,359,702**	(182,832,751)
Trade and other payables	**(336,786,315)**	362,609,112
Gas infrastructure development cess payable	**-**	(2,221,263)
	(181,113,129)	(376,980,984)

42 FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT

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

42.1 Credit risk

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

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

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

	Note	2024 (Rupees)	2023 (Rupees)
Long-term deposits	*11*	**16,815,042**	12,776,285
Trade debts	*13*	**899,842,277**	860,411,242
Loans and advances	*14*	**47,299,910**	70,212,808
Trade deposits and other receivables	*15*	**147,306,553**	252,340,709
Bank balances	*18*	**141,184,042**	262,311,364
		1,252,447,824	1,458,052,408

Quality of financial assets

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

	2024	2023
	(Rupees)	
Bank balances		
A1+ (PACRA)	**27,944,904**	76,671,865
A-1+ (JCR VIS)	**66,037,245**	184,982,933
A-1 JCR VIS	**47,197,665**	652,338
A-2 (JCR VIS)	**4,228**	4,228
	141,184,042	262,311,364

42.2 Market risk

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

(i) Interest rate risk

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

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

		Increase / decrease in basis points	Effect on profit before tax (Rupees)
June 30, 2024	**+**	**100**	**3,891,648**
	-	**100**	**(3,891,648)**
June 30, 2023	+	100	3,028,022
	-	100	(3,028,022)

(ii) Foreign currency risk

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

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

	2024	2023
	(US Dollar)	
Creditors	**2,283,487**	2,231,553
	(EURO)	
Creditors	**192,084**	287,889

Following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of all currencies applied to assets and liabilities as at June 30, 2024 represented in foreign currencies, with all other variables held constant, of the Company's loss before tax.

	Change in exchange rate (%)	Effect on profit before tax (Rupees)
June 30, 2024	**+10%**	**69,276,923**
	-10%	**(69,276,923)**
June 30, 2023	+10%	72,829,229
	-10%	(72,829,229)

(iii) Other price risk

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

42.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The management believes that it will be able to fulfill its financial obligations.

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

	On demand	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
June 30, 2024	---------- (Rupees) ----------					
Lease liabilities	-	4,757,238	4,757,238	47,262,164	-	56,776,640
Diminishing musharika	-	11,947,334	11,947,334	16,721,796	-	40,616,463
Trade and other payables	-	1,605,188,067	-	-	-	1,605,188,067
Accrued mark-up	13,972,124	-	-	-	-	13,972,124
Short-term borrowings	-	325,180,889	-	-	-	325,180,889
	13,972,124	1,947,073,528	16,704,572	63,983,960	-	2,041,734,183
June 30, 2023						
Lease liabilities	-	292,939	292,939	776,392	-	1,362,269
Diminishing musharika	-	15,792,832	15,792,832	51,507,908	-	83,093,573
Trade and other payables	-	1,919,942,286	302,875	-	-	1,920,245,161
Accrued mark-up	6,696,989	-	-	-	-	6,696,989
Short-term borrowings	-	213,821,187	-	-	-	213,821,187
	6,696,989	2,149,849,244	16,388,646	52,284,300	-	2,225,219,179

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

43 DISCLOSURE REQUIREMENT FOR SHARIAH COMPLIANT COMPANIES

The Company has relationship with Meezan Bank Limited, Bank Alfalah Limited, Faysal Bank Limited, Soneri Bank Limited, United Bank Limited, Dubai Islamic Bank Pakistan Limited, Al-Baraka Bank Pakistan Limited, Bank Alhabib Limited being our Islamic banks which are fully disclosed in these financial statements.

44 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and,

Level 3: Inputs other than quoted prices included in Level I that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

As at June 30, 2024, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value. Other than the finacial asset as stated above, the Company has a lease hold land which is stated at fair. The fair valuation of land is considered to represent a level 2 valuation based on the inputs to the valuation technique used.

45 CAPITAL RISK MANAGEMENT

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

The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital and reserves. The gearing ratio as at June 30, 2024 and June 30, 2023 are as follows:

	Note	2024 (Rupees)	2023
Lease liabilities	*22*	56,776,640	1,362,269
Accrued mark-up	*28*	13,972,124	6,696,989
Diminishing musharika arrangement	*21*	40,616,463	83,093,573
Short-term borrowings	*27*	325,180,889	213,821,187
Total debts		436,546,116	304,974,018
Less: Cash and bank balances	*18*	(146,593,352)	(267,862,572)
Net debt		289,952,764	37,111,446
Share capital	*19*	593,011,500	593,011,500
Reserves		1,643,959,771	1,300,242,061
Total equity		2,236,971,271	1,893,253,561
Total capital		2,526,924,035	1,930,365,007
Gearing ratio		11.47%	1.92%

46 OPERATING SEGMENTS

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

	2024 (Number)	2023
47 NUMBER OF EMPLOYEES		
At year end	214	186
Average employees during the year	214	186

48 CAPACITY AND PRODUCTION

Operational capacity	2024 Rated Capacity	2024 Actual production	2023 Rated Capacity	2023 Actual production
	(Metric Tons)			
BOPP – Port Qasim Authority	15,000	11,568	15,000	11,669
CPP – Port Qasim Authority	7,000	6,026	7,000	6,164

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

	Note	2024	2023
49 CASH AND CASH EQUIVALENTS		(Rupees)	
Cash and bank balances	18	146,593,352	267,862,572

50 SUBSEQUENT EVENTS

The Board of Directors of the Company in their meeting held on September 18, 2024 have recommended cash dividend of Rs. 1.25 per share (2023: Rs. 1.5 per share) amounting to Rs. 74.1 million (2023: Rs. 88.9 million) for the year ended June 30, 2024.

51 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 18, 2024 by the Board of Directors of the Company.

Chief Executive Officer | Director | Chief Financial Officer

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SHAREHOLDERS INFORMATION

PATTERN OF **SHAREHOLDING**

as at June 30, 2024

# Of Shareholders	Shareholdings'Slab			Total Shares Held
168	1	to	100	1,927
386	101	to	500	185,047
193	501	to	1000	175,972
237	1001	to	5000	642,108
79	5001	to	10000	628,883
26	10001	to	15000	328,325
19	15001	to	20000	354,750
12	20001	to	25000	281,243
11	25001	to	30000	303,565
3	30001	to	35000	92,937
3	35001	to	40000	120,000
5	40001	to	45000	218,325
7	45001	to	50000	345,500
1	50001	to	55000	52,500
1	55001	to	60000	60,000
2	60001	to	65000	130,000
1	70001	to	75000	75,000
1	85001	to	90000	89,212
1	90001	to	95000	93,000
2	95001	to	100000	198,000
1	115001	to	120000	115,414
1	130001	to	135000	133,900
2	135001	to	140000	272,310
4	145001	to	150000	600,000
1	150001	to	155000	153,170
2	195001	to	200000	400,000
2	240001	to	245000	489,000
1	255001	to	260000	256,000
1	275001	to	280000	277,768
1	320001	to	325000	325,000
1	375001	to	380000	377,699
1	380001	to	385000	383,000
1	390001	to	395000	394,441
1	455001	to	460000	457,500
1	510001	to	515000	513,390
1	570001	to	575000	570,500
1	595001	to	600000	600,000
1	655001	to	660000	658,942
1	700001	to	705000	700,125
2	760001	to	765000	1,525,000
1	820001	to	825000	824,000
1	1000001	to	1005000	1,000,671
1	1045001	to	1050000	1,050,000
1	1105001	to	1110000	1,107,519
1	1165001	to	1170000	1,169,692
1	1565001	to	1570000	1,570,000
1	4665001	to	4670000	4,666,000
2	8400001	to	8405000	16,801,925
1	8425001	to	8430000	8,428,107
1	9100001	to	9105000	9,103,783
1,196				**59,301,150**

CATEGORIES OF **SHAREHOLDERS**

2024

as at June 30, 2024

Categories of Shareholders	Shareholders	Shares Held	Percentage
Government of Pakistan			
EMPLOYEES OLD AGE BENEFITS INSTITUTION	1	4,666,000	7.87
Directors, Chief Executive Officer and their spouse(s) and minor children			
EHTESHAM MAQBOOL ELAHI	3	9,845,404	16.60
HABIB ELAHI	2	9,163,462	15.45
SHARIQ MAQBOOL ELAHI	3	9,163,375	15.45
NAEEM ALI MOHAMMAD MUNSHI	1	9,103,783	15.35
NAJMUL HASSAN	1	133,900	0.23
MAQBOOL ELAHI SHAIKH	1	89,212	0.15
SHABBIR HAMZA KHANDWALA	1	500	0.00
HAFSA ABBASY	1	500	0.00
FAHAD MUNSHI	1	500	0.00
Associated Companies, undertakings and related parties	-	-	-
NIT & ICP	-	-	-
Banks Development Financial Institutions, Non Banking Financial Financial Institutions.	1	6,500	0.01
Insurance Companies	-	-	-
Modarabas and Mutual Funds	3	1,770,061	2.98
General Public			
a. Local	1142	13,673,136	23.06
b. Foreign	19	106,646	0.18
OTHERS	16	1,578,171	2.66
Total	**1196**	**59,301,150**	**100.00**

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

SHAREHOLDER INFORMATION

Registered Office

Plot No. 44-C, Block-6, P.E.C.H.S., Main Razi Road, Karachi.

Email: info@macpacfilms.com

Shares of Macpac Films Limited are listed on Pakistan Stock Exchange

Stock Code

The stock code for dealing in equity shares of Macpac Films Limited at PSX is 'MACFL'

Contact Info

Email: company.secretary@macpacfilms.com
Tel: +92-21-111-MFL-111

Shares Registrar

CDC Share Registrar Services Limited
CDC House, 99–B, Block B, S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi-74400
Tel: Customer Support Services (Toll Free)
0800-CDCPL (23275)
Fax: (92-21) 34326034
Email: info@cdcpak.com
Website: www.cdcpakistan.com

NOTICE OF THE 29TH ANNUAL GENERAL MEETING

2024

NOTICE is hereby given that the Twenty-Ninth Annual General Meeting ("AGM") of the Members of Macpac Films Limited (the "Company") will be held on Thursday, October 24, 2024 at 10:00 A.M. at Habitt Auditorium, Ground Floor, Main Shahrah-e-Faisal, Karachi, as well as through video conferencing facility to transact the following businesses:

Ordinary Business

1. To receive the audited accounts of the Company for the financial year ended June 30, 2024, together with the Chairman's Review Report, Report of the Directors and the Auditor's Report thereon ('Annual Report 2024').

   https://www.macpacfilms.com

2. To consider and, if thought fit, approve as recommended by the Board of Directors, the final cash dividend at the rate of Rs 1.25 per share i.e., 12.5% for the year ended June 30, 2024.
3. To appoint Auditors for the year 2024-25 and to fix their remuneration. The present auditors, M/s KPMG Taseer Hadi, Chartered Accountants, being eligible, have offered themselves for re-appointment.
4. To elect seven (07) directors of the Company as fixed by the Board of Directors in their meeting held on September 18, 2024 for a term of three years in accordance with the provisions of Section 159(1) of the Companies Act, 2017 ("Act"). The names of the retiring Directors who are eligible for re-election are:

   (i) Mr. Naeem Ali Muhammad Munshi
   (ii) Mr. Najmul Hassan
   (iii) Mr. Ehtesham Maqbool Elahi
   (iv) Mr. Shabbir Hamza Khandwala
   (v) Ms. Hafsa Abbasy
   (vi) Mr. Shariq Maqbool Elahi
   (vii) Mr. Fahad Munshi

Special Business

5. To amend the Objects Clause of the Memorandum of Association (MOA) of the Company by passing a Special Resolution as under:

   "RESOLVED THAT the Objects Clause of the Memorandum of Association of Macpac Films Limited be and is hereby appropriately amended to enable the Company to comply with the Shariah compliance requirements as stipulated in Shariah Compliance Certificate dated July 18, 2024 issued to the Company by the Securities and Exchange Commission of Pakistan (SECP).

   FURTHER RESOLVED THAT the Chief Executive Officer, Managing Director, Chief Financial Officer and Company Secretary be and are hereby authorized singly and/or jointly by any two of them to do all acts, deeds, and things, and to take all necessary steps to give effect to this Special Resolution, including but not limited to, signing, executing and filing any forms and documents with the regulatory authorities."

The information as required under Sections 166(3) and 134(3) of the Companies Act, 2017, is annexed.

By order of the Board

Aquil A. Khan
Company Secretary

Karachi: October 1, 2024

Notes:

1. ELECTION OF DIRECTORS:

A. Pursuant to Section 159(1) of the Companies Act, 2017, the Board of Directors has fixed the number of Directors at seven (07), to be elected in the AGM of the Company for a period of three (03) years. In terms of Regulation 7A of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the election will be held in the following categories for number of seats specified.

Category	Number of Seats
Female Director	One
Independent Directors	Two
Other Directors	Four

B. Every candidate for the election must be a member of the Company except for the person representing a member who is a non-natural person.

C. Any person who seeks to contest the election for the office of director shall, whether he is a retiring director or otherwise, file the following documents/information with the Company at its registered office, no later than fourteen (14) days before the date of meeting:

i. Notice of his/her intention to offer himself /herself for election as a director in terms of Section 159(3) of the Companies Act, 2017, stating any one category in which he/she intends to be elected as required under Regulation 7A of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
ii. Consent to act as director on Appendix to Form-9 under section 167 of the Companies Act, 2017 along with an attested copy of CNIC, NTN or Passport.
iii. A detailed profile of the Candidate including his/her office address for placement onto the Company's website as required under SECP's SRO 1196(I) / 2019 dated October 03, 2019.

iv. A declaration confirming that:

- He/she is not ineligible to become a director of a listed company under any provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and any other applicable laws, rules and regulations.
- He/she is aware of his/her duties, liabilities and powers under the Companies Act 2017, the Securities Act 2015, Listed Companies (Code of Corporate Governance) Regulations, 2019, Rule Book of Pakistan Stock Exchange, Memorandum and Articles of Association and all other applicable laws/rules/regulations/codes etc.
- He / she is not a minor; neither of unsound mind nor an un-discharged insolvent.
- He / she is borne on the register of National Taxpayers.
- He / she has not been convicted by a court as defaulter in payment of loan to a financial institution, Development Financial Institution and Non-Banking Financial Institution
- He / she is not serving as director, including Alternate Director, in more than seven listed companies simultaneously.
- Neither he / she nor his / her spouse is engaged in the business of stock brokerage.

v. Copy of valid CNIC (in case of Pakistani national)/ Passport (in case of foreign national), and NTN and Folio Number/CDC Investors Account No. /CDC Sub-Account No (applicable for person filing consent for the first time). Details of Directorships and Offices held in other companies with respective dates

D. Independent Directors shall be elected through the process of Election of Directors required under section 159 of the Companies Act, 2017. Independent Director(s) shall meet the criteria laid down in Section 166 of the Companies Act, 2017 as well as the Companies (Manner and Selection of Independent Directors) Regulations, 2018. Accordingly, the following additional documents are to be submitted by the candidates intending to contest election of directors as an Independent Director:

I. Declaration by Independent Director under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
II. Undertaking on appropriate denomination of non-judicial stamp paper that he / she meets the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

2. NOTICE OF BOOK CLOSURE

The share transfer books of the Company will remain closed from October 17, 2024, to October 24, 2024 (both days inclusive). Transfers received, in order, at the office of our Share Registrar M/s. CDC Share Registrar Services Limited, CDC House-99B, Block 'B', S.M.C.H.S., main Shahrah–e-Faisal, Karachi-74400, by the close of business on October 16, 2024, will be considered in time for the determination of the entitlement of the shareholders to final cash dividend and to attend and vote at the meeting.

3. PARTICIPATION IN THE AGM PROCEEDINGS VIA VIDEO LINK FACILITY

In addition to in person meeting, the Company shall also hold its AGM through video link facility in pursuance to Circulars notified by the SECP. The members/proxies interested to participate in the AGM through this facility, are requested to get themselves registered with the Company at cdcsr@cdcsrsl.com or WhatsApp Number: 0321-8200864 by providing the following details: –

Shareholder Name	Company Name	Folio/ CDC Number	CNIC Number	Cell Number	Registered Email Address
	MACPAC FILMS Ltd.				

Video-link and login credentials will be shared with the members/proxies whose emails containing all the above particulars are received at the given email address by the close of business on October 22, 2024.

The members can also provide their comments and questions for the agenda items of the AGM on email: investors@macpacfilms.com

The Company shall communicate any relevant updates regarding the meeting, including any changes to the arrangements outlined in the Notice of AGM, will be announced via a Regulatory Information Service (PUCARS) and will also be available on https://www.macpacfilms.com

4. Appointment of Proxy and participation in the AGM

A member entitled to attend, speak, and vote at the AGM is entitled to appoint another member as his/her proxy to attend, speak and vote on his/her behalf. A proxy must be a member of the Company.

The instrument appointing proxy must be deposited at the Registered Office of the Company duly signed, not later than 48 hours before the time of the AGM. A member cannot appoint more than one proxy. An attested copy of the shareholder's Computerized National Identity Card (CNIC) must be attached with the Proxy form. The instrument appointing Proxy is available on the Company's website (https://www.macpacfilms.com)

Owners of the physical shares and of the shares registered in the name of Central Depository Company of Pakistan Ltd. (CDC) and / or their proxies are required to produce their original valid Computerized National Identity Card (CNIC) or Passport, for identification purposes, at the time of attending the meeting in person. In the case of a corporate entity, the Board of Directors' resolution/Power of Attorney, with specimen signature of the nominee, shall be produced at the time of the meeting (unless it has been provided earlier).

5. Dividend Mandate/Submission of CNIC/NTN Number (MANDATORY):

Members are requested to provide copy of valid CNIC/NTN Certificate to their respective Participant/CDC Investor Account Services in case of Book-Entry Form, or to Company's Share Registrar in case of Physical Form, duly quoting thereon Company's name and respective folio numbers.

Shareholders are requested to notify the Company's Share Registrar if there is any change in their registered postal addresses.

Pursuant to Section 242 of the Companies Act, 2017 and Regulation No. 4 & 6 of the Companies (Distribution of Dividend) Regulations, 2017, the Company shall be constrained to withhold the payment of dividend to shareholders, in case of non-availability of identification number (CNIC or National Tax Number) and/or bank account details of the shareholder or authorized person.

Accordingly, the shareholders, who have not yet submitted a copy of their valid CNIC or NTN certificate, are once again requested to immediately submit the same to the Company's Share Registrar at CDC Share Registrar Services Limited, CDC House, 99-B, Block – B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Those shareholders who hold shares in dematerialized form are requested to submit the dividend bank mandate form duly filled to their participant/investor account services at CDC. Corporate entities are requested to provide their National Tax Number (NTN) and Folio Number along with the authorized representative's CNIC copy.

6. Circulation / Transmission of Annual Report 2024 and Notice of Meeting

In accordance with the provisions of Section 223 of the Companies Act, 2017, and the shareholders' approval obtained in the last AGM held on October 16, 2023 pursuant to the SECP SRO 389(1)/2023 dated March 21, 2023, the audited financial statements of the Company for the year ended June 30, 2024, can be accessed on the Company's website: https://www.macpacfilms.com by using the QR Code/weblink as provided above.

This notice of AGM is also being circulated through post/courier to the members in accordance with the provisions of the Companies Act, 2017. Annual Report 2024 is also being sent electronically to members via email whose email addresses are available with the CDC or the Share Registrar.

Any shareholder requiring a printed copy of the Annual Report 2024 shall be provided with a copy free of cost within seven working days of receipt of such request.

7. Conversion of Physical Shares into Book-Entry Form

Pursuant to Section 72 of the Companies Act and directive issued by SECP vide its letter No. CSD/D/Misc./2016-639-640 dated 26 March 2021, all listed companies are required to pursue their shareholders who still hold shares in physical form, requiring them to convert their shares in Book-Entry-Form.

In view of the aforesaid requirement, shareholders of the Company are requested to convert their physical shares into book-entry form as soon as possible. Conversion of shares into book-entry form would facilitate the shareholders i.e., readily available market for instant sale and purchase of shares, elimination of risk of loss and damage, easy and safe transfer and less formalities as compared to physical shares. Shareholders may contact the Share Registrar of the Company for assistance in the conversion of shares.

8. Postal Ballot / E-voting

In accordance with the Companies (Postal Ballot) Regulations, 2018, Sections 143 and 144 of the Companies Act 2017 and under Postal Ballot Regulation, 2018 latest amendments circulated through SRO dated December 05, 2022, SECP has directed all listed companies to arrange for polling through postal ballo/ e-voting on Special Business / election of directors, if the number of persons who offer themselves to be elected is more than the number of directors fixed under Section 159 (1) of the Companies Act, 2017. Accordingly, shareholders will be allowed to exercise their right to vote through postal ballot i.e. by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations. Details will be circulated in due course.

9. Mandatory Registration Details of Physical Shareholders

According to Section 119 of the Companies Act 2017 and Regulation 47 of the Companies Regulations, 2024, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile/telephone number, International Bank Account Number (IBAN), etc. to our Share Registrar, CDC Share Registrar Services Limited, CDC House, Main Shahra-e-Faisal, Karachi immediately, to avoid any non-compliance of law or any inconvenience in future.

10. Unclaimed Dividends / Shares

Shareholder who by any reason could not claim their dividends/shares, if any, are advised to contact our Share Registrar, CDC Share Registrar Services Limited, CDC House, Main Shahrah-e-Faisal, Karachi.

In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividends/shares remaining unclaimed for a period of three years or more, shall be deposited with the Federal Government/SECP.

11. Withholding tax on Dividend:

Withholding tax on Dividend In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001, will be deducted for 'filer' and 'non-filer' shareholders at 15% and 30% respectively. A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all members are advised to ensure that their names appear in the latest available ATL on FBR's website, otherwise tax on their cash dividend will be deducted at 30% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Share Registrar / Transfer Agent CDC Share Registrar Services Limited (CDCSR), of the Company by the first day of book closure.

According to the clarification from the FBR, withholding tax in case of joint accounts will be determined separately based on the 'Filer/ Non-Filer' status of the principal member as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal member and the joint holder(s) in respect of shares held by them to our Share Registrar / Transfer Agent, CDC Share Registrar Services Limited (CDCSR), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal member and the joint holder(s).

12. Zakat Declaration (CZ-50):

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. Please submit your Zakat declarations under the Zakat and Usher Ordinance, 1980 & Rule 4 of the Zakat (Collection and Refund) Rules,1981, in case you want to claim exemption, with your brokers or the Central Depository Company of Pakistan Limited (in case the shares are held in Book-Entry Form) or to Bank's Share Registrar and Transfer Agent (in case the shares are held in Physical Form) at above mentioned address.

Statement of Material Facts in respect of Appointment of Independent Directors under Section 166 (3) of the Companies Act, 2017

Section 166 (3) of the Companies Act, 2017 requires that a statement of material facts is annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing the appointee for appointment as independent director.

Accordingly, it will be ensured that the independent directors to be elected will meet the criteria set out for independence under Section 166 of the Companies Act, 2017 and Companies (Manner and Selection of Independent Directors) Regulations, 2018 and their names are listed on the data bank of independent directors maintained by Pakistan Institute of Corporate Governance duly authorized by the SECP. Appropriate competency, diversity, skill set, knowledge and experience of the contestants shall also be assessed during the finalization of independent directors.

No director has direct or indirect interest in the aforesaid business, except as shareholders and they may consent for election of directors accordingly.

Statement of Material Facts in respect of the Special Business at Agenda item No.5 regarding amendment in the Objects Clause of the Company's Memorandum of Association (MOA)

The SECP granted the Company Shariah Compliance Certificate dated July 18, 2024 (Sharia Compliance Certificate). One of the conditions of the Shariah Compliance Certificate is that the Company should amend the Objects Clause of its MOA to appropriately include in it a clause that the Company will act in accordance with the Shariah rules and principles and that the Company shall put in place the necessary Shariah Governance Framework to ensure continued Shariah compliance.

Accordingly, Shareholders' approval is being sought to carry out appropriate amendments in the Objects Clause of the Company's MOA by passing the Special Resolution as mentioned at Agenda item No.5.

An information sheet **(Appendix A)** showing the proposed amendments and another sheet **(Appendix B)** showing the amended text of the Objects Clause of the MOA are attached for perusal by the Members/Shareholders.

The Shariah Compliance Certificate was circulated by the Company through PUCARS on July 22, 2024 and is also available on the website of the Company: https://www.macpacfilms.com

No director has any interest, direct or indirect, in the aforesaid special business except to the extent of his/her shareholding in the Company.

APPENDIX ‘A’

Proposed Amendments in the Objects Clause III of Memorandum of Association of Macpac Films Limited:

(a) In clause (2), in sub-clause (a) the word *“debentures”* shall be substituted with the words **“Sukuk or other Islamic instruments”;**

(b) In clause (2), in sub-clause (a) after the words “*other negotiable and transferable instruments”* the words **“subject to Shariah compliance”** shall be inserted;

(c) In clause (2), in sub-clause (b) the word *“loan”* shall be substituted with the word **“financing”;**

(d) In clause (2), in sub-clause (b) before the word *“banks”* the word **“Islamic”** shall be inserted;

(e) In clause (2), in sub-clause (c) before the word *“loans”* the word **“interest free”** shall be inserted;

(f) In clause (2), in sub-clause (c) for the words *“debenture, stock bonds”* the words “sukuk or other Islamic instruments” shall be inserted;

(g) In clause (2), in sub-clause (f) after the words *“any such arrangements, rights, privileges, and concession”* the words **“subject to Shariah compliance”** shall be inserted;

(h) In clause (2), in sub-clause (i) after the words *“to the attainment of the above objects”* the words **“subject to Shariah permissibility”** shall be inserted;

(i) After clause (2), sub-clause (j), the following new sub-clause shall be inserted, namely: -

“(k) The Company shall act in strict accordance with Shariah rules and principles in all its business operations. To ensure continued Shariah compliance, the Company shall put in place and maintain a comprehensive Shariah Governance Framework.”

APPENDIX ‘B’

(Amended Text of Objects Clause)

The objects for which the Company is established are:

1. To set up industrial undertaking to manufacture, produce, buy and sell, Plastic Packaging films.

2. In order to carry out and fulfil the above object, the Company shall be authorized:

   a) to open bank account, arrange for overdraft facilities against securities of company property, to deposit and draw companies’ funds, to issue Sukuk or other Islamic instruments, to draw, make accept endorse, discount, execute, and issue promissory notes, bills of exchange, bills of lading, railway receipts, warrants guarantees and other negotiable and transferable instruments subject to Shariah compliance.

   b) to arrange for local currency and foreign currency financing from scheduled Islamic banks, industrial banks and financial institutions for the purpose of purchase and import of machinery, construction of factory building and for the purpose of working capital or for any other purpose which the directors deem fit.

   c) to guarantee the performance of the contracts and obligations of the company in relation to the payment of interest free loans, sukuk or other Islamic instruments, obligations or securities by or in favour of the company and to guarantee the payment or return on such investments or of dividends on any shares of the company.

   d) to sell and, in any other manner, deal with or dispose of the undertaking or property of the company or any part thereof for such consideration as the company may think fit.

   e) to acquire, improve, manage, develop, exchange, sell, mortgage. dispose off, turn to account or otherwise deal with all or any part of the property, rights, patents and concessions of the Company.

   f) to enter into any arrangements with any government or authorities, supreme, municipal, local or otherwise, that may seem conducive to the company’s objects any of them and to obtain from any such government or authority, and rights privileges and concessions which the Company may think desirable to obtain, and to carry out exercise and to comply with any such arrangements, rights, privileges, and concession subject to Shariah compliance.

   g) to maintain offices, branch offices, subsidiaries, agencies all over the world in such manners as required under the law.

   h) to import plant & machinery for the project and export products of the undertaking throughout the world.

   i) to do all such other things as are incidental or conducive in the opinion of the Company to the attainment of the above objects subject to Shariah permissibility.

   j) It is declared that notwithstanding anything contained in the foregoing object clauses of this memorandum of Association nothing contained therein shall be construed as empowering the company to undertake or indulge in the business indirectly as restricted under the law or any other unlawful business operations, and shall not engage in banking business or business if an investment company or leasing or insurance company.

   k) The Company shall act in strict accordance with Shariah rules and principles in all its business operations. To ensure continued Shariah compliance, the Company shall put in place and maintain a comprehensive Shariah Governance Framework.

PROXY FORM

MACPAC FILMS LIMITED

29TH Annual General Meeting

I/We, _____ of _____ ,being member (s) of Macpac Films Ltd, holding _____ ordinary shares, hereby appoint _____ of _____ or failing him/her _____ of _____, who is/are also member(s) of Macpac Films Ltd, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at 29th Annual General Meeting of the company to be held at 10:00 AM on October 24, 2024 at _____, Karachi-75400, Pakistan, and at any adjournment thereof.

Witness my/our hand (s) this _____ day of _____, 2024
Signed by the said _____

Witnesses:

1. Signature _____
   Name _____
   Address: _____
   CNIC or Passport No. _____

2. Signature
   Name _____
   Address: _____
   CNIC or Passport No. _____

Folio/CDC Account No.

Signature on revenue
Stamp of Rs. 5/-

Note:

2. This Proxy Form must be deposited at the Company's share registrar office as soon as possible but not later than 48 hours before time of holding of meeting. Failing to do so would render the Proxy Form invalid.

3. No person shall act as a proxy unless he/she is a member of the Company.

MACPAC FILMS ltd.

AFFIX CORRECT POSTAGE

MACPAC FILMS LIMITED

Registrar:

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

Fold : Here

Fold : Here

پراکسی فارم

میک پیک فلمز لمیٹڈ

میں مسٹی/ مسماۃ ---------- ساکن ----------

ضلع ---------- بحیثیت ممبر میک پیک فلمز لمیٹڈ، مسٹی مسماۃ ---------- ساکن ---------- کو

بطورِ مختار (پراکسی) مقرر کرتا ہوں تا کہ وہ میری طرف سے کمپنی کو اجلاسِ عام / سالانہ/ غیر معمولی اجلاس جو بتاریخ 24 اکتوبر 2024

10:00am منعقد ہو رہا ہے میں ووٹ ڈالے۔

گواہان

01 دستخط _____
نام _____
پتہ _____

شناختی کارڈ یا پاسپورٹ نمبر _____

02 دستخط _____
نام _____
پتہ _____

شناختی کارڈ یا پاسپورٹ نمبر _____

Signature on revenue stamp of Rs. 5/-

Folio/CDC Account No.

نوٹ

1۔ یہ پراکسی فارم کمپنی کے شیئرز رجسٹرار آفس کو میٹنگ کے کم از کم 48 گھنٹوں پہلے جمع کرانا لازمی ہے۔ بصورت دیگر یہ پراکسی فارم قابل قبول نہ ہوگا۔

2۔ کسی غیر ممبر کو پراکسی کے طور پر نامزد نہیں کیا جا سکتا ہے۔

MACPAC FILMS ltd.

AFFIX CORRECT POSTAGE

MACPAC FILMS LIMITED

Registrar:

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

Fold : Here

Fold : Here

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2024

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	Explanatory Note	
	Companies are recommended to assess the risks related to the potential theft or compromise of their technology, data or intellectual property in connection with their operations, as well as how the recognition of these risks may impact their business, including their financial condition and results of operations, and any effects on their reputation, stock price and long-term value. Where these risks are material to investment and voting decisions, they should be disclosed, and we encourage companies to provide disclosure that allows investors to evaluate these risks through the eyes of management. Please note that disclosure about these risks should be specifically fit to a company's unique facts and circumstances. We trust that corporations should continue to consider this growing area of risk and evaluate its materiality on an ongoing basis.	
	Further, the Company should not make such detailed disclosures that could compromise its cybersecurity efforts – for example, by providing a "roadmap or product details" for those who seek to penetrate a company's security protections. However, companies should disclose IT governance and cybersecurity risks and incidents that are material to investors, including the associated financial, legal, or reputational consequences, if any.	
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