



UNITY FOODS LIMITED
food for life!

Bringing joy to the table

Annual
Report
2022





The Joy of Food and Togetherness

We are fuelled by our passion for food and health.

While the act of cooking is relaxing and pleasurable, it is a blessing to be able to eat together with friends and family. Food is an integral part of our culture and each part of the country has a unique taste of food that is enjoyed by all and helps people bond.

Food is our source of comfort, happiness and enriches every human experience.

Our Products

Unity Foods has a wide range of brands and products under its umbrella that are essential for everyday cooking. Our biggest brand Sunridge Foods offers a variety of fortified atta, maida, sugar, lentils, besan, suji, salt and rice. While Dastak offers a range of different oils and banaspati that is enriched with essential vitamins and minerals.

Other oil brands include Ethimam, Zauqeen, Lagan and Unity Oil that makes all your cooking tasty and nutritious. We also offer a range of animal feed, Pure, that helps with the healthy growth of poultry and livestock that will lead to healthy production.





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Vision

To be a reliable and sustainable supplier to the nation's food security system by developing and implementing an efficient farm to fork supply chain across the country.

Mission

Enhance food security in Pakistan by developing a sustainable and efficient farm to fork food supply chain system.

Core Values

- Our company-wide ethics comprise of integrity, excellence, innovation, teamwork, passion, ownership & safety
- We value honesty, trustworthiness and high ethical standards
- We strive for excellence in everything we do
- We value innovative efforts, ideas and methods to continually improve our business processes
- We work as one team and are passionate about delivering our corporate goals
- We pay careful consideration to the health and safety of our team members at the workplace





Company Information

Board of Directors

Lt. Gen. Omar Mahmood Hayat (Retd)	Chairman- Non Executive Director
Mr. Muhammad Farrukh	Chief Executive Officer
Mr. Abdul Majeed Ghaziani	Non- Executive Director
Mr. Muneer S. Godil	Independent Director
Ms. Lie Hong Hwa	Non-Executive Director
Mr. Amir Shehzad	Executive Director
Mr. Dr. Safdar Ali Butt	Independent Director

Lt. Gen. Omar Mahmood Hayat (Retd.) had been appointed as Director on August 05, 2022 and was appointed as the Chairman of the Board of Directors on October 4, 2022 in place of the outgoing Chairman /Independent Director Mr. Sulaiman Sadruddin Mehdi. Furthermore, Ms. Tayyaba Rasheed resigned as Independent Director from the Board of Directors on August 04, 2022. Dr. Safdar Ali Butt has been appointed as Independent Director on the Board of Directors on November 07, 2022.

As on June 30, 2022, the Composition of the Board committees were as follows:

Audit Committee	Ms. Tayyaba Rasheed Mr. Abdul Majeed Ghaziani Mr. Muneer S. Godil Mr. Amir Shehzad	Chairperson
Human Resources & Remuneration Committee	Ms. Tayyaba Rasheed Mr. Amir Shehzad Mr. Muneer S. Godil Mr. Abdul Majeed Ghaziani	Chairperson

The Board Committees were reconstituted on November 07, 2022 as follows

Audit Committee	Mr. Muneer S. Godil Dr. Safdar Ali Butt Mr. Abdul Majeed Ghaziani	Chairman
Human Resources & Remuneration Committee	Dr. Safdar Ali Butt Mr. Muhammad Farrukh Mr. Abdul Majeed Ghaziani Mr. Muneer S. Godil	Chairman
Chief Financial Officer	Mr. Jalees Edhi	
Company Secretary	Mr. Umar Shahzad	

Mr. Umar Shahzad was appointed as Company Secretary on July 04, 2022, in place of Syed Muhammad Tariq Nabeel Jafri.

Head of Internal Audit Chaudhary Waqas Shoukat

External Auditors Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
2-B, ATS Centre, 30-West, Block "A"
Fazal-ul-Haq Road, Blue Area,
Islamabad, Pakistan.
Phone No. 092-51-2878530-32, 2822785
Other Offices-Karachi, Lahore, Peshawar

On November 14, 2022 KPMG Taseer Hadi & Co. Chartered Accountants resigned as external auditors and the Board appointed Naveed Zafar Ashfaq Jaffery & Co, Chartered Accountants in their place for the year ended June 30, 2022.

For the year ending June 30, 2023 the Board of Directors has recommended to the shareholders, appointment of Naveed Zafar Ashfaq Jaffery & Co, Chartered Accountants as the external auditors of the Company.

Bankers

Al Baraka Bank (Pakistan) Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
Soneri Bank Limited
MCB Islamic Bank Limited
Bank Al Habib Limited
MCB Bank Limited
Meezan Bank Limited
Bank Al Falah Limited
Dubai Islamic Bank Limited
Askari Bank Limited
United Bank Limited
Bank Islami Pakistan Limited
Bank of Punjab
Standard Chartered Bank (Pakistan) Limited
Faysal Bank Limited
JS Bank Limited

Legal Advisor

Mohsin Tayebaly & Co.
1st Floor, Dime Centre, BC-4, Block-9 Kehkashan, Clifton, Karachi -75500
Phone # +92-21-111-682-529

Share Registrar

F.D. Registrar Services (Private) Limited 17th Floor,
Saima Trade Tower A.I.I. Chundrigar Road, Karachi -74000
Ph # 9221-32271905-6
Fax# 9221-32621233

Registered Office

Unity Tower, 8-C, PECHS Block-6, Karachi -75400.

Phone No.

Other Office

+92 21 34373605-607, 34388666, 34387666
Ground Floor, TAMC Building, Plot No. 27-C-3,
M.M. Alam Road, Gulberg-III, Lahore

Email

info@unityfoods.pk

Website

www.unityfoods.pk

Business

Import of Oil Seeds, Solvent Extraction, Refining and
Marketing of Edible Oil and processing of by-products.

Status of Company

Public Listed Company (PLC)

Company Registration number

0023133

National Tax Number

0698412-6

Contact Person

Mr. Umar Shahzad (Company Secretary)

Factories

Solvent Extraction Plant, Chemical Refinery and Pellitising Mills
N-25 & N-27 /B Site Area, Kotri District Hyderabad

Oil Refinery

A-48, (Chemical Area), Eastern Industrial Zone,
Port Qasim Authority, Karachi

Soap Plant

C-375, C-376, C-377, C-382, C-383, C-384
Hub Industrial Trading Estate, District Lasbella
Hub Balochistan

Feed Mill

Plot no. A-55 & 56, Industrial Zone, Port Qasim, Karachi

Directors' Profile

BOARD OF DIRECTORS

Lt Gen Omar Mahmood Hayat (Retd) – Chairman / Non Executive Director

Lt Gen Omar Mahmood Hayat (Retd), is an ex-military officer with 40 years' service in the Pakistan Army. He belonged to the Ordnance Corps and spent the earlier part of service on the Logistics side of the Army, dealing with supply chain issues. He has the distinction of serving as an instructor at the Army Command and Staff College and at the Armed Forces War College. He served as the Defense Procurement Attaché of Pakistan at Washington DC for over 3.5 years. He served as Chief of Staff in the Special Support Group for IDPs, looking after close to 4 million IDPs from Swat and South Waziristan Agency. He has close to 9 years of experience at board and executive level positions. He managed huge budgetary outlays of Pakistan Army as the Director General Procurement Army which enabled him to develop an understanding of the requirements for optimizing contractual negotiations and attaining value for money for the organization through a variety of contractual and strategic initiatives. Working as the head of Pakistan's largest public sector enterprise (Pakistan Ordnance Factories) enabled him to develop a sound understanding of not only managing commercial enterprise but also in optimizing organizational performance. Having worked as the Chairman of the National Disaster Management Authority and Earthquake Rehabilitation and Reconstruction Authority, gave him a broad understanding of the gaps and subsequent needs within the field of Disaster Management, especially within Pakistan. Having worked in collaboration with various international donors and multilateral originations working on the humanitarian side, enabled him to establish relationships with key local and international stakeholders within the field. He is now also the Chairman Board of Trustees of Pakistan Humanitarian Forum, a collection of 38 International NGOs.

Mr. Muhammad Farrukh – Chief Executive Officer / Director

Mr. Farrukh has over 20 years' local and international business experience in the fields of commodities trading, FMCG, animal feeds, import and export, joint venture and overall business management. Mr. Muhammad Farrukh is a seasoned businessman. He also has extensive experience in establishing, expanding and acquiring businesses and consolidating them into integrated business unit bringing synergy. Furthermore, he has established joint ventures with foreign collaboration channeling foreign investment in the country.

Mr. Abdul Majeed Ghaziani – Non-Executive Director

Abdul Majeed holds a B. Com from University of Karachi and is a member of Institute of Cost and Management Accountants of Pakistan. He passed the final examination of ICMAP in November 1994. Majeed has over twenty-five years' experience as entrepreneur in various agri-businesses that he established and managed. He has also completed the directors training program under the aegis of ICMAP in April 2019. He is an ex-treasurer of the Rice Exporters Association of Pakistan.

Mr. Muneer S. Godil – Independent Director

Mr. Muneer S. Godil is a graduate from the NED University of Engineering and Technology, with specialization in Energy and Power from the US. He is a recognized expert in his field having spent over two decades in planning, engineering and implementation of Green Field Projects including Power and Cogeneration. He has a wealth of experience to draw on in operating plants of various configurations. He is currently working as advisor to the Board of Directors of various global and nationally renowned companies, assisting them with planning, development and operational challenges.

Ms. Lie Hong Hwa – Non-Executive Director

Ms. Lie is Deputy General Manager with Wilmar Trading Pte. Ltd. (a direct wholly owned subsidiary of Wilmar International Limited). She oversees commercial aspects of the lauric crushing business of the group, including assets management, trading, logistic, and business development. She has extensive experience in lauric oil and meal supply chain management. She graduated from Polytechnic of University of North Sumatera Indonesia. She is also a Director of Wilmar Pakistan Holdings Pte. Ltd. (a shareholder of Unity Foods Limited and a direct wholly owned subsidiary of Wilmar International Limited).

Dr. Safdar Ali Butt – Independent Director

Dr. Safdar Ali Butt is a financial expert, an experienced corporate official, an academician and an entrepreneur. He holds a master's degree from Karachi University and a doctorate in financial management from Canada. He is a member of several professional bodies in Accounting, Finance and Management. He has also completed Directors' Education program of Pakistan Institute of Corporate Governance.

Dr. Butt worked in senior financial positions with multinational companies overseas like Johnson & Johnson and Caltex Oil Corporation. He has worked as Director Finance / CFO with Army Welfare Trust, and served on the boards of directors of Askari Bank, Askari Leasing, Askari General Insurance, Askari Cement and several other companies functioning under AWT's ambit. He has also served as a director of Bank of Azad Jammu & Kashmir as a nominee of AJK government. Currently, he is an Independent Non-Executive Director of Hi Tech Lubricants Ltd, an OMC with strong presence in the lubricants market, and also serves as the Chief Executive/Director of Pak Agro Packaging Ltd., the first company to be listed on the GEM Board of PSX, and engaged in manufacture of agricultural support products. Dr. Butt is also engaged in Ujala Education Foundation.

Dr. Butt spent 24 years in academics with institutions of higher learning in Pakistan and abroad. He retired as Professor Emeritus of Finance & Corporate Governance from Capital University of Science & Technology, Islamabad in January 2018. He has authored 38 books on various business related subjects of which 8 were published from UK, 19 from Kenya and 9 from Pakistan. His latest book is a Handbook for Company Directors in Pakistan. In addition, he has published over a hundred articles and research papers on finance, corporate governance and management related issues.

Mr. Amir Shehzad – Executive Director

Mr. Amir Shehzad is a graduate in finance from the University of Arizona and has over 29 years of experience in investment banking and capital markets. He has held senior positions at National Bank, UBL and Askari Bank Limited where he has been involved in planning and implementing business strategies.

At Unity Foods, he manages investments, business strategy and other operational matters including treasury, corporate affairs.

Management Profile

Mr. Jalees Edhi – Chief Financial Officer

An accomplished professional with over 14 years of leading the Accounts and Finance divisions of large local and multinational organizations and a quoted entity. He has been associated with PWC Pakistan with having exposure of external and internal audits, developments of ERP, SOPs and budgets. His vast experience has enabled him to gain business insight and acumen particularly in the taxation and business analytics.

Mr. Umar Shahzad – Company Secretary

Mr. Umar Shahzad is M.Com., LL.B. and a Fellow Member of Institute of Corporate Secretaries of Pakistan. He is also a Certified Director from Pakistan Institute of Corporate Governance (PICG). He possesses over twenty-five years of professional experience in the fields of Accounting, Financial Controls, Investments Management, Corporate Compliance and Legal Affairs Management with reputed companies namely Rupafil Limited, Nestle Pakistan Limited and Askari Bank Limited. Besides, he has proven track record of developing and implementing Policies and Procedures of listed companies, in compliance with applicable laws and regulations

Mr. Safdar Sajjad – Executive Director

Mr. Safdar Sajjad's Multi-dimensional experience is the key through which the group is managing voluminous trade. His responsibilities include but not restricted to managing the logistics, procurement and disbursement of the products. He has over eighteen years of experience. His deep knowledge of various aspects of the edible oil business has played an instrumental role in group's growth

Mr. Abdullah Ghaffar – Executive Director

"Mr. Abdullah Ghaffar carries with him over 34 years of rich & diverse experience across various disciplines including Corporate & Investment Banking, Capital Markets, Cash Management, Islamic Finance and Information Technology. His most recent association was with AlBaraka Bank Pakistan Ltd. as an SEVP / Group Head – CIBG. Mr. Abdullah graduated from the Institute of Business Administration (IBA), Karachi with an MBA."

Mr. Rana Nouman – Head of Sales

Rana Nouman, Head of Sales, is a graduate, very experienced and highly accomplished Sales Professional with knowledge of various sales processes, demonstrating solid analytical and team management skills. He has proven track-record of

generating new business through strategic negotiation while cultivating new relationships with key decisions. He is professional business leader with 22+ years of experience in different industries, namely Edible Oils, FMCG, HealthCare, Naturals & Herbal OTC, Personal Care & Beverage. Mr. Nouman has rich experience in the areas of Sales Management, Business Development, Key Account management, Direct & Indirect channel management including sales force management, forecasting, sales planning, BTL activities, Trade Marketing, distribution, business process analysis and best practices implementation. He is result oriented, passionate & experience of leading high-performance teams and of successfully increasing efficiency and productivity whilst reducing costs and inefficiencies. He has ability to always keep a level head ability, nurture and grow a business, evaluate opportunities and risks, and deliver innovative new solutions to the challenges. Before joining Unity Foods Limited, he has worked with Shaigan Pharmaceuticals / Healthcare, Herbion Pakistan Pvt. Ltd, IFFCO Pakistan Pvt. Ltd., ShujabadAgro Industries Pvt. Ltd, and Wali Oil Mills Ltd.

Syed Salman Ali Nasri – Head of Sales

Syed Salman Ali Nasri is working as Head of Sales, looking after Consumer Division, General Trade and Modern Trade Businesses. He is a successful business executive with expertise in Customer Marketing, Category Management and Sales Distribution Strategies. Strong leadership capabilities with keen sense of anticipating future customer needs. Proven track record of achieving superior results in Business Development, Sales and Team Leadership. Before joining Unity Foods Limited, he has worked at senior level positions with Unilever (Pakistan, Indonesia and Sri Lanka), Nestle Pakistan Limited, Engro Foods Limited, Hilal Foods, Mezan Group and Reem Rice Mills Private Ltd.

Asif Ali – Head of Marketing Sunridge

Mr. Asif Ali is working as Head of Marketing at Sunridge Foods Limited and is managing the staple portfolio. He is responsible to develop innovative and consumer driven marketing strategies that will not only build the brand equity but will also generate the profitable volume growth.

He is a marketing enthusiast with 20+ years of experience backed by 6 years of education in Business Administration. He has a proven track record of managing and launching successful brands in food Industry. He has been associated with Mayfair and KFC Pakistan in multiple roles including Head of Marketing.

Ms. Sahrish Rehan – Head of Marketing

Sahrish Rehan is working as Head of Marketing. She possesses a diverse experience of more than 16 years in the field of Marketing. Sahrish has, during her one and half decade of professional life, worked with various advertising, public relations, creative and development teams both nationally and internationally. A gold medalist and record holder in Bachelors of Commerce from Balochistan University she later completed her MBA – Marketing from Hamdard University. She also is green belt certified six sigma professional. In 2006, she initiated her career at Zulfiqar Industries Limited as a marketing executive. Later she moved to English Biscuit Manufacturers as brand custodian for Peak Freans Sooper. She grew from Assistant Brand Manager to Brand Manager of the biggest and most popular confectionary brand of the country. In 2012 she moved from the FMCG industry to Household Appliances businesses at Dawlance as vice president marketing. Here she enriched her professional capabilities from brand management to product management. She in her role as VP Marketing Product Management was exposed to international collaborations and product marketing. She acquired firsthand knowledge of international best practices and innovative product design developments at various regions of the world. In 2018 she moved back to beauty and personal care segment by joining ZIL as Marketing Manager heading entire marketing portfolio, till February 2022.

Mr. Chaudhary Waqas – Head of Internal Audit

Chaudhary Waqas, Head of Internal Audit, is a member of ACCA, an internationally recognized body, and holds membership of IPA Australia. He is an experienced Risk Management professional with professional exposure in diversified industries (FMCG, Beverages, Manufacturing, Retail, Construction) with demonstrated skills in Internal Audit, Analytical Skills, Risk Management, Process Reengineering, Internal Control, and Management Audit. He also has experience in setting up an independent Internal Audit and Internal Control function. Mr. Waqas has more than 13 years of pertinent work experience and has worked in large organizations with strong systems in place where he managed Internal Audits, Fraud Investigations, and Enterprise Risk Management.

Mr. Habib Ur Rehman – Head of Supply Chain

Mr. Habib Ur Rehman is Head of Supply Chain of staples business and managing group logistics. Before joining Unity Foods Limited, he has been associated with IFFCO Pakistan Pvt. Ltd. for 14 years managing Supply Chain of Oil and Fats Division, Seed Crushing Plant and Bulk Oil Terminal. He has also worked with Venus Pakistan Pvt. Ltd. for 6 years as Supply Chain Manager, looking after Ware Houses, Distribution, Procurement and Customer Services. Mr. Habib has been member of steering committee for implementation of S4HANA at Unity Foods Limited. He has also lead the Supply Chain during the process of ISO9001, OHSAS18001, FSSC 22000, ISO14001 and Halal certification.

Mr. Kabeer Anwer – Head of Commercial

Currently working as Head of Commercial at Unity Foods Limited. I have career spanning over 19 years during which he had the opportunity to work with various national and multinational FMCGs namely Unilever Pakistan Limited, Dalda Foods (Pvt.) Limited, Shangrila Private Limited, Shakarganj Food Products Limited and now Unity Foods Limited, in roles mainly relating to Commercial, Sales and E-Commerce. Developed skills of increasing sales volumes and market share, managing large sales and distribution operations, strategizing short term and long term sales growth plans. While working with Unity Foods. He have been able to successfully launch and induction of Sunridge on LMT. GT & all E-Commerce channels to increase the coverage, through development and execution of E-Commerce strategy for profitable business and target achievements. Also developed the sales of Sunridge Bulk products in Lahore and surrounding marketing through dealer network and make Sunridge bulk product a threat for other competition

Mr. Farhan Farooq – Head of Bulk Sales

Mr. Farhan Farooq, Head of Bulk Sales, holds a BCS degree from Petroman Institute (Ministry of PERAC) and he is a renowned member of edible oil sector. He has a vast experience of 30 years in oil trading business along with his own brokerage firm. He started his journey with Unity Foods Limited first as a broker of bulk oil sector and subsequently in 2018 he joined Unity Foods Limited at the position of Head of Bulk Oil Sales along with handling of Karachi consumer Packs.

Mr. Muhammad Abubakar – General Manager Projects

Mr. Muhammad Abubakar is an Engineering and Business graduate from IBA, Karachi and a Certified Professional in Logistics & Supply Chain Management and IRCA (UK) certified Lead Auditor of various ISO Standards. He also did various certifications in Risk Management, Sustainability, Innovation, Customer Service Excellence, Supply Chain, Project Management, Operations and Leadership from different countries.

He is working with Unity Foods Limited as General Manager Projects. He is an accomplished top performing business leader with 15+ years of experience in Asia, Africa and Arabia Regions with IFFCO, EBM and Unity Foods at Key Senior Positions. He is known as Turn Around Specialist who has passion for Business Revamping by bringing Excellence in End to End Chain for Sustainability. He has facilitated Boards and played key role in senior committees in different countries including Global Center of Excellence, Management Committee, HSE and Integrated Business planning. Role covers standardization and benchmarking of best practices in Lean, HSE, Technical Auditing, Operations, IBP, Technology selection, Plants Evaluations, Continuous improvement and Business Excellence across Global Businesses. He is serving as Member Technical Committee, PSQCA (Ministry of Science & Technology) for multiple standards, on voluntary basis.

Brief synopsis of terms of reference of the Board's Committees:

Board Audit Committee (BAC)

BAC is formed by the Board in compliance with requirements of applicable law. Key responsibilities of BAC include determination of measures to safeguard the Company's assets, review annual and interim financial statements of the Company, facilitate external audit and reviews management letter issued by external auditors, ensure that internal audit function has adequate resources, ascertain internal control systems, determine compliance with relevant statutory requirements and recommends to the Board appointment of external auditors, their removal and audit fee.

Board Human Resource & Remuneration Committee (BHR & RC)

BHR & RC is responsible to have an oversight on the Company's human resource policies, Company's management organization structure and undertake annually process of evaluation of performance of the Board and its Committees. The Committee may also recommend to the Board a policy for determining remuneration of directors.

UNITY FOODS LIMITED

Key Operating & Financial Results

Six Year At a Glance

OPERATING DATA	2022	2021	2020	2019	2018	2017
	RUPEES					
Sales	82,184,552,553	66,400,968,204	29,872,020,642	14,097,237,284	2,782,172,064	-
Cost of goods sold	(74,338,958,788)	(61,209,315,624)	(27,847,049,156)	(12,820,034,063)	(2,534,098,638)	-
Gross Profit	7,845,595,787	5,191,652,580	2,024,971,486	1,277,203,221	248,072,426	-
Operating Profit / (Loss)	4,152,232,916	4,269,253,622	735,222,844	562,929,180	149,637,697	(4,343,650)
Profit / (Loss) Before Taxation	2,488,637,179	3,389,131,701	194,550,290	274,721,618	97,797,326	(4,343,650)
Profit / (Loss) After Taxation	2,436,417,111	3,111,739,492	209,628,796	255,074,520	121,516,425	(4,343,650)
FINANCIAL DATA						
Paid Up Capital	11,940,500,000	9,940,500,000	5,440,500,000	5,440,500,000	1,690,500,000	40,500,000
Equity Balance	21,156,547,814	13,379,279,398	5,849,690,974	5,694,467,178	1,773,917,658	2,401,233
Fixed Assets	8,157,034,860	7,768,451,723	3,341,837,947	3,090,175,592	1,527,524,826	-
Current Assets	49,032,815,671	33,728,462,655	15,122,615,252	7,371,378,588	3,015,913,659	2,984,752
Current Liabilities	37,121,522,208	28,812,366,675	12,877,046,393	4,771,159,003	2,793,264,926	608,519
KEY RATIOS						
Gross Margin (%)	9.55	7.82	6.78	9.06	8.92	-
Operating Margin (%)	5.05	6.43	2.46	3.99	5.38	-
Net Profit (%)	2.96	4.69	0.70	1.81	4.37	-
Return on Capital (%)	11.52	23.26	3.58	4.48	6.85	(180.89)
Current Ratio (%)	1.32	1.17	1.17	1.54	1.08	0.20
Earnings Per Share (Rs.)	2.27	3.44	0.35	1.03	1.18	(1.07)
Cash Dividend (%)	-	-	-	1.00	5.00	-

Chairman's Review

On behalf of the Board of Directors, I am pleased to present the Review on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.

BOARD'S OVERVIEW AND PERFORMANCE

The Board was reconstituted in April 2022 following directors' elections. As of the date of this report, the Board has the two executive directors, two independent directors and three non-executive directors, including one female director who is a nominee of Wilmar International Limited. The Board has an appropriate mix of Directors in terms of relevant experience.

The Board's primary objective is to provide strategic direction to the Company and oversight to the management. All efforts are aimed at setting up and maintaining the highest possible standards of governance in the Company. The Board ensures that the declared mission and vision of the Company are reflected in all of its decision-making processes.

The Board and its Committees have met as and when needed; a total of 16 meetings of the Board and its committees were held during the year. The board has guided the management wherever needed and as a result the Company continued to expand and grow despite having faced strong economic headwinds on both macro and micro fronts.

COMPANY'S PERFORMANCE

The Company continued with its positive performance during the fiscal year, despite the economic challenges faced along the way. On a consolidated basis, the Company posted its all-time high topline revenue of PKR 87.7 billion, which is an impressive 27% growth year on year. This performance was a result of consistent and focused management strategy and hard work put in by the Unity Foods management team.

There was an overall shrinkage in volume sales by 32% (inclusive of Palm Oil, oilseed crush and PKE sales), however the increased value of the trades, both due to the increase in international commodity prices and depreciation of Pak Rupee, pushed the sales revenue to its record level.

During the year, Unity Foods continued executing its capacity enhancement plans, adding a physical refinery, a chemical refinery and a fractionation plant at its existing facility at Port Qasim, Karachi.

Unity Food's subsidiary, Sunridge Foods (Pvt.) Ltd, continued with its own expansion plans: increasing its footprint in Punjab. In this regard, during FY21/22, it acquired a flour mill (capacity of 180 tons per day) and a rice mill (capacity of 120 tons per day). These acquisitions will help Sunridge in its endeavors to establish itself as a national brand in wheat flour as well as will allow the company to expand its product line by adding rice products to its offering.

Sunridge also entered into negotiations for the acquisition of a confectionary production company in Hub, Balochistan. This acquisition is expected to be closed in the first quarter of the calendar year 2023. With this purchase, the company will be able to enter the value-added business line. Considering the fact that both Unity Foods and Sunridge Foods are currently producing the raw materials for the value-added business lines, we expect to penetrate the market with good quality and competitively priced products.

Sunridge Foods being a wholly owned subsidiary of the Company, its performance directly benefits Unity Foods.

Unity Foods plans to continue its growth path while exercising the required caution, keeping in mind the on-going economic challenges in the country. While executing and implementing its growth plans, both at Unity Foods as well as Sunridge level, risk management will be one of the main priorities of the management companies to ensure that all steps are implemented in an organized and cost-effective manner. The implementation of SAP 4Hana and its derivatives will go a long way in supporting the senior management in this endeavor.

ACKNOWLEDGEMENT

In the end, I would like to thank my fellow members of the Board for their steadfast commitment and for their continued support to the management to the Company's vision of being a reliable and sustainable supplier to the nation's food security system. I am confident that the Company is on its way to becoming one of the most important and successful, homegrown FMCGs in the country. Together, we can make this happen.

I would also like to thank all our stakeholders for their confidence and trust reposed upon us at all times.



Lt. Gen. Omar Mahmood Hayat (Retd.)
Chairman
January 20, 2023

اعتراف:

آخر میں اپنے بورڈ کے ساتھیوں کا میں شکریہ ادا کرنا چاہوں گا جن کی غیر متزلزل حمایت اور لگن نے کمپنی کے وژن کی مدد کی جس کے تحت کمپنی نے قومی سطح پر خوراک کی سکیورٹی کے نظام کا ایک قابل بھروسہ اور پائیدار سپلائر بننا ہے۔ مجھے یقین ہے کہ کمپنی ملک کی ایک اہم اور کامیاب FMCG کمپنیوں میں سے ایک ہوگی۔ ہم سب ملکر اسے ممکن بنا سکتے ہیں۔

میں تمام حصہ داران کا بھی شکریہ ادا کرنا چاہوں گا جنہوں نے ہمیشہ ہم پر بھروسہ اور اعتماد کیا ہے۔



لیفٹینینٹ جنرل عمر محمود حیات (ریٹائرڈ)

چئیرمین

جنوری 20، 2023

سال کے دوران، یونٹی فوڈز نے پورٹ قاسم پر، کراچی میں اپنی موجودہ سہولت میں ایک فزیکل ریفرنسری، ایک کیمیکل ریفرنسری اور ایک فریکشینیٹیشن پلانٹ شامل کرتے ہوئے اپنی صلاحیت بڑھانے کے منصوبوں پر عمل درآمد جاری رکھا۔ یونٹی فوڈز کے ذیلی ادارے، سرنج فوڈز (پرائیویٹ) لمیٹڈ نے اپنے توسیعی منصوبوں پر عمل درآمد کیا تاکہ پنجاب میں اپنی موجودگی کو بڑھایا جائے۔ اس سلسلے میں، مالی سال 2021-2022 کی دوران اس نے ایک فلور مل (180 ٹن یومیہ کی صلاحیت) اور ایک چاول کی مل (120 ٹن یومیہ کی صلاحیت) حاصل کی۔ یہ حصول سرنج کو گندم کے آٹے میں خود کو ایک قومی برانڈ کے طور پر قائم کرنے کی کوششوں میں مدد فراہم کرے گا اور ساتھ ہی کمپنی کو چاول کی مصنوعات کو اپنی پیش کردہ مصنوعات میں شامل کر کے اپنی مصنوعات کی لائن کو بڑھانے کے قابل کر دے گا۔

سرنج نے حب، بلوچستان میں ایک کنفیکشنری بنانے والی کمپنی کے حصول کے لئے بھی بات چیت کی۔ یہ حصول کیلنڈر سال 2023 کی پہلی سے ماہی میں مکمل ہونے کی امید ہے۔ اس خریداری کے ساتھ، کمپنی ویلیو ایڈڈ برنس لائن میں داخل ہو سکے گی۔ اس حقیقت کو مد نظر رکھتے ہوئے کہ یونٹی فوڈز اور سرنج فوڈز دونوں اس وقت ویلیو ایڈڈ برنس لائنوں کے لیے خام مال بناتے ہیں، ہم اچھے معیار اور مسابقتی قیمت والی مصنوعات کے ساتھ مارکیٹ میں داخل ہونے کی توقع رکھتے ہیں۔

سرنج فوڈز، کمپنی کا مکمل ملکیتی ذیلی ادارہ ہونے کی وجہ سے اس کی کارکردگی سے یونٹی فوڈز کو براہ راست فائدہ ہوگا۔

یونٹی فوڈز ملک میں جاری معاشی چیلنجوں کو مد نظر رکھتے ہوئے مطلوبہ احتیاط برتتے ہوئے اپنی ترقی کے راستے کو جاری رکھنے کا ارادہ رکھتی ہے۔ یونٹی فوڈز کے ساتھ ساتھ سرنج، دونوں اپنی سطح پر اپنے ترقی کے منصوبوں کو عملی جامہ پہنانے اور لاگو کرنے کے دوران، رسک مینجمنٹ ان کمپنیوں کی اہم ترجیحات میں سے ایک ہوگی تاکہ اس بات کو یقینی بنایا جاسکے کہ تمام اقدامات کو منظم اور لاگت کے اندر رہتے ہوئے مکمل کیا جائے SAP4Hana کا نفاذ مینجمنٹ کی ان کوششوں پر عمل درآمد کرنے میں بہت مددگار ثابت ہوگا۔

چیرمین کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے، مجھے بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کی طرف سے ادا کئے گئے کردار کی تاثیر پر جائزہ پیش کرتے ہوئے خوشی ہو رہی ہے۔

بورڈ کا جائزہ اور کارکردگی:

ڈائریکٹرز کے انتخاب کے بعد اپریل 2022 میں بورڈ کی تشکیل نو کی گئی۔ اس رپورٹ کی تاریخ میں، بورڈ پر دو ایگزیکٹو ڈائریکٹرز، دو آزاد ڈائریکٹر اور تین نان ایگزیکٹو ڈائریکٹر ہیں، جن میں ایک خاتون ڈائریکٹر بھی شامل ہیں جو ولمار انٹرنیشنل لمیٹیڈ کی نامزد کردہ ہیں۔ بورڈ کے پاس متعلقہ تجربے کے لحاظ سے ڈائریکٹرز کا ایک مناسب مجموعہ ہے۔

بورڈ کا بنیادی مقصد کمپنی کو اسٹریٹجک سمت فراہم کرنا اور انتظامیہ کی نگرانی کرنا ہے۔ تمام کوششوں کا مقصد کمپنی میں حکمرانی کے اعلیٰ ترین ممکنہ معیارات قائم کرنا اور اسے برقرار رکھنا ہے۔ بورڈ اس بات کو یقینی بناتا ہے کہ کمپنی کا اعلان کردہ مشن اور ویژن اس کے تمام فیصلہ سازی کے عمل میں جھلکتا ہو۔

بورڈ اور اس کی کمیٹیوں نے ضرورت کے مطابق میٹنگز کی ہیں سال کے دوران بورڈ اور اس کی کمیٹیوں کے کل 16 اجلاس ہوئے۔ بورڈ نے جہاں بھی ضرورت پڑی انتظامیہ کی رہنمائی کی ہے اور اس کے نتیجے میں کمپنی نے میکرو اور مائیکرو دونوں محاذوں پر سخت معاشی مشکلات کا سامنا ہونے کے باوجود توسیع اور ترقی جاری رکھی۔

کمپنی کی کارکردگی:

کمپنی نے راستے میں درپیش معاشی چیلنجوں کے باوجود مالی سال کے دوران اپنی مثبت کارکردگی کو جاری رکھا مجموعی طور پر کمپنی نے 87.7 ارب روپے کی سیلز کیں، جو کہ متاثر کن 27% سال بہ سال نمو ہے۔ یہ کارکردگی یونٹی فوڈز کی انتظامیہ کی ٹیم کی مسلسل اور مرکوز انتظامی حکمت عملی اور سخت محنت کا نتیجہ تھی۔

فروخت کے حجم میں مجموعی طور پر 32% کمی واقع ہوئی (بشمول پام آئل، آئل سیڈ کرش اور پی کے ای کی فروخت)، تاہم تجارت کی بڑھتی ہوئی قدر، جن میں بین الاقوامی اجناس کی قیمتوں میں اضافہ اور پاک روپے کی قدر میں کمی نے فروخت آمدنی کو ریکارڈ سطح پر آگے بڑھایا۔

DIRECTORS' REPORT

Directors' Report

We are pleased to offer the following report on behalf of the Board of Directors of Unity Foods Limited for the year ended June 30, 2022.

FINANCIAL PERFORMANCE

Net Consolidated Turnover at PKR 87,713 million for the year under review is 27.4% higher compared to the same period last year, owing to exceptional performance across all businesses. This increase was primarily driven by higher sales value and operational excellence across all our business segments, leading to a 45.8% increase in Gross Profit. While gross margin improved to 9.39% vs 8.21% for the same period last year, a very heavy charge of forex losses and significant increase in finance costs severely impaired our pre-tax and after-tax figures.

Exchange loss for the year stood at PKR 2,899 million, owing to over 25% depreciation of the Pakistani Rupee against the US dollar for the period under review. Despite this extraordinary high forex loss, your company succeeded in recording a PAT for the year of PKR 2,181 million and EPS of PKR 2.031. The Company, with the support of its principal supplier, Wilmar International, has now been able to convert its supplier credit line into LC based line, which will mitigate this forex risk on new trades going forward.

Finance Cost for the year at PKR 1,801 million was 87.4% higher than the last year, owing to higher working capital requirements arising from an increase in international commodity prices as well as an unprecedented hike in interest rates.

Like all industries and companies in the country, the Company faced the ill-effects of serious macro-economic challenges that are ailing the national economy. Having said that, your Company is making all necessary efforts to manage its operations in the most cost-efficient way to keep its financial performance in the green.

KEY OPERATING AND FINANCIAL HIGHLIGHTS

	Unconsolidated		Consolidated	
PKR 000,000 except per share data	FY22	FY21	FY22	FY21
Net Sales	82,185	66,401	87,713	68,831
Gross Profits	7,846	5,192	8,238	5,651
Profit before Interest & Tax	4,152	4,269	3,950	4,517
Net Income	2,436	3,112	2,181	3,338
EPS	2.27	3.56	2.03	3.73
Total Assets	58,621	42,538	63,213	44,186
Total Equity	21,157	13,379	20,711	13,188

	Unconsolidated		Consolidated	
Ratio Analysis	FY22	FY21	FY22	FY21
Gross Margins	9.55%	7.82%	9.39%	8.21%
EBIT Margins	5.05%	6.43%	4.50%	6.56%
Net Margins	2.96%	4.69%	2.49%	4.85%
Asset Turnover	1.62	2.16	1.63	2.16
Current Ratio	1.32	1.17	1.22	1.14

MACROECONOMIC CHALLENGES

The economy of Pakistan is undergoing one of the most difficult periods in her history where despite posting an overall GDP growth of 6.0% in FY21/22, the burgeoning fiscal and current account deficits and worsening external economic scenarios have made it extremely challenging to sustain the economic progress. Rising international commodity prices led to alarmingly high inflation levels which are difficult to manage despite severe monetary tightening by the central bank (base lending rate up by 625bps FY21/22). This coupled with political instability, depleting foreign exchange reserves, and expanding trade deficit have led to significant depreciation of the Pak Rupee against the USD (over 25% depreciation during FY 21/22).

Due to inordinate delays in recommencement of the IMF program as per schedule, the government was unable to obtain budgetary/policy loans from multilateral creditors and had to rely on loan disbursements for program/project financing. This further aggravated an already fragile economic situation.

Going forward, without the IMF program back on track, the country will face an acute foreign exchange shortage, affecting the overall economy as it is now almost dependent upon imports, both for raw materials as well as finished goods. Import of plant and machinery that is already in pipeline across all industries will also be in jeopardy if the country does not have enough foreign exchange to pay for these assets. This will further dampen the growth potential.



Figure 1: Source SBP

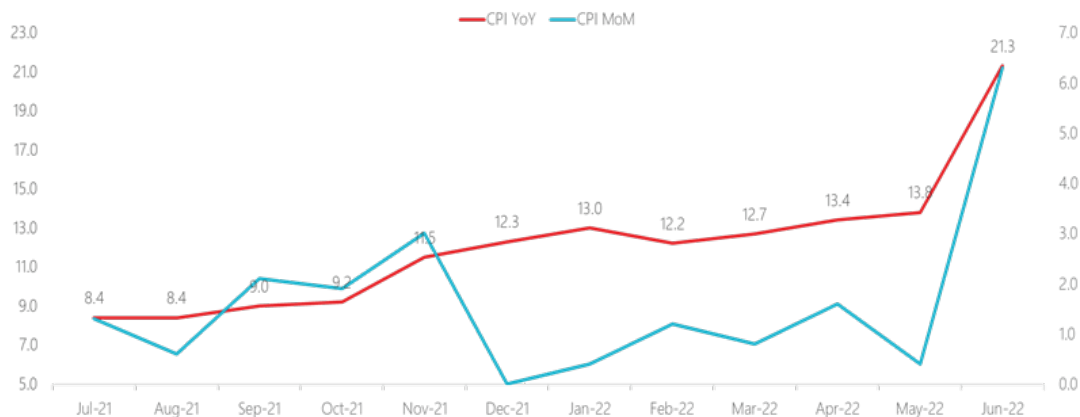


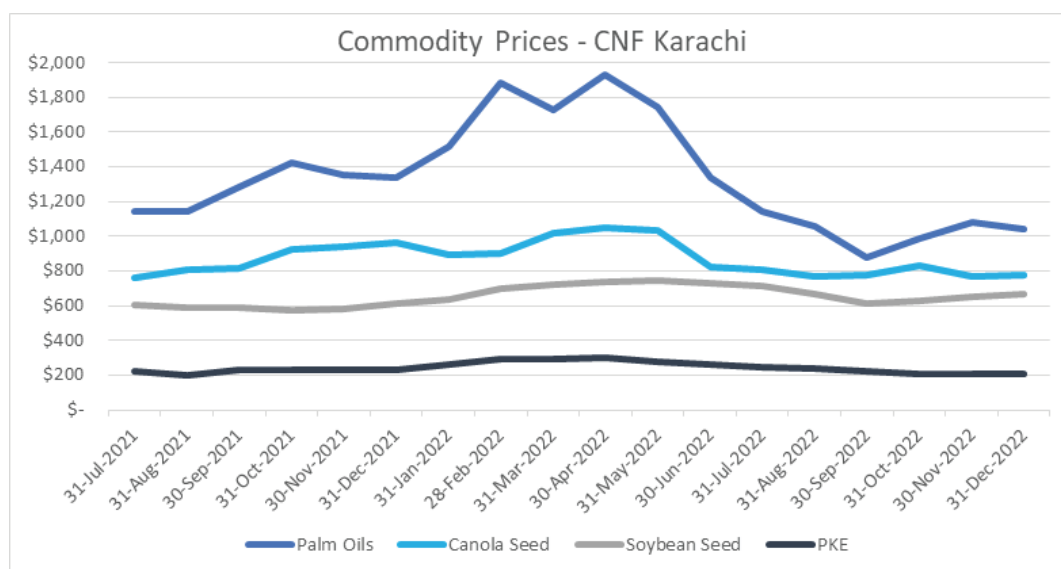
Figure 2: Source PBS

CREDIT RATING DOWNGRADE

Delay in reaching an agreement with the IMF, subsequent currency depreciation and depletion of FX reserves created uncertainty about Pakistan's ability to meet its foreign financial obligations. Consequently, international rating agencies including Moody's downgraded Pakistan's credit rating outlook from stable to negative. However, partial withdrawal of fuel subsidies and commitment for the gradual withdrawal of subsidies on electricity & other utilities subsequently paved the way for the release of \$ 1bn tranche under the Extended Fund Facility (EFF). This has provided only a temporary relief to the fast deteriorating economic scene.

EDIBLE OIL & OILSEEDS

In 2022, the benchmark CPO (Crude Palm Oil) contract price reached an all-time high in May due to the double whammy of the Russia-Ukraine war and Indonesia's temporary export ban. Prices averaged at Malaysian Ringgit (MR) 4,943/mt – well above the 2021 average price of MR 4,142/mt in 2021, and much higher than the average price of MR 2,489.1/mt between 2017-2020. Indonesia's move to ban palm exports in May in a bid to reign in domestic cooking oil prices caught the market by surprise and was followed by an equally abrupt reversal weeks later and a push by the Indonesian government to hike exports as overflowing storage tanks sent palm prices plunging.



The year was also tough for Canola seeds – which saw production down to several years' lows and pushed prices above USD 1000/MT. This negatively impacted supplies as shipments were canceled and Pakistan's overall canola seed imports declined by over 66% during CY 2022 vs CY 2021. Origin shortages translated into high reliance on Soybean seeds – prices of which also rose despite witnessing growth in global supply.

The Malaysian Palm Oil Council stated that palm oil production is set to recover in 2023 after three years of decline, with industry estimates forecasting a 3% to 5% increase over nearly 18 million mt produced in 2022.

Malaysia's largest rival, Indonesia's 2023 production is forecasted to rise by 3% in the year to 48.1 million mt, and exports to increase by 2.5 million mt to 33.5 million mt, according to the Indonesian Palm Oil Association (Gapki). Globally, vegetable oil production growth is likely to accelerate to 4% in 2023, according to USDA forecasts, driven by a robust output growth forecast for rapeseed and soybean oils. In addition, the continuing La Nina weather pattern could cause flooding of estates in the region in 1Q23, affecting operations and constraining output. However, we expect increased supply from 2Q23 to cause prices to drop in the second half of 2023. Global palm oil production is likely to grow by 5% in the 2022-2023 marketing year (MY23), as per forecasts by the US Department of Agriculture (USDA), after being largely flat since MY20. The view is supported by the latest production data, which shows that output in Indonesia is on an uptrend since June 2022 and Malaysian volumes are up YoY in the second half of 2022 despite a labor shortage.

WHEAT

During 2021-22, the area sown decreased to 8,976 thousand hectares against last year's area of 9,168 thousand hectares, resulting in a 3.9% drop in production of wheat to 26.394 million tonnes compared to 27.464 million tonnes production in the last year. Other factors that contributed to a decline in wheat production included shortfall in irrigation water and drought conditions at sowing, less fertilizers offtake and a heat wave in March/April. Prices skyrocketed in the wake of demand outweighing supply, as wheat remains the staple of choice for Pakistan, contributing to 72% of daily caloric intake on average. Wheat prices were at PKR 52/KG (landed Karachi) at the start of FY 21/22 and at PKR 78/KG at the end of the same period. At the end of CY 22, the prices had already moved beyond PKR 100/KG and are not expected to revert despite harvests in 2Q CY 23.

Going forward, the impact of recent floods is likely to negatively impact the 2022-23 wheat planting area. Sindh province usually accounts for almost twenty percent of national wheat production. The Sindh government has increased the wheat support price to 4000 per 40 Kg bag whereas Punjab has set the support prices at PKR 3000 per 40 Kg bag.

BUSINESS PERFORMANCE REVIEW

The already weakened world economy, post Covid lockdowns, have been experiencing an overall slowdown after a slight recovery in 2021. The war in Ukraine has triggered a possible worldwide recession and has caused major disruptions to the supply of energy and agricultural commodities. This has exacerbated existing stress in the international commodity market and the central banks around the world are increasing interest rates to counter inflationary pressures. In FY'2021-22, energy prices also rose sharply. Global oil prices, which soared in the first half of the year, have since dropped sharply on fears that a global recession will depress demand. The global benchmark hit a peak of \$139 a barrel in March after Russia's invasion of Ukraine. Energy shortages and the decision by OPEC+ to reduce planned output caused crude oil prices to reach a 13-year high.

² S&P Global Commodities

³ S&P Global Commodities

⁴ Economic Survey – 2021 - 2022

Despite these challenges, the Company remains resilient in its procurement and delivery to customers, employing active management of inventory positions to retain the Company's position as a premier contributor to Pakistan's food value chain.

EDIBLE OILS

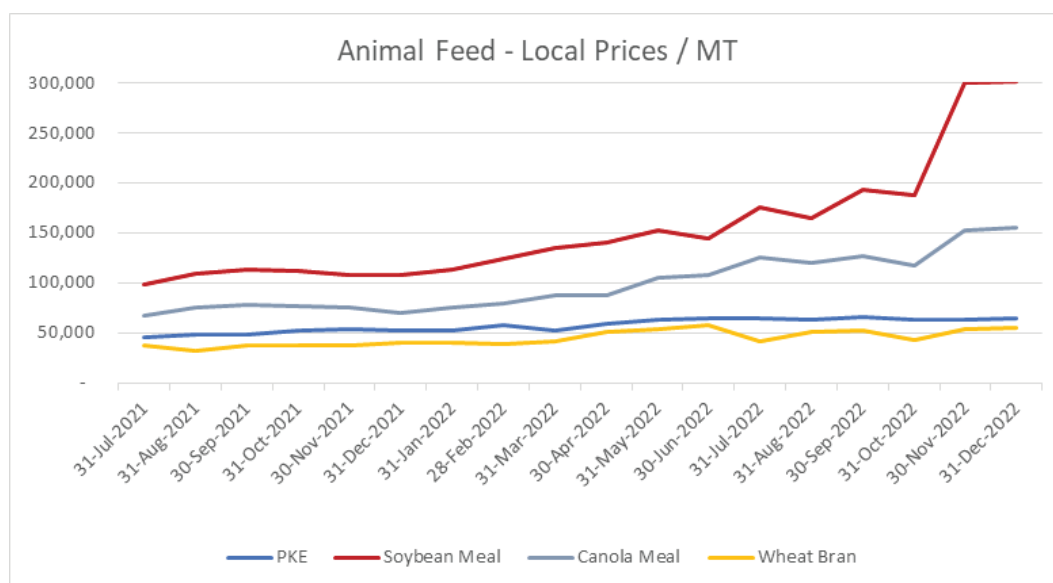
While building a stable foundation through industrial /commercial sales, your Company has been able to strengthen its relationship with existing buyers who continue to engage the Company for future partnerships and to focus on its Consumer Pack Sales by following last year's successful strategy where it targeted the popular segment under the brand name "Dastak".

During FY 21/22, the Company saw sales revenues from edibles oils rise to PKR 70,937 million vs PKR 46,909 million during FY 21 – a growth of 51.2%. However, volumes declined by 8% overall vis-à-vis FY 2021 performance. All of our brands have been able to increase their value sales. The management was prudent not to enhance credit exposure and ensured sustainable sales in the CP division throughout the period under review. CP oils continue to command a premium over industrial sales and facilitated margin improvement overall.

ANIMAL FEED INGREDIENTS

Pakistan being one of the largest producers and consumers of milk animal feed ingredients plays a vital role in contributing towards its improved dairy production. In FY 21/22, the market faced several challenges including supply shortages, price hikes and subsequent feed rationing by consumers across the value chain. Supply disruptions were witnessed across all commodities including imported oilseed meals, wheat bran and other available grain substitutes during the period under review. Despite these unfavorable disruptions, this segment's sales revenue remained at par with FY 2021.

Local feed ingredient prices also rose ranging from 42% (PKE) to 61% (Canola meal) for the period under review. In the second half of 2022, these prices were feared to escalate to 200% of June 2021 levels, amid short arrivals and subsequently depressed local crush volumes, leading to fear of non-availability of goods in the near term. However, it now appears that outlook may not be quite as bad as originally envisaged.



DIGITIZATION JOURNEY

Business expansion is intertwined with digital transformation where each aspect of the business is structured and centralized for effective control of all operations. During the period under review, Unity Foods Ltd has successfully implemented and Gone-Live with SAP S/4 HANA on cloud, with subsequent implementations of SAP SuccessFactors and SAP ARIBA during 2H CY 22, achieving yet another milestone in the digitization journey. This will go a long way in supporting the transformation of the value chain while remaining ahead of the competition and implementing best practices to fuel the ambitious growth plans of the Company. This has enabled Unity Foods to streamline its operations and helped achieve a newer, much integrated, and collaborative way of working, enabling adoption of innovative integrated business planning and analytic tool (SAC).

Systems Limited and PWC partnered to deliver Unity Foods the complete end-to-end solutions of “Rise with SAP”, aligned with the vision of true data-centric and data driven Company to improve business efficiencies and accelerate the pace of innovation in the Company.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG)

Unity Foods Limited is one of the very few companies in the country, especially in the listed category, which is working towards improved Environmental, Social and Corporate Governance (ESG). This strategic journey was set in line with the UN Sustainability Development Goals. Three goals, namely, SDG 2 (zero hunger), SDG 4 (quality education), and SDG 12 (responsible consumption and production) have been initially selected which were in-line with the organization’s current and future operations and plans. SGS Pakistan was commissioned by the company to conduct an independent audit for assurance of sustainability which was successfully completed in April 2022.

HEALTH & SAFETY

Your Company is committed to ensuring a safe and healthy work environment for all employees. In this regard, the Company installed fire protection and safety equipment across all of its manufacturing facilities and a trained team is looking after all HSE related matters to ensure safety measures remain intact. Continuous training has been provided to the teams at all facilities to equip them with the latest trends and guidelines.

COMPLIANCE AND CERTIFICATIONS

In line with management’s commitment to ensure the highest standard of product safety, hygiene, and environment, we are pleased to report that Company and its subsidiary not only maintained previous certifications but also have successfully secured more certifications as per its commitment to continual improvement and sustainability

Standards	Oil Refinery (Port Qassim Plant)	Solvent Plant (Kotri)	Sunridge Foods (Port Qasim Plant)	Sunridge Foods (Maymar plant)	Soap (Hub)
	ISO 9001	ISO 9001	ISO 9001	ISO 9001	ISO 9001
	(Quality Management Systems)	(Quality Management Systems)	(Quality Management Systems)	(Quality Management Systems)	(Quality Management Systems)
		ISO 22000	ISO 22000	ISO 22000	
	ISO 22000 (Food Safety Management Systems)	(Food Safety Management Systems)	(Food Safety Management Systems)	(Food Safety Management Systems)	
	ESG				
	HACCP	HACCP			
	(Hazard Analysis and Critical Control Point)	(Hazard Analysis and Critical Control Point)			
	RSPO				
	(Round Table Sustainable Palm Oil)				
	FSSC 22000		FSSC 22000		
	(Food Safety System Certification)		(Food Safety System Certification)		
	PS 3733 & GSO/UAE 2055-1	PS 3733 & GSO/UAE 2055-1 (Halal Food Management System)	PS 3733 & GSO/UAE 2055-1	PS 3733 & GSO/UAE 2055-1	
	(Halal Food Management System)		(Halal Food Management System)	(Halal Food Management System)	
	ISO1400: 1Environmental management systems	ISO1400: 1Environmental management systems	ISO1400: 1Environmental management systems	ISO1400: 1Environmental management systems	ISO1400: 1Environmental management systems
	ISO45001	ISO45001	ISO45001	ISO45001	ISO45001
	Occupational Health & Safety Management System	Occupational Health & Safety Management System	Occupational Health & Safety Management System	Occupational Health & Safety Management System	Occupational Health & Safety Management System

Your company and its associates are pleased to confirm that as a result of the above certifications and the continued attention paid to ESG by the management, there is no specific adverse impact of any of their operations on the environment or its sustainability.

RISKS AND UNCERTAINTIES

The Company faces risks arising out of uncertainty primarily in two exogenous factors i.e., commodity prices and currency exchange rate movements, as its operations are dependent upon import of oil seeds, edible oil, and animal feed ingredients. Our Industrial/Commercial sales provide us with a certain level of natural hedge against this risk; as sale price is adjusted on a regular basis. Additionally, the management takes all possible measures to evaluate, monitor, contain and control the risk and has been successful in keeping the impact of adverse price and exchange rate movements on Company's profitability to a minimum by prudent supply change management.

INTERNAL CONTROL & BUSINESS AUTOMATION

To strengthen the internal audit and control of the Company, the management has taken the following key steps.

An independent internal audit department is in place headed by a suitably qualified and experienced individual to conduct the various functions of the internal audit. Board Audit Committee regularly reviews audit reports submitted by the internal audit department. The Internal Financial Control of the Company is managed under SAP. The system was developed and implemented by Abacus Consulting.

During the year, the Company engaged Systems Limited for SAP S4/HANA, SAP Success Factor and ARIBA implementation which was successfully completed in June 2022. It is expected to contribute and support the Company in becoming a truly future-ready, agile, and innovative FMCG.

The digitalization, considering SAP's driven state-of-art processes, will be an enabler for the Company to further adopt and implement blockchain, adding new dimensions to the Company operations and delivering an ecosystem to global suppliers and customers. This will allow them to integrate blockchain framework into their systems which will greatly support the Company's Speed-to-market strategies and executions.

This program is considered a part of the Company's strategic plan for digital transformation across all its business verticals, using cutting-edge and modern ERP and industrial automation solutions. This shall bring further efficiencies in the Company's operations and introduce global best practices and most effective processes to ultimately support the Company's Go-To Market strategies in driving further growth in years to come.

RISK MANAGEMENT

Effective risk management is the foundation to sustainable business growth, specifically due to its impact on effective planning and the ability to navigate through unforeseen occurrences in the ever-evolving market of the 21st century.

At Unity Foods Limited, the Board is diligently handling its responsibility of governing the risk management processes, covering advanced forecasting, operational excellence standards and internal control procedures to identify, analyze, prioritize, treat, and monitor risks. These documented procedures are consistently evaluated keeping in mind the necessity to safeguard the organization's tangible and intangible assets, thereby eliminating unwarranted risks to the Company and its profitability. Internal or external risks that could potentially hinder the Company from achieving its operational, financial, or strategic objectives are highlighted to the BOD and/or senior management to ensure a timely action plan is in place to mitigate any future occurrence of the same. Risk management is an ongoing process that does not end at identification monitoring or mitigation.

Also, the Company now has well defined technology integration platforms across all areas of the value chain that facilitate in providing end-to-end risk management. This includes the implementation of the latest available ERP as well as complementary tools that are essential for modern organizations to survive the dawning digital age. This complemented with the Company's focus on efficient Standard Operating Procedures (SOPs) and a clear organizational structure has been the foundation of the Company's consistent and robust growth throughout the past 5 years. At the same time, the Company adheres to the highest level of system certifications, achieving local as well as global certifications and defining business benchmarks and displaying Pakistan's competitive edge. The Board of Directors, through the risk management function, thereby remains an essential component of the Company's success story, as well as a representative of all stakeholders of the Company.

SALES STRATEGY

During last year, the company followed the strategy where its sales were executed through distributors resulting in concentration of sales with a few distribution companies. These companies were then selling company's products to customers all over the country. This resulted in concentration of sales through a few distributors. Going forward, the company has revised its sales strategy of focusing on sales through distributors and will now focus on developing direct relationships with the customers that buy its products from the distributors (both bulk and consumer pack sales) instead of working mainly with distributors. This will allow the company to improve and build direct relationship with its customers which will be beneficial for the company with regards to maintaining and growing its sales on a long-term basis.

SUNRIDGE FOODS (PVT.) LIMITED

During the year, Sunridge Foods (Pvt.) Ltd.'s (Sunridge Foods or the company) performance improved significantly. Its net sales rose to over PKR 5.6 billion compared to last year's level of PKR 3.6 billion, a 57% increase year on year. However, due to the various disruptive economic factors affecting the food industry, and as a result of massive increase in fixed costs arising out of high capital expenditure, the company recorded an after-tax loss of PKR 255 million, compared to last year's profit of PKR 227 million. The capacity enhanced significantly during the year and stood at 206,520 tonnes vs 101,400 during the same period last year. Selling & Distribution expenses were at 8% of Sales vs 6% last year while administration expenses clocked at 2% vs 0.5% in FY 2021.

Decrease in gross margin is mainly attributed to the fact that the management found it very challenging in passing on the increased cost of raw & packaging material immediately to the end consumer. Considering the fact that flour is an essential staple and therefore a very price sensitive item, we tried to manage the increase in retail price over a period of time, rather than immediately adjusting the retail prices. In addition, Sunridge being only a 4-year-old brand, is in the phase of penetrating the market to maximize its outreach to its targeted customer. Hence, we have adopted a long-term marketing strategy. This penetration strategy requires us to incentivize customers to buy our products so they can experience the better quality of our products resulting in higher customer conversion. We are confident that this strategy will bear fruits in very near future as the already undertaken capacity expansion plans will begin to add significantly to sales volumes and profit margins.

During the year, Sunridge Foods not only enhanced its production capacity but also added refurbishments to optimize the production performance of the existing mills, thereby ensuring uniform quality and specifications across all verticals. Due to these refurbishments, one of company's plants did not operate at full capacity for a good part of the year. The company invested heavily in brand building as well as improving its distribution network to ensure Sunridge Foods products are available throughout Pakistan all year round. These two activities increased company's cost and reduced net revenue which translated into a net loss as mentioned above. These activities are necessary to improve production cost efficiencies and create brand awareness and ensure that the company can manage costs for future margin improvements. The following are directly attributable to the company's financial performance:

- Rise in working capital requirements due to increase in prices of wheat. This, coupled with SBP policy rate hikes increasing the financing cost.
- Increase in fixed, non-volume related, non-cash fixed costs like depreciation resulting from heavy capital expenditure incurred to improve the production capacity.
- Rising energy costs leading to high cost of transportation as well as plant operations.
- Human capital investment in line with the company's vision and expansion strategies
- Increased marketing and sales expenses owing to launch of new products during the year.
- Additional expense in terms of advertising and marketing to further company products reach and to continue the path of establishing Sunridge as a national brand.

Going forward, the company will be operating its plants at an optimal level which will reduce its per unit operating costs versus revenue generated. The company's marketing and advertising expenses are also now bearing fruit with increased market share of its products. This will lead the company back into profitability going forward.

The flour produced by the company commands premium due to its high quality, cleanliness, long shelf life and durability of the final consumable products. Besides, the technology also eliminates the risk of residual stones that are part of conventional "Chakki Atta." During the year Sunridge Foods launched following new products:

- Semolina (Suji), fortified with Zinc, Folic Acid, vitamin B12 and Iron
- Besan, fortified with Zinc, Folic Acid, vitamin B12 and Iron
- Maida (refined flour)
- Common Salt
- Salt (iodized)
- Pink Salt
- Lentils
- Sabut Masoor (Whole)
- Daal Masoor
- Daal Moong
- Daal Mash
- Daal Chana
- Rice (Launched in First Half of FY 22/23)
- Barkat Basmati Rice
- Sella Gold Basmati Rice
- Premium Basmati Rice
- Royal Super Basmati Rice
- Umdah Basmati Rice
- White Crystal Sugar

The company is in the process of further expanding flour production by installing a second state-of-the-art Buhler Mill with End-to-End integration at its facility in Port Qasim. This expansion will facilitate in meeting the continuous increasing demand of high-quality flour and is in line with company's long-term goals. The Board is confident that the sales will further grow in the times ahead with effective sales strategy and strong distribution channels.

Sunridge also commenced negotiations for the acquisition of a confectionary production company in Hub, Balochistan. This acquisition is expected to close in the first quarter of the calendar year 2023. With this purchase, the company will be able to enter the value-added business line. Considering that both Unity Foods and Sunridge Foods are currently producing the raw materials for the value-added business line, we expect to penetrate the market with good quality and competitively priced products, binging about a significant improvement in group profits margins.

FUTURE OUTLOOK

The macro-economic outlook remains uncertain and will depend on how quickly these unprecedented economic challenges can be brought under control. Post-pandemic recovery of the global economy has been severely impacted by the ongoing Russia–Ukraine conflict. Consequently, prices in the international commodity markets soared to an all-time high. However, the 2nd half of 2022 has seen a correction in commodity prices as the effects of this unprecedented inflation and energy crisis are being faced around the world, leading to a mixed global economic outlook with risks of a recession.

Monetary tightening measures are being deployed across all major global economies to curtail demand-led inflation, which may eventually lead to a decline in economic activity. The volatility in global markets has also impacted Pakistan's economy, which continued to demonstrate cycles of 'boom and bust.' Measures taken on the fiscal front will put a further burden on corporates in Pakistan and, in turn, adversely affect shareholders' returns. Going forward, risks of a global and domestic slowdown in growth, inflationary pressures, high cost of borrowing, uncertainties in the domestic business environment, coupled with the ongoing monetary tightening measures, pose a challenge to business demand, as well as profitability in the short to medium-term. Nonetheless, Unity Foods Limited remains focused on minimizing the negative impacts of the above factors, by delivering an enduring value and strengthening relationships with existing customers and suppliers, whilst leveraging its diversified product portfolio to further its growth aspirations.

CREDIT RATING

VIS Credit Rating Company Limited had maintained the entity rating A-/A-2 (Single A/A-Two) to the Company dated August 30, 2022. The medium to long term rating of "A" denotes good credit quality, protection factors are adequate, risk factors are considered variable if changes occur in the economy. The short-term rating of 'A-2' signifies good certainty of timely payment. Liquidity factors and Company fundamentals are deemed to be sound. Access to capital markets is good. Risk factors are small. Outlook on the assigned ratings has been revised to "Negative" from "Stable." The previous rating action was announced on April 29, 2021.

APPOINTMENT OF AUDITORS

The present external auditors of the Company M/s Naveed Zafar Ashfaq Jaffery & Co, Chartered Accountants, were appointed on November 16, 2022, against casual vacancy that occurred due to the resignation of M/s KPMG Taseer Hadi & Co., Chartered Accountants at the same fees as was approved by the shareholders in their last Annual General Meeting held on October 28, 2021 for the auditors who resigned. They shall stand retired at the conclusion of Annual General Meeting scheduled for February 15, 2023 and being eligible for reappointment, have offered their services for the fiscal year ending June 30, 2023.

The Board has seconded the proposal of the appointment of M/s Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants as external auditors of the Company for the next fiscal year as recommended by the Audit Committee, subject to the approval of the shareholders in the ensuing Annual General Meeting.

PATTERN OF SHAREHOLDING

The pattern of shareholding as of June 30, 2022, is given in the Annual Report of the Company.

RELATED PARTY TRANSACTIONS

The Company has made the necessary disclosure about related party transactions in its financial statements annexed with this annual report. Such disclosure is in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards.

COMMITMENTS AND CONTINGENCIES

There have been no major changes in commitments affecting the financial position of the Company's affairs between the balance sheet date and the date of this report.

CHANGES ON THE BOARD AND THE COMMITTEES OF THE BOARD

As on June 30, 2022, there were seven members of the Board including two female and five male directors.

Following is the current Board composition:

(a) Independent Directors	Two
(b) Other Non-executive Directors	Three (including a female director)
(c) Executive Directors	Two

During the period from July 1, 2021, to June 30, 2022, following persons held the position of directors.

Mr. Sulaiman Sadruddin, Mr. Muhammad Farrukh, Abdul Majeed Ghaziani, Mr. Muneer S. Godil, Ms. Lie Hong Hwa and Ms. Tayyaba Rasheed remained on the Board throughout the year.

Mr. Saad Amanullah Khan retired in the Election of Directors of the Company Limited held on April 01, 2022, while Mr. Amir Shehzad was elected on April 01, 2022.

SUBSEQUENT CHANGES ON THE BOARD AFTER JUNE 30, 2022

Lt. Gen. Omar Mahmood Hayat (Retd.) has been appointed as Director on August 05, 2022, and subsequently appointed as Chairman of the Board of Directors in October 2022 in place of outgoing Chairman /Director Mr. Sulaiman Sadruddin Mehdi who had resigned. Further, Ms. Tayyaba Rasheed also resigned as Independent Director on August 04, 2022. Dr. Safdar Ali Butt has been appointed as an Independent Director on the Board of Directors on November 7, 2022.

Mr. Muneer and Dr. Safdar Ali Butt are independent Directors while Lt. Gen. Omar Mahmood Hayat (Retd), Ms. Lie Hong Hwa and Mr. Abdul Majeed Ghaziani are non-executive directors. Mr. Muhammad Farrukh and Mr. Amir Shehzad are the two executive directors on the Board.

ATTENDANCE AT THE MEETINGS

BOARD MEETINGS

	Name of Director	Eligible to attend	Meetings attended
1	Mr. Muhammad Farrukh (Executive Director/CEO)	11	10
2	Mr. Abdul Majeed Ghaziani (Non-Executive Director)	11	11
3	Mr. Muneer S. Godil (Independent Director)	11	8
4	Ms. Tayyaba Rasheed (Independent Director)	11	11
5	Mr. Sulaiman Sadruddin Mehdi (Chairman/Independent Director)	11	10
6	Ms. Lie Hong Hwa (Non-Executive Director)	11	7
	Nominee of Wilmar International Limited		
7	Mr. Saad Amanullah Khan (Independent Director)	8	6
8	Mr. Amir Shehzad (Executive Director)	3	3

BOARD AUDIT COMMITTEE MEETINGS

	Name of Director	Eligible to attend	Meetings attended
1	Mr. Saad Amanullah Khan *(Chairman/Independent Director)	3	3
2	Mr. A. Majeed Ghaziani (Non-Executive Director)	4	4
3	Mr. Amir Shehzad (Executive Director)	1	0
4	Ms. Tayyaba Rasheed **(Chairperson / Independent Director)	4	4
5	Mr. Muneer (Independent Director)	4	4

*Mr. Saad Amanullah Khan –(Independent Director) was the Chairman of Audit Committee during the period July 01, 2021, to March 31, 2022.

Following the Directors Elections on April 01, 2022, the Board Audit Committee was reconstituted as follows:

1. Ms. Tayyaba Rasheed -Chairperson / Independent Director**
2. Mr. Abdul Majeed Ghaziani -Member
3. Mr. Amir Shehzad -Member
4. Mr. Muneer -Member

BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE MEETINGS

	Name of Director	Eligible to attend	Meetings attended
1	Mr. Saad Amanullah Khan * (Chairman /Independent Director	1	1
2	Mr. Abdul Majeed Ghaziani (Non-Executive Director)	1	1
3	Ms. Tayyaba Rasheed – Independent Director **	1	1

Following the Directors Elections on April 01, 2022, the Board HR and Remuneration Committee Audit Committee was reconstituted as follows:

1. Ms. Tayyaba Rasheed -Chairperson / Independent Director**
2. Mr. Abdul Majeed Ghaziani -Member
3. Mr. Amir Shehzad -Member
4. Mr. Muneer -Member

AS OF DATE OF THIS REPORT, FOLLOWING IS THE COMPOSITION OF BOARD AUDIT COMMITTEE AND BOARD HR & REMUNERATION COMMITTEE

	Name of Director	Board Audit Committee	Board HR & Remuneration Committee
1	Mr. Muneer S. Godil	Chairman	Member
2	Dr. Safdar Ali Butt	Member	Chairman
3	Mr. Abdul Majeed Ghaziani	Member	Member
4	Mr. Muhammad Farrukh	-	Member

The Brief Synopsis of Terms of Reference of Audit Committee and Human Resources and Remuneration Committee are provided in the Annual Report 2022.

The Company has not declared any dividend for the fiscal year ended June 30, 2022. The dividend has been omitted considering the funds required for the rapid expansion to cater to the growth in all business segments and to establish a large capital and assets base. Post growth phase, the Company will be able to follow a consistent dividend payment policy.

REMUNERATION PACKAGE OF THE DIRECTORS INCLUDING THE CHIEF EXECUTIVE OFFICER

As per Directors Remuneration Policy approved by the Board, each member of the Board is entitled to be paid a fee of PKR 200,000 for each meeting attended by such member. Each member of the Board Audit Committee and Board Human Resources & Remuneration Committee is paid a fee of PKR 200,000 for each meeting attended by such member. Independent and or Non-Executive Directors may also be paid / reimbursed such sums as fair compensation for travel, boarding and lodging or actual out of pocket expenses incurred by such directors for attending Board / Committees meetings. The remunerations of CEO and the other executive director are mentioned in note 40 to the unconsolidated accounts.

CORPORATE GUARANTEE FOR SUBSIDIARY COMPANY

In April 2022, a Corporate Guarantee of PKR2 billion was approved by the Board of Directors for a term of one year starting from May 01, 2022, in favor of lenders of Sunridge Foods to secure financial assistance to be extended to Sunridge Foods. This Corporate Guarantee has not been used to the date of this report.

CORPORATE SOCIAL RESPONSIBILITY

The Company remains committed towards its responsibility to the underprivileged section of the society and is fully cognizant of its role as responsible corporate citizen.

The Company carries out multiple activities on regular basis as well as on need basis and provided donations of about PKR 20 million equivalent to Saylani Welfare Trust.

Other activities under this head include facilitating regular meals to several hundred people in and around various locations of the Company.

ACKNOWLEDGEMENTS

Alhamdulillah, we are humbled and grateful to our various stakeholders including the shareholders, bankers and others for the faith reposed in the Company that has helped the remarkable growth over last four years, with Company expanding its business beyond edible oil and into flour. We thank them for their relentless support, as without their backing it was not possible to achieve these successes in such a short span of time. We look forward to this unwavering support and confidence from these stakeholders to help the Company grow further and expand its product portfolio.

We would also like to thank the Pakistan Stock Exchange Limited, the Securities & Exchange Commission of Pakistan and the Central Depository Company of Pakistan Limited for their continued support and cooperation towards the Company. We hope that this support would continue in the future as well.

We also acknowledge the efforts and hard work of our committed human resource for the extraordinary efforts they put in to bring to fruition the outstanding results. We expect continued efforts from our employees to attain higher goals going forward.



Muhammad Farrukh
Chief Executive Officer
Karachi
January 20, 2023



Abdul Majeed Ghaziani
Director

اعترافات

الحمد للہ، ہم اپنے مختلف اسٹیک ہولڈرز بشمول شیئر ہولڈرز، بینکرز اور کمپنی میں عائد ایمان کے دیگر افراد کے شکر گزار ہیں جنہوں نے گزشتہ چار سالوں میں کمپنی کے کاروبار کو خورونی تیل اور آٹے سے آگے بڑھاتے ہوئے ترقی میں مدد کی۔ ہم ان کے انتھک تعاون کے لیے ان کی شکریہ ادا کرتے ہیں کیونکہ اس حمایت کے بغیر اتنے کم وقت میں یہ کامیا بیاں حاصل کرنا ممکن نہیں تھا۔ ہم اس اسٹیک ہولڈرز کی جانب سے اس غیر متزلزل حمایت اور اعتماد کے منتظر ہیں تاکہ کمپنی کو مزید بڑھنے اور اس کے پروڈکٹ پورٹ فولیو کو وسعت دینے میں مدد ملے۔

ہم پاکستان اسٹاک ایکسچینج لمیٹڈ، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ کا بھی شکریہ ادا کرنا چاہیں گے کہ کمپنی کے لیے ان کی مسلسل حمایت اور تعاون۔ ہمیں امید ہے کہ یہ تعاون مستقبل میں بھی جاری رہے گا۔

ہم اپنے پرعزم انسانی وسائل کی ان کوششوں اور محنت کو تسلیم کرتے ہیں جو انہوں نے شاندار نتائج حاصل کرنے کے لئے کی گئی غیر معمولی کوششوں کے لئے کیں۔ ہم اپنے ملازمین سے آگے بڑھتے ہوئے اعلیٰ اہداف کے حصول کے لیے مسلسل کوششوں کی توقع کرتے ہیں۔

بورڈ کی جانب سے،



عبدالمجید غازیانی
ڈائریکٹر



محمد فرخ
چیف ایگزیکٹو / ڈائریکٹر

- 1- محترمہ طیبہ رشید- چیئر پرسن / آزاد ڈائریکٹر
- 2- جناب عبدالحمید غازیانی ممبر
- 3- جناب عامر شہزاد ممبر
- 4- جناب منیر ممبر

سالانہ رپورٹ 2022 میں آڈٹ کمیٹی اور ہیومن ریسورسز اینڈ ریمونریشن کمیٹی کے ٹرمز آف ریفرنس کا مختصر خلاصہ فراہم کیا گیا ہے۔

کمپنی نے 30 جون 2022 کو ختم ہونے والے مالی سال کے لئے کسی بھی ڈیویڈنڈ کا اعلان نہیں کیا ہے۔ تمام کاروباری معاملات میں ترقی کو پورا کرنے اور بڑے سرمائے اور اثاثوں کی بنیاد قائم کرنے کے لئے تیزی سے توسیع کے لئے درکار فنڈز کو مد نظر رکھتے ہوئے ڈیویڈنڈ نہیں دیا گیا ہے۔ ترقی کے مرحلے کے بعد، کمپنی ڈیویڈنڈ کی ادائیگی کی مستقل پالیسی پر عمل کرنے کی پوزیشن میں ہوگی۔

ڈائریکٹر بشمول چیف ایگزیکٹو کی معاوضہ

ڈائریکٹرز کے معاوضہ سے متعلق بورڈ سے منظور شدہ پالیسی کے مطابق بورڈ کا ہر رکن ایک میٹنگ میں شرکت کے لئے دولاکھ روپے کی فیس کا حقدار ہے۔ بورڈ کی آڈٹ کمیٹی اور ہیومن ریسورسز اینڈ ریمونریشن کمیٹی کا ہر رکن ہر میٹنگ میں شرکت کی صورت میں دولاکھ روپے کی فیس کا حقدار ہے۔ غیر متعلقہ (Independent) ڈائریکٹرز اور نان ایگزیکٹو ڈائریکٹرز کو بورڈ یا کمپنی کی میٹنگ میں شرکت کی صورت میں ہونے والے سفری اور رہائش کے خرچوں کی ادائیگی کی جاسکتی ہے۔ چیف ایگزیکٹو اور ایگزیکٹو کا معاوضہ انفرادی اکاؤنٹ کے نوٹ نمبر 40 موجود ہیں۔

ذیل کمپنی کے لئے کارپوریٹ گارنٹی کی تجدید

اپریل 2022 میں، روپے کی کارپوریٹ گارنٹی۔ سنج فوڈز کے قرض دہندگان کے حق میں 2 بلین روپے کی منظوری سنج فوڈز کے قرض دہندگان کے حق میں بورڈ آف ڈائریکٹرز نے 01 مئی 2022 سے شروع ہونے والی ایک سال کی مدت کے لئے دی تھی تاکہ سنج فوڈز کو مالی امداد فراہم کی جائے۔ یہ کارپوریٹ گارنٹی اس رپورٹ تاریخ تک استعمال نہیں ہوئی۔

کارپوریٹ سماجی ذمہ داری

کمپنی، معاشرے کے پیمانہ طبقے کی طرف اپنی ذمہ داریوں سے آگاہ ہے اور ایک ذمہ دار کارپوریٹ شخص کی حیثیت سے اپنے کردار سے بخوبی واقف ہے۔ کمپنی باقاعدگی سے مختلف سرگرمیوں میں حصہ لیتی ہے اور اس سلسلے میں سیلانی ویلفیئر ٹرسٹ کو تقریباً دو کڑ کا مال عطیہ کر چکی ہے۔ سال کے دوران دیگر سرگرمیوں میں روزانہ کئی سو افراد کو کھانا مہیا کیا جاتا ہے۔

5	جناب سلیمان صدرالدین مہدی (چیئر مین / آزاد ڈائریکٹر)	11	10
6	محترمہ لی ہونگ ہوا (نان ایگزیکٹو ڈائریکٹر) ولمار انٹرنیشنل لمیٹڈ کے نامزد	11	7
7	جناب سعد امان اللہ خان (آزاد ڈائریکٹر)	8	6

8 جناب عامر شہزاد 3 3

بورڈ آڈٹ کمیٹی

	ڈائریکٹر کا نام	شرکت کی اہلیت	اجلاس میں شرکت
1	جناب سعد امان اللہ خان (چیئر مین / آزاد ڈائریکٹر)	3	3
2	جناب اے مجید غازیانی (نان ایگزیکٹو ڈائریکٹر)	4	4
3	جناب عامر شہزاد (ایگزیکٹو ڈائریکٹر)	1	0
4	محترمہ طیبہ رشید (چیئر پرسن / آزاد ڈائریکٹر)	4	4
5	مسٹر منیر (آزاد ڈائریکٹر)	4	4

☆ جناب سعد امان اللہ خان (آزاد ڈائریکٹر) 01 جولائی 2021 سے 31 مارچ 2022 کے دوران کمیٹی کے چیئر مین رہے۔

01 اپریل 2022 کو ڈائریکٹرز کے انتخابات کے بعد، بورڈ آڈٹ کمیٹی کی تشکیل نو حسب ذیل ہوئی۔

1- محترمہ طیبہ رشید - چیئر پرسن / آزاد ڈائریکٹر

2- جناب عبد المجید غازیانی ممبر

3- جناب عامر شہزاد ممبر

4- جناب منیر ممبر

بورڈ کے انسانی وسائل اور معاوضے کی کمیٹی کے اجلاس

	ڈائریکٹر کا نام	شرکت کے اہلیت	اجلاس میں شرکت
1	جناب سعد امان اللہ خان (چیئر مین / آزاد ڈائریکٹر)	1	1
2	جناب عبد المجید غازیانی (نان ایگزیکٹو ڈائریکٹر)	1	1
3	محترمہ طیبہ رشید - آزاد ڈائریکٹر	1	1

01 اپریل 2022 کو ڈائریکٹرز کے انتخابات کے بعد، بورڈ ہیومن ریسورس اور معاوضے کی کمیٹی کی تشکیل نو حسب ذیل ہوئی۔

بورڈ کی موجودہ تشکیل درج ذیل ہے:

- (ا) آزاد ڈائریکٹرز
 دو
 (ب) دیگر نان ایگزیکٹو ڈائریکٹرز
 تین (بشمول ایک خاتون ڈائریکٹر)
 دو
 (ج) ایگزیکٹو ڈائریکٹرز

یکم جولائی 2021 سے 30 جون 2022 کے دوران مندرجہ ذیل افراد ڈائریکٹرز کے عہدے پر فائز رہے۔
 جناب سلیمان صدر الدین، جناب محمد فرخ، عبد المجید غازیانی، جناب منیر الیس گوڈیل، محترمہ لی ہانگ ہوا اور محترمہ طیبہ رشید سال بھر بورڈ میں شامل رہے۔

جناب سعد امان اللہ خان 01 اپریل 2022 کو ہونے والے کمپنی لمیٹڈ کے ڈائریکٹرز کے الیکشن میں ریٹائر ہو گئے جبکہ جناب عامر شہزاد 01 اپریل 2022 کو ہونے والے الیکشن آف ڈائریکٹرز میں تعینات ہوئے۔

30 جون 2022 کے بعد بورڈ میں ہونے والی تبدیلیاں:

لیفٹینینٹ جنرل عمر محمود حیات (ریٹائرڈ) کو 05 اگست 2022 کو ڈائریکٹر مقرر کیا گیا اور اس کے بعد اکتوبر 2022 میں سبکدوش ہونے والے چیئرمین / ڈائریکٹر جناب سلیمان صدر الدین مہدی کی جگہ بورڈ آف ڈائریکٹرز کا چیئرمین مقرر کیا گیا۔ مزید برآں محترمہ طیبہ رشید نے 04 اگست 2022 کو کمپنی آزاد ڈائریکٹر کے عہدے سے استعفیٰ دے دیا۔ ڈاکٹر صفدر بٹ کو 7 نومبر 2022 کو بورڈ آف ڈائریکٹرز میں آزاد ڈائریکٹر مقرر کیا گیا۔

مسٹر منیر اور ڈاکٹر صفدر علی بٹ آزاد ڈائریکٹر ہیں جبکہ لیفٹینینٹ جنرل عمر محمود حیات (ریٹائرڈ)، محترمہ لی ہانگ ہوا اور مسٹر عبد المجید غازیانی نان ایگزیکٹو ڈائریکٹر ہیں۔ جناب محمد فرخ اور جناب عامر شہزاد بورڈ کے دو ایگزیکٹو ڈائریکٹر ہیں۔

اجلاس میں شرکت۔

بورڈ میٹنگز

ڈائریکٹر کا نام	شرکت کی اہلیت	اجلاس میں شرکت
1 جناب محمد فرخ (سی ای او / ڈائریکٹر)	11	10
2 جناب عبد المجید غازیانی	11	11
3 جناب منیر الیس گوڈیل (آزاد ڈائریکٹر)	11	8
4 محترمہ طیبہ رشید (آزاد ڈائریکٹر)	11	11

معاملات میں وقت کے تغیر ممکن ہے۔ مختصر مدت کی A-2 ریڈنگ بروقت ادائیگیوں کی نشاندہی کرتی ہے۔ ایکویڈٹی کے عوامل اور کمپنی کے بنیادی عناصر مضبوط ہیں۔ کیپٹل مارکیٹ تک رسائی بہتر ہے۔ رسک سے متعلق عوامل کم ہیں۔ تصویریں لی گئی۔ ریڈنگ پر آؤٹ لک Stable سے Negative کی گئی ہے۔ پچھلی ریڈنگ 29 اپریل 2021 کو دی گئی تھی۔

آڈیٹر کا تقرر:

موجودہ بیرونی آڈیٹر میسرز نوید ظفر اشفاق جعفری اینڈ کمپنی چارٹرڈ اکاؤنٹینٹ کو میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹینٹ کے استعفیے کی وجہ خالی آسامی پر کرنے کے لئے 16 نومبر 2022 کو ڈائریکٹرز نے اسی معاوضے پر مقرر کیا تھا جس پر حصص داران نے اپنے مورخہ 28 اکتوبر کو ہونے والے سابقہ سالانہ اجلاس عام میں منظوری دی تھی۔

15 فروری 2023 کو ہونے والے سالانہ عام اجلاس کے اختتام کے بعد ریٹائر ہو جائینگے اور دوبارہ تقرری کے اہل ہیں۔ جس کے لئے انہیں 30 جون 2023 کو ختم ہونے والے سال کے لئے پیش کی گئی ہے۔

بورڈ نے میسرز نوید ظفر اشفاق جعفری اینڈ کمپنی چارٹرڈ اکاؤنٹینٹ کی آڈٹ کمیٹی کی طرف سے اگلے مالی سال کے لئے کمپنی کے آڈٹر کی حیثیت سے تقرری کی سفارش کی توثیق کی ہے جن کا تقرر سالانہ اجلاس عام میں حصص یافتگان کی منظوری پر منحصر ہے۔

شیئر ہولڈنگ کا نمونہ

30 جون 2022 کو شیئر ہولڈنگ کا نمونہ (Pattern) سالانہ رپورٹ میں شامل ہے۔

متعلقہ پارٹی کے ساتھ سودے (Related Parties Transactions)

کمپنی نے متعلقہ پارٹنر کے ساتھ سودوں کا ضروری بیانیہ سالانہ رپورٹ میں مالیاتی گوشواروں میں موجود ہے۔ یہ تفصیلات کمپنیز ایکٹ 2017 اور انٹرنیشنل فائنیشل رپورٹنگ اسٹینڈرڈز کے مطابق ہیں۔

ضمانت / وعدے / امکانات

بیلنس شیٹ کی تاریخ اور اس رپورٹ ہذا کی تاریخ کے درمیان کمپنی کے معاملات کی مالی حیثیت کو متاثر کرنے کے لحاظ سے ضمانت / وعدوں میں کوئی اہم تبدیلی نہیں ہوئی ہے۔

بورڈ اور بورڈ کی کمیٹیوں میں تبدیلیاں

30 جون 2022 تک بورڈ کے سات ممبران تھے۔

جن میں دو خواتین اور پانچ مرد ڈائریکٹرز تھے۔

- × پریمیم باسستی چاول
- × رائل سپر باسستی چاول
- × عمدہ باسستی چاول

سفید کرشٹل شوگر

کمپنی پورٹ قاسم میں مکمل طور پر محفوظ دوسرے جدید ترین (Bohlar آٹے کی چکی)، بوہلر مل لگا کر آٹے کی پیداوار کو مزید وسعت دینے میں مصروف ہے۔ یہ توسیع اعلیٰ معیار کے آٹے کی مسلسل بڑھتی ہوئی مانگ کو پورا کرنے میں سہولت فراہم کرے گی اور کمپنی کے طویل مدتی اہداف کے مطابق ہے۔

بورڈ کو یقین ہے کہ سیلز کی موثر حکمت عملی اور مضبوط ڈسٹری بیوشن چینلز کے ساتھ آنے والے وقت میں فروخت مزید بڑھے گی۔

مستقبل پر نظر

میکرو اکنامک آؤٹ لک غیر یقینی ہے، اور اس کا انحصار اس بات پر ہوگا کہ ان اقتصادی چیلنجوں کو کتنی جلدی قابو میں لایا جاسکتا ہے۔ عالمی معیشت، وبائی بیماری کے بعد کی بحالی روس اور یوکرائن کے جاری تنازعے سے شدید متاثر ہوئی ہے۔ نتیجتاً، بین الاقوامی اجناس کی منڈیوں میں قیمتیں اب تک کی بلند ترین سطح پر پہنچ گئیں۔ تاہم، 2022 کے دوسرے نصف حصے میں اجناس کی قیمتوں میں کمی دیکھنے میں آئی ہے کیونکہ اس بے مثال افراط زر اور توانائی کے بحران کے اثرات پوری دنیا میں درپیش ہیں، جس کے نتیجے میں کساد بازاری کے خطرات کے ساتھ ملا جلا عالمی اقتصادی نقطہ نظر سامنے آیا ہے۔

تمام بڑی عالمی معیشتوں میں مالیاتی پالیسی کو سخت کرنے والے اقدامات طلب کی وجہ سے ہونے والی افراط زر کو کم کرنے کے لئے لگائے جا رہے ہیں، جو بالآخر اقتصادی سرگرمیوں میں کمی کا باعث بن سکتے ہیں۔ عالمی منڈیوں میں اتار چڑھاؤ نے پاکستان کی معیشت کو بھی متاثر کیا ہے، جس نے بہتری اور تنزلی کے چکر کا مظاہرہ جاری رکھا۔ مالی محاذ پر اٹھائے گئے اقدامات پاکستان میں کمپنیز پر مزید بوجھ ڈالیں گے اور اس کے نتیجے میں حصص یافتگان کے منافع کو متاثر کریں گے۔ آگے آنے والے وقت میں، ترقی میں عالمی اور اندرونی سست روی کے خطرات، افراط زر کے دباؤ، بلند شرح سود، ملکی کاروباری ماحول میں غیر یقینی صورتحال، جاری مالیاتی سختی کے اقدامات کے ساتھ، کاروباری طلب کے ساتھ ساتھ مختصر مدت میں منافع کے لئے ایک چیلنج ہے۔ درمیانی مدت تک بہر حال کمپنی کی توجہ اس کے منفی اثرات کو کم کرنے، پائیدار قدر فراہم کرنے اور موجودہ صارفین اور سپلائرز کے ساتھ تعلقات کو مضبوط بنانے پر مرکوز ہے، جبکہ اس کے متنوع پروڈکٹ پورٹ فولیو سے فائدہ اٹھاتے ہوئے اپنی ترقی کی خواہشات کو آگے بڑھاتا ہے۔

کریڈٹ ریٹنگ

وی آؤ ایس کریڈٹ کمپنی لمیٹڈ نے 30 اگست 2022 کو A-/A-2 (Single A/A-Two) کمپنی ریڈنگ کو برقرار رکھا تھا۔ درمیانی سے طویل مدت کی A ریڈنگ کمپنی کے قرض کے بہتر معیار کو گردانتی ہے جبکہ بچاؤ کے عوامل خاطر خواہ ہونے کو نشاندہی کرتی ہے۔ رسک سے متعلق

☆ کمپنی کے وژن اور توسیعی حکمت عملی کے مطابق انسانی وسائل میں سامایہ کاری

☆ سال سے دوران نئی مصنوعات کے آغاز کی وجہ سے مارکیٹنگ اور فروخت کے اخراجات میں اضافہ۔

☆ کمپنی کی مصنوعات کی پہنچ بڑھانے اور سئرج کو قومی برانڈ کے طور پر قائم کرنے کے لیے اشتہارات اور مارکیٹنگ کے حوالے سے اضافی اخراجات

آنے والے وقت میں کمپنی اپنے پلانٹس کو بہترین سطح پر چلائے گی جس سے اس کے آپریٹنگ اخراجات آمدنی کے تناظر میں کمی آئے گی۔ کمپنی کے مارکیٹنگ اور اشتہاری اخراجات بھی اب اس کی مصنوعات کے بڑھاتے ہوئے مارکیٹ شیئر کی صورت میں نیچے دے رہے ہیں۔ یہ کمپنی کو آنے والے وقت میں منافع کی طرف لے جائے گی۔

کمپنی کی طرف سے تیار کردہ آٹا صفائی، طویل شیلیف لائف اور تیار شدہ مصنوعات کی پائیداری کی وجہ سے پریکیم پر بکتا ہے۔ اس کے علاوہ ٹیکنالوجی بقایا پتھروں کے خطرے کو بھی ختم کرتی ہے جو روایتی "چکی آٹا" کا حصہ ہیں۔ سال کے دوران سئرج نے مندرجہ ذیل نئی مصنوعات پیش کیں:

☆ پیداوار میں اضافے کے لئے مصارف اصلی کی وجہ سے فرسودگی اور دیگر اخراجات میں جن کا سیلنز سے تعلق نہیں ہوتا اور جن کی نقد ادائیگی اور اضافہ نہیں ہوتی

× سوچی، زنک، فولک ایسڈ، وٹامن بی 12 اور آئرن کی غذائیت سے بھرپور

× بیسن، زنک، فولک ایسڈ، وٹامن B12 اور آئرن کی غذائیت سے بھرپور

× میدہ

× کھانے کا نمک

× نمک (آیوڈین کی آمیزش کے ساتھ)

× گلابی نمک

دائیں

× ثابت مسور

× دال مسور

× دال مونگ

× دال ماش

× دال چنا

چاول (مالی سال 2022-23 کی پہلی ششماہی میں شروع کیا گیا)

× برکت باسمتی چاول

× سیلا گولڈ باسمتی چاول

سنرج فوڈز (پرائیویٹ) لمیٹڈ:

سال کے دوران، سنرج فوڈز (پرائیویٹ) لمیٹڈ (SFPL) کی کارکردگی میں نمایاں بہتری آئی ہے۔ کمپنی کی خالص فروخت گزشتہ سال کی 3.6 بلین روپے کے مقابلے پاکستانی روپے 5.6 بلین رہیں۔ جو سال بہ سال 57 فیصد اضافہ تھا، تاہم غذائیت صنعت کو درپیش منفی معاشی عوامل اور سرمائے کے اخراجات جو کہ بڑھتے ہوئے مصارف اصلی کی وجہ سے بعد از ٹیکس نقصان پاکستانی روپے 255 ملین تھا (جبکہ گزشتہ سال پاکستانی روپے 227 ملین منافع رہا تھا)۔ سال کے دوران صلاحیت میں نمایاں اضافہ ہوا اور پچھلے سال کی اسی مدت کے دوران 101,400 ٹن کے مقابلے میں 206,520 ٹن رہی۔ فروخت اور تقسیم کے اخراجات گزشتہ سال فروخت کے 6 فیصد بمقابلہ 8 فیصد تھے جبکہ انتظامی اخراجات مالی سال 2021 میں 0.5 فیصد کے مقابلے میں 2 فیصد تھا۔

خام منافع میں کمی کی بڑی وجہ یہ تھی کہ گرچہ خام مال اور دیگر مصارف کی قیمتوں میں سال کے دوران خاصہ اضافہ ہوا تاہم مختصر مدت کے دوران بڑھتے ہوئے ان اخراجات کو سیلز میں شامل نہ کیا جاسکا اس حقیقت کی روشنی میں کہ آٹا ایک بنیادی غذا ہے اور اسکی قیمت تبدیل کرنا بڑا مشکل کام ہے مینجمنٹ نے پرچون کی سطح پر قیمتوں کو بڑھانے کے بجائے آہستہ آہستہ بڑھانے کا فیصلہ کیا۔ سنرج کو مارکیٹ میں ابھی صرف چار سال ہوئے ہیں اور یہ بھی مارکیٹ میں اپنی جگہ بنا رہا ہے اس لئے کمپنی نے طویل مدتی مارکیٹنگ حکمت عملی کو اختیار کرنے کا فیصلہ کیا اس حکمت عملی کے تحت ہمیں صارفین کو اس بات کی ترغیب دینی ہے کہ ہماری مصنوعات خریدیں تاکہ انہیں اعلیٰ معیار کا تجربہ ہو اور وہ ہماری مصنوعات کی طرف راغب ہوں۔ کمپنی پر اعتماد ہے کہ یہ حکمت عملی بہت جلد نتائج دے گی اور پہلے سے نصب شدہ پیداواری صلاحیت سیلز اور منافع کی شرح میں خاطر خواہ اضافے کا باعث بنیں گے۔

اس سال کمپنی نے نہ صرف اپنی پیداواری صلاحیت کو بڑھایا بلکہ موجودہ ملوں کی پیداواری کارکردگی کو بہتر بنانے کے لئے تجدید کاری کا اضافہ بھی کیا جس سے تمام برنس سیگمینٹ میں یکساں معیار اور تصریحات کو یقینی بنایا گیا۔ ان تجدید کاری کی وجہ سے، کمپنی کا ایک پلانٹ پوری صلاحیت سے کام نہیں کر سکا۔ کمپنی نے برانڈ سازی کے ساتھ ساتھ ڈسٹری بیوشن نیٹ ورک میں بہت زیادہ سرمایہ کاری کی تاکہ یہ یقینی بنایا جاسکے کہ سنرج کی مصنوعات پورے سال پاکستان میں دستیاب رہیں۔ ان دوسرے گریڈوں نے کمپنی کی لاگت میں اضافہ کیا اور خالص آمدنی کو کم کیا جو کہ اوپر بیان کئے گئے خالص نقصان کا باعث بنا۔ یہ سرگرمیاں پیداواری لاگت کی استعداد کار کو بہتر بنانے اور برانڈ بیداری پیدا کرنے اور اس بات کو یقینی بنانے کے لئے ضروری ہیں کہ کمپنی مستقبل کے مارجن میں بہتری کے لئے لاگت کا انتظام کر سکے۔ مندرجہ ذیل چیزیں کمپنی کی مالی کارکردگی سے براہ راست منسوب ہیں۔

☆ گندم کی قیمتوں میں اضافے کی وجہ سے ورکنگ کپٹل کی ضروریات میں اضافہ SBP پالیسی کی شرح میں اضافہ ساتھ ساتھ فنانسنگ کی لاگت میں اضافہ کرتا ہے۔

☆ پیداوار میں اضافے کے لئے مصارف اصلی کی وجہ سے فرسودگی اور دیگر اخراجات میں جن کا سیلز سے تعلق نہیں ہوتا اور جن کی نقد ادائیگی نہیں ہوتی، میں اضافہ۔

☆ توانائی کے بڑھتے ہوئے اخراجات جس کی وجہ سے نقل و حمل کے ساتھ ساتھ پلانٹ کے آپریشنز کی لاگت زیادہ ہوتی ہے۔

والے سالوں میں کمپنی کی "گو-ٹو-مارکیٹ" حکمت عملی میں مددگار ہوگا۔

رِسک مینجمنٹ

موثر رِسک مینجمنٹ پائیدار کاروباری ترقی کی بنیاد ہے خاص طور پر اس کے اثرات جو 21 ویں صدی میں ہمیشہ سے ابھرتی ہوئی مارکیٹ میں غیر موقع حالات سے گزرنے میں رہنمائی کرتے ہیں۔

یونیٹ فوڈز لمیٹڈ میں بورڈ رِسک مینجمنٹ کے انتظام کے عمل کو کنٹرول کرنے کی اپنی ذمہ داری پوری تندہی سے نبھارہا ہے جس میں ایڈ وائس پیش گوئی، آپریشنل بہتری کے معیارات اور اندرونی کنٹرول کے طریقہ کار کا احاطہ کیا جارہا ہے تاکہ خطرات کی شناخت، تجزیہ، ترجیح، علاج اور نگرانی کی جاسکے۔ ادارے کے ٹھوس اور غیر محسوس اثاثوں کی حفاظت کی ضرورت کو مد نظر رکھتے ہوئے ان دستاویزی طریقہ کار کا مسلسل جائزہ لیا جاتا ہے، اس طرح کمپنی اور اس منافع کو لاحق غیر ضروری خطرات کو ختم کیا جاتا ہے۔ اندرونی یا بیرونی خطرات جو ممکنہ طور پر کمپنی کو اس کے مالی یا سٹریٹجک مقاصد کے حصول میں رکاوٹ بن سکتے ہیں، کو BOD اور یا سینئر مینجمنٹ کو اجاگر کیا جاتا ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ مستقبل میں اس قسم کے کسی بھی واقعے کو کم کرنے کے لیے ایک بروقت ایکشن پلان موجود ہو۔ رِسک مینجمنٹ ایک جاری عمل ہے جو اس کی شناخت نگرانی یا تخفیف پر ختم نہیں ہوتا۔

اس کے علاوہ، کمپنی کے پاس اب ویلیو چین کے تمام شعبوں میں آغاز سے اختتام تک رِسک مینجمنٹ فراہم کرنے کی ٹیکنالوجی اور سہولیات موجود ہیں۔ اس میں جدید ترین دستیاب ERP کے ساتھ ساتھ تکمیلی ٹولز کا نفاذ بھی شامل ہے جو کہ جدید اداروں کے لیے ڈیجیٹل دور میں زندہ رہنے کے لیے ضروری ہیں۔ کمپنی کی SOPs پر توجہ اور ایک واضح تنظیمی ڈھانچہ گزشتہ پانچ سالوں میں مضبوط ترقی کی بنیاد ہیں۔ کمپنی مقامی اور عالمی سرٹیفیکیشن حاصل کرنے اور کاروباری معیارات کی وضاحت اور پاکستان کی مسابقتی برتری کو ظاہر کرنے کے لیے سسٹم سرٹیفیکیشن کی اعلیٰ ترین سطح پر عمل پیرا ہے۔

بورڈ آف ڈائریکٹر رِسک مینجمنٹ فنکشن کے ذریعے کمپنی کی کامیابی میں حصہ دار ہونے کے ساتھ ساتھ کمپنی کے تمام اسٹیک ہولڈرز کے نمائندہ بھی ہے۔

سیلز کی حکمت عملی

گزشتہ سال کمپنی نے سیلز کے لئے تقسیم کار کمپنیوں کا انتخاب کیا تھا تاہم اس کے نتیجے میں سیلز چند تقسیم کاروں تک محدود رہے اور یہ تقسیم کار کمپنیاں پورے ملک میں کمپنی کا مال بیچتی رہیں۔ اسکے نتیجے میں سیلز چند تقسیم کار کمپنیوں تک محدود رہیں۔ آئندہ کے لئے کمپنی نے اپنی سیلز کی حکمت عملی تبدیل کی ہے اور اب تھوک اور پرچون دونوں سطح پر براہ راست گاہکوں کے ساتھ سیلز پر توجہ مرکوز کرنے کا فیصلہ کیا ہے۔ اس قدم سے کمپنی کو اپنے گاہکوں کے ساتھ براہ راست تعلق استوار کرنے میں مدد ملے گی جو کمپنی کو طویل مدت میں سیلز میں اضافے کا باعث اور اسے برقرار رکھنے میں مددگار ثابت ہوگا۔

آپ کی کمپنی کو اس بات کی تصدیق کرتے ہوئے خوشی ہو رہی ہے کہ مذکورہ بالا سٹریٹجکیشنز اور انتظامیہ کی طرف سے ESG پر دی جانے والی مسلسل توجہ کے نتیجے میں ماحولیات یا اس کی پائیداری پر اس کے کسی بھی آپریشن کا کوئی خاص منفی اثر نہیں پڑا ہے۔

خطرات اور غیر یقینی صورت حال

کمپنی کو بنیادی طور پر دو خارجی عوامل یعنی اجناس کی قیمتوں اور کرنسی کی شرح تبادلہ میں اتار چڑھاؤ میں غیر یقینی صورتحال سے پیدا ہونے والے خطرات کا سامنا ہے، کیونکہ اس کے کام کا انحصار تیل کے بیجوں، خوردنی تیل اور جانوروں کے کھانے کے اجزاء کی درآمد پر ہے۔ ہماری صنعتی / تجارتی فروخت ہمیں اس خطرے کے خلاف قدرتی حفاظت فراہم کرتی ہے جیسا کہ فروخت کی قیمت باقاعدہ بنیادوں پر ایڈجسٹ کی جاتی ہے۔ مزید برآں انتظامیہ خطرے کا جائزہ لینے، نگرانی کرنے، اس پر قابو پانے اور کنٹرول کرنے کے لیے تمام ممکنہ اقدامات کرتی ہے اور سپلائی میں تبدیلی کے انتظام کے ذریعے کمپنی کے منافع پر منفی قیمت اور شرح مبادلہ کے اتار چڑھاؤ کے اثرات کو کم سے کم رکھنے میں کامیاب رہی ہے۔

انٹرنل کنٹرول اور خودکاری

کمپنی کے اندرونی آڈٹ اور کنٹرول کو مضبوط بنانے کے لیے انتظامیہ نے درج ذیل اہم اقدامات کیے ہیں:

اندرونی آڈٹ کے مختلف کاموں کو انجام دینے کے لیے ایک خود مختار اندرونی آڈٹ محکمہ قائم ہے جس کی سربراہی ایک موزوں اور تجربہ کار فرد کر رہا ہے۔ بورڈ آڈٹ کمیٹی انٹرنل آڈٹ ڈیپارٹمنٹ کی طرف سے جمع کرائی گئی آڈٹ رپورٹس کا باقاعدگی سے جائزہ لیتی ہے۔ کمپنی کے اندرونی مالیاتی کنٹرول کا انتظام SAP کے تحت کیا جاتا ہے۔ یہ نظام Abacus Consulting کے ذریعے تیار اور نافذ کیا گیا تھا۔

سال کے دوران کمپنی نے SAP S/4 HANA، SAP SuccessFactor، اور ARIBA کے نفاذ کے لیے سسٹمز لمیٹیڈ کی خدمات حاصل کیں جو کہ جون 2022 میں کامیابی کے ساتھ مکمل ہوا۔ اس سے امید کی جاتی ہے کہ وہ مستقبل کے لیے تیار چسٹ اور اختراعی FMCG کمپنی بننے میں مددگار ہوں گے۔

SAP کے جدید ترین طریقہ کار سے ڈیجیٹلائزیشن کمپنی کو بلاک چین کو اپنانے اور لاگو کرنے کے قابل بنائے گی، کمپنی کے کاموں میں نئی جہتیں شامل کرے گی اور عالمی سپلائرز اور صارفین کو ایک نظام فراہم کرے گی۔ اس سے وہ بلاک چین فریم ورک کو اپنے سسٹمز میں ضم کر سکیں گے جو کمپنی کی "سپیڈ-ٹو-مارکیٹ" کی حکمت عملیوں پر عمل درآمد میں معاون ہوں گے۔ اس پروگرام کو جدید ERP اور صنعتی آٹومیشن سلویشنز کا استعمال کرتے ہوئے اپنے تمام کاروباری حصوں میں ڈیجیٹل تبدیلی کے منصوبے کا ایک حصہ سمجھا جاتا ہے۔ یہ کمپنی کے کاموں میں مزید افادیت لائے گا اور عالمی سطح کے بہترین طرز عمل کو متعارف کروائے گا۔ جو کہ آنے

Standards	Oil Refinery (Port Qassim Plant)	Solvent Plant (Kotri)	Sunridge Foods (Port Qasim Plant)	Sunridge Foods (Maymar plant)	Soap (Hub)
	ISO 9001	ISO 9001	ISO 9001	ISO 9001	ISO 9001
	(Quality Management Systems)	(Quality Management Systems)	(Quality Management Systems)	(Quality Management Systems)	(Quality Management Systems)
		ISO 22000	ISO 22000	ISO 22000	
	ISO 22000 (Food Safety Management Systems)	(Food Safety Management Systems)	(Food Safety Management Systems)	(Food Safety Management Systems)	
	ESG				
	HACCP	HACCP			
	(Hazard Analysis and Critical Control Point)	(Hazard Analysis and Critical Control Point)			
	RSPO				
	(Round Table Sustainable Palm Oil)				
	FSSC 22000		FSSC 22000		
	(Food Safety System Certification)		(Food Safety System Certification)		
	PS 3733 & GSO/UAE 2055-1	PS 3733 & GSO/UAE 2055-1 (Halal Food Management System)	PS 3733 & GSO/UAE 2055-1	PS 3733 & GSO/UAE 2055-1	
	(Halal Food Management System)		(Halal Food Management System)	(Halal Food Management System)	
	ISO1400: 1Environmental management systems	ISO1400: 1Environmental management systems	ISO1400: 1Environmental management systems	ISO1400: 1Environmental management systems	ISO1400: 1Environmental management systems
	ISO45001	ISO45001	ISO45001	ISO45001	ISO45001
	Occupational Health & Safety Management System	Occupational Health & Safety Management System	Occupational Health & Safety Management System	Occupational Health & Safety Management System	Occupational Health & Safety Management System

سسٹمز لمیٹڈ اور PWC نے یونٹی فوڈز کو "رائز وڈ ایس اے پی" کے مکمل اینڈ ٹو اینڈ سلوشنز فراہم کرنے کے لئے شراکت داری کی جو حقیقی ڈیٹا سینٹرک اور ڈیٹا پرائیویسی کی کمیٹی کے وٹرن کے ساتھ منسلک ہے تاکہ کاروباری استعداد کو بہتر بنایا جاسکے اور کمیٹی میں جدت کی رفتار کو تیز کیا جاسکے۔

ماحولیاتی، سماجی اور کارپوریٹ گورننس (ESG)

یونٹی فوڈز لمیٹڈ ملک کی ان چند کمپنیوں میں سے ایک ہے خاص طور پر لسٹڈ کیٹیگری میں، جو بہتر ماحولیاتی، سماجی اور کارپوریٹ گورننس (ESG) کے لیے کام کر رہی ہے۔ یہ حکمت عملی کا سفر اقوام متحدہ کے پائیدار ترقی کے اہداف کے مطابق طے کیا گیا تھا۔ تین اہداف یعنی SDG2 (بھوک کا خاتمہ) SDG4 (معیاری تعلیم) اور SDG12 (ذمہ دار نہ کھپت اور پیداوار) ابتدائی طور پر منتخب کئے گئے ہیں جو تنظیم کے موجودہ اور مستقبل کے آپریشنز اور منصوبوں کے مطابق تھے۔ ایس جی ایس پاکستان کو کمیٹی نے پائیداری کی یقین دہانی کے لیے ایک آزاد آڈٹ کرنے کے لئے منتخب کیا جو اپریل 2022 میں کامیابی کے ساتھ مکمل ہوا۔

صحت اور حفاظت

آپ کی کمپنی تمام ملازمین کے لیے محفوظ اور صحت مند کام کے ماحول کو یقینی بنانے کے لیے پُر عزم ہے۔ اس سلسلے میں کمپنی نے اپنی تمام مینوفیکچرنگ سہولیات میں آگ سے بچاؤ کے حفاظتی آلات نصیب کر رکھے ہیں اور ایک تربیت یافتہ ٹیم HSE سے متعلق تمام معاملات کی دیکھ بھال کر رہی ہے تاکہ حفاظتی اقدامات کو برقرار رکھا جاسکے۔ ٹیموں کو جدید ترین رجحانات اور رہنما اصولوں سے روشناس کروانے کے لیے تمام سہولیات پر مسلسل تربیت فراہم کی جاتی ہے۔

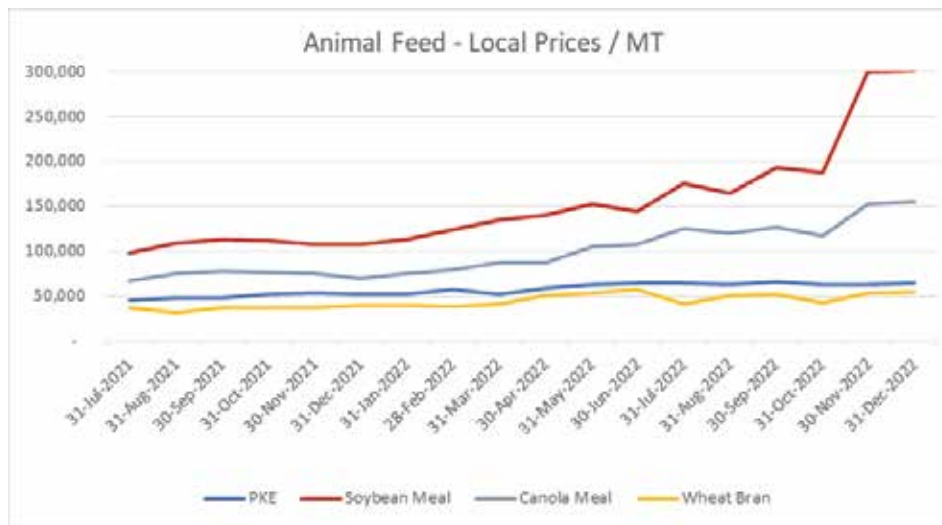
تعمیل اور سرٹیفیکیشنز

مصنوعات کی حفاظت، حفظان صحت اور ماحولیات کے اعلیٰ ترین معیار کو یقینی بنانے کے لیے انتظامیہ کے عزم کے مطابق ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ کمپنی اور اس کی ذیلی کمپنی نے نہ صرف سابقہ سرٹیفیکیشنز کو برقرار رکھا ہے بلکہ مسلسل بہتری اور پائیداری کے اپنے عزم کے مطابق کامیابی کے ساتھ مزید سرٹیفیکیشن حاصل کی ہیں۔

جانوروں کے کھانے کے اجزاء

پاکستان دودھ کا ایک بڑا پروڈیوسر اور صارف ہے۔ جانوروں کے کھانے کے اجزاء ڈیری پیداوار کو بڑھانے میں اہم کردار ادا کرتے ہیں۔ مالی سال 2021-2022 میں مارکیٹ کو کئی چیلنجوں کا سامنا کرنا پڑا جن میں سپلائی کی قلت، قیمتوں میں اضافہ اور بعد ازاں پوری ویلیو چین میں صافین کی طرف سے فیڈ راشننگ شامل ہیں زیر جائزہ مدت کے دوران درآمدی تیل کے بیجوں کے کھانے، گندم کی چوکر اور دیگر دستیاب اناج کے متبادل سمیت تمام اشیاء کی سپلائی میں رکاوٹیں دیکھی گئیں۔ ان ناموافق رکاوٹوں کے باوجود اس سیگمنٹ کی سیلرز یونیو مالی سال 2021 سے برابر رہی۔

مقامی فیڈ اجزاء کی قیمتیں بھی زیر جائزہ مدت کے لئے 42% (PKE) سے 61% (کینولا میل) تک بڑھ گئیں۔ سپلائی میں ممکنہ کمی اور اسکے نتیجے میں مقامی کرش حجم کی کمی کے باعث 2022 کی دوسری ششماہی میں یہ قیمتیں جون 2021 کی سطح کے 200% تک بڑھنے کا خدشہ تھا، جس کی وجہ سے قریب کی مدت میں سامان کی عدم دستیابی کا خدشہ تھا تاہم اب یہ ظاہر ہوتا ہے کہ آؤٹ لک اتنا برا نہیں جتنا کہ اصل میں تصور کیا گیا تھا۔



ڈیجیٹل ٹرانزیشن کا سفر

کاروبار کی توسیع ڈیجیٹل تبدیلی کے ساتھ جڑی ہوئی ہے جہاں کاروبار کے ہر پہلو کو موثر کنٹرول کے لیے تشکیل اور مرکزی بنایا جاتا ہے۔ یونیٹی فوڈز لمیٹڈ SAP S/4 HANA کے نفاذ کے بعد سال 2022 کی دوسری ششماہی میں

SAP ARIBA اور SuccessFactors کا نفاذ کر کے ڈیجیٹل ٹرانزیشن کے سفر میں ایک اور سنگ میل کو حاصل کر لیا ہے۔ یہ مقابلے میں آگے رہتے ہوئے ویلیو چین کی تبدیلی میں مدد فراہم کرنے اور کمپنی کے پرجوش ترقی کے منصوبوں کو تقویت دینے کے لئے بہترین طریقوں پر عمل درآمد کرنے میں ایک طویل سفر طے کرے گا۔ اس نے یونیٹی فوڈز کو اپنے آپریشنز کو ہموار کرنے کے قابل بنایا ہے اور کام کرنے کے ایک نئے، زیادہ مضبوط اور باہمی تعاون کے طریقے کو حاصل کرنے میں مدد کی ہے جس سے جدید مضبوط کاروباری منصوبہ بندی اور تجزیاتی ٹول (SAC) کو اپنانے میں مدد ملی ہے۔

آنے والے وقت میں، حالیہ سیلاب کے باعث 2022-2023 میں گندم کے بوائی کے علاقے پر منفی اثر آنے کا امکان ہے۔ صوبہ سندھ عام طور پر قومی گندم کی پیداوار میں تقریباً 20% حصہ ڈالتا ہے۔ سندھ حکومت نے گندم کی امدادی قیمت 4,000 فی 40 کلوگرام بڑھادی ہے جب کہ پنجاب نے 3,000 روپے فی 40 کلوگرام کی امدادی قیمت مقرر کی ہے۔

کاروباری کارکردگی کا جائزہ

پہلے سے کمزور عالمی معیشت، کرونا کے لاک ڈاؤن کے بعد 2021 میں معمولی بحالی کے بعد مجموعی طور پر سست روی کا سامنا کر رہی ہے۔ یوکرین میں جنگ نے ممکنہ عالمی کساد بازاری کو جنم دیا ہے اور توانائی اور زرعی اجناس کی فراہمی میں بڑی رکاوٹیں پیدا کر دیں ہیں۔ اس نے بین الاقوامی اجناس کی منڈی میں موجودہ تناؤ کو بڑھا دیا ہے اور دنیا بھر کے مرکزی بینک مہنگائی کے دباؤ کا مقابلہ کرنے کیلئے شرح سود میں اضافہ کر رہے ہیں۔ مالی سال 2021-2022 میں توانائی کی قیمتوں میں بھی تیزی سے اضافہ ہوا۔ تیل کی عالمی قیمتیں جو سال کی پہلی ششماہی میں بڑھی تھیں، اس خدشہ پر تیزی سے گر گئی ہیں کہ عالمی کساد بازاری طلب کو دبا دے گی۔ یوکرین پر روس کے حملے کے بعد مارچ میں تیل کی عالمی قیمتیں 139 ڈالر فی بیرل کی بلند ترین سطح پر پہنچ گئی۔ توانائی کی قلت اور OPEC+ کی جانب سے پیداوار کو کم کرنے کے فیصلے کی وجہ سے خام تیل کی قیمتیں 13 سال کی بلند ترین سطح پر پہنچ گئیں۔ ان چیلنجوں کے باوجود کمپنی اپنی خریداری اور سپلائی کو صارفین تک پہنچانے میں بھرپور لچک کا مظاہرہ کر رہی ہے اور پاکستان کی فوڈ ویلیو چین میں ایک اہم شراکت دار کے طور پر کمپنی کی پوزیشن کو برقرار رکھنے کیلئے انوینٹری پوزیشنز کے فعال انتظام کو بروئے کار لا رہی ہے۔

خوردنی تیل

صنعتی / تجارتی فروخت کے ذریعہ ایک مستحکم بنیاد بناتے ہوئے آپ کی کمپنی موجودہ خریداروں کے ساتھ اپنے تعلقات کو مضبوط بنانے میں کامیاب رہی ہے جو کمپنی کو مستقبل میں شراکت داری کے ذریعہ منسلک کرتے رہیں گے۔ گزشتہ سال کی کامیاب حکمت عملی پر عمل کرتے ہوئے برانڈ نام "دستک" کے تحت مقبول طبقہ کو ہدف بنایا تھا اور اپنی کنزیومر پیک سیلرز پر توجہ مرکوز کی گئی۔ مالی سال 2021-2022 کے دوران کمپنی نے خوردنی تیل کی فروخت میں سال 2021 کی فروخت 46,909 ملین روپے کے مقابلے میں 70,937 ملین روپے کی فروخت کر کے 51.2 فیصد اضافہ دیکھا۔ تاہم مالی سال 2021 کی کارکردگی کے مقابلے حجم میں مجموعی طور پر 8% کمی واقع ہوئی۔ ہمارے تمام برانڈز اپنی ویلیو سیلرز میں اضافہ کرنے میں کامیاب رہے ہیں۔ انتظامیہ نے ادھار کو نہ بڑھانے میں سمجھداری کا مظاہرہ کیا اور زیر جائزہ پوری مدت کے دوران CP ڈویژن میں پائیدار فروخت کو یقینی بنایا۔ CP تیل صنعتی فروخت کے مقابلے میں پریٹیمیم رکھتے ہیں اور مجموعی طور پر مارجن میں بہتری فراہم کرتے ہیں

کینولا کے بیجوں کیلئے بھی یہ سال مشکل تھا۔ جس نے پیداوار کو کئی سالوں کی کم ترین سطح پر دیکھا اور قیمتیں USD1,000 فی میٹرک ٹن سے اوپر چلی گئیں۔ اس نے سپلائی کو منفی طور پر متاثر کیا کیونکہ ترسیلات منسوخ کر دی گئیں اور پاکستان کی مجموعی کینولا بیج کی درآمدات میں CY2021 کے مقابلے میں CY2022 میں 66% سے زیادہ کمی واقع ہوئی۔ اس قلت کے باعث سویا بین کے بیجوں پر انحصار بڑھ گیا جس کی قیمتیں عالمی رسد میں اضافے کے باوجود بڑھ گئی۔

ملائشین پام آئل کونسل کا کہنا ہے کہ پام آئل کی پیداوار تین سال کی کمی کے بعد 2023 میں بحال ہونے والی ہے صنعت کے تخمینے کے مطابق 2022 میں پیدا ہونے والے تقریباً 18 ملین میٹرک ٹن کے مقابلے میں 3% سے 5% اضافے کی پیش گوئی کی گئی ہے۔

انڈونیشین پام آئل ایسوسی ایشن (گیپگی) کے مطابق ملائیشیا کے بڑے حریف انڈونیشیا کی 2023 کی سالانہ پیداوار 3% اضافے کے ساتھ 48.1 ملین میٹرک ٹن پہنچنے کی پیش گوئی کی گئی ہے۔ اور برآمدات 2.5 ملین میٹرک ٹن کے اضافے کے ساتھ 33.5 ملین میٹرک ٹن ہو جائیں گی۔ یو ایس ڈی اے کی پیش گوئی کے مطابق عالمی سطح پر 2023 میں سبزیوں کے تیل کی پیداوار میں اضافے کی رفتار 4% تک پہنچنے کا امکان ہے جو ریپ سیڈ اور سویا بین کے تیل کی پیداوار میں مضبوط اضافے کی پیش گوئی سے منسلق ہے۔ مزید برآں لائینا (La Nina) موسمی طرز کا تسلسل 2023 کی پہلی سہ ماہی میں خطے میں سیلاب کا سبب بن سکتا ہے جس سے آپریشن متاثر ہو سکتے ہیں اور پیداوار میں رکاوٹ پیدا ہو سکتی ہے۔ تاہم، ہم توقع کر سکتے ہیں کہ 2023 کی دوسری سہ ماہی سے سپلائی میں اضافہ ہو جائے گا جس کی وجہ سے 2023 کے دوسرے نصف حصہ میں قیمتیں گر جائیں گی۔ امریکی محکمہ زراعت (USDA) کی پیش گوئی کے مطابق مارکیٹنگ سال 2020 سے بڑے پیمانے پر مستحکم رہنے کے بعد مارکیٹنگ سال 2022-2023 میں پام آئل کی عالمی پیداوار میں 5% اضافے کا امکان ہے۔ اس نظریہ کی تائید تازہ ترین پیداواری اعداد و شمار سے ہوتی ہے جس سے پتا چلتا ہے کہ انڈونیشیا میں پیداوار جون 2022 سے بڑھ رہی ہے اور مزدوروں کی کمی کے باوجود 2022 کے دوسرے نصف حصہ میں ملائیشیا کے (پیداواری) حجم میں سالانہ بنیاد پر اضافہ ہوا ہے۔

گندم

2021-2022 کے دوران بوائی کا رقبہ کم ہو کر 8,976 ہزار ہیکٹر رہ گیا جو کہ گزشتہ سال کے 9,168 ہزار ہیکٹر تھا جس کے نتیجے میں گندم کی پیداوار گزشتہ سال کی 27.464 ملین ٹن پیداوار کے مقابلے میں 3.9% کم ہو کر 26.394 ملین ٹن رہ گئی۔ گندم کی پیداوار میں کمی کا باعث بننے والے دیگر عوامل میں آبپاشی کے پانی کی کمی اور بوائی کے وقت خشک سالی، کھاد کا کم استعمال اور مارچ / اپریل میں گرمی کی لہر شامل ہیں۔ رسد سے زیادہ طلب کی وجہ سے قیمتیں آسمان کو چھونے لگیں کیونکہ پاکستان میں گندم بنیادی خوراک ہے جو اوسطاً یومیہ 72% خوراک کے طور پر استعمال ہوتی ہے۔ مالی سال 2021-2022 کے آغاز میں گندم کی قیمتیں 52 روپے فی کلو (کراچی میں) تھیں جو کہ اس مدت کے اختتام پر 78 روپے فی کلو تھیں سال 2022 کے آخر میں قیمتیں پہلے ہی 100 روپے فی کلو سے بڑھ چکی تھیں اور سال 2023 کی دوسری سہ ماہی میں فصلوں کی کٹائی کے باوجود ان میں کمی آنے کی توقع نہیں ہے۔

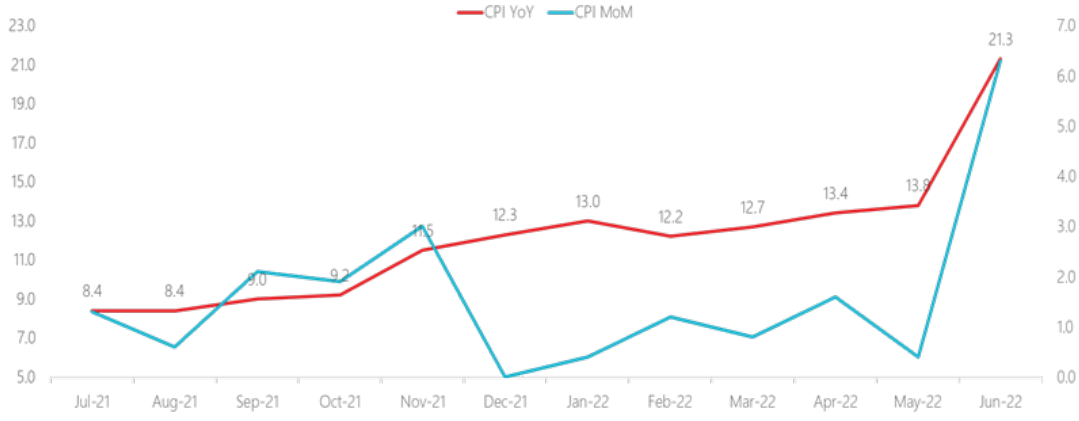


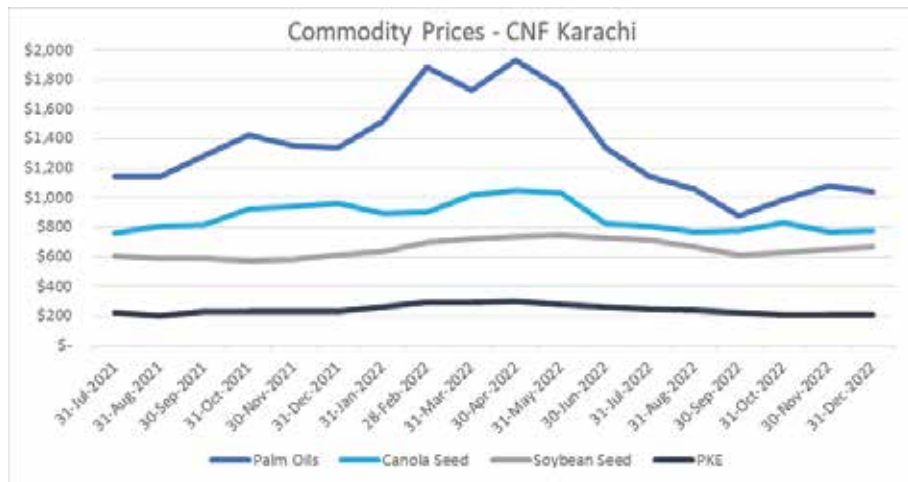
Figure 2: Source PBS

کریڈٹ ریٹنگ میں کمی

آئی ایم ایف کے ساتھ معاہدے میں تاخیر، کرنسی کی قدر میں کمی اور زر مبادلہ کے ذخائر میں کمی نے پاکستان کی اپنی غیر ملکی مالیاتی ذمہ داریوں کو پورا کرنے کی صلاحیت کے بارے میں غیر یقینی صورتحال پیدا کر دی ہے۔ نتیجتاً موڈیز سمیت بین الاقوامی ریٹنگ ایجنسیوں نے پاکستان کی کریڈٹ ریٹنگ آؤٹ لک کو مستحکم سے منفی کر دیا ہے۔ تاہم ایندھن کی زرتلافی کی جزوی واپسی اور بجلی اور دیگر یوٹیلیٹیز پر زرتلافی کی بتدریج واپسی کے عزم نے بعد میں توسیع فنڈ سہولت (EFF) کے تحت ایک ارب ڈالر کی قسط کے اجرا کی راہ ہمواری کر دی ہے۔ اس سے تیزی سے بگڑتے معاشی منظر نامے کو صرف ایک عارضی آسانی ملی ہے۔

خوردنی تیل اور تیل کے بیج

2022 میں روس، یوکرین کی جنگ اور انڈونیشیا کی برآمدات پر عارضی پابندی کی وجہ سے بیج مارک سی پی او (پام کا خام تیل) سودوں کی قیمت مئی میں، اب تک کی بلند ترین سطح پر پہنچ گئی تھی۔ اوسط قیمتیں 4,943 ملائشین رنگٹ فی میٹرک ٹن تک پہنچ گئیں جو کہ 2021 کی اوسط قیمت 4,142 ملائشین رنگٹ فی میٹرک ٹن سے کافی زیادہ ہے اور 2017 سے 2020 کے درمیان 2,489.1 ملائشین رنگٹ فی میٹرک ٹن کی اوسط قیمت سے بہت زیادہ ہے۔ انڈونیشیا کی جانب سے گھریلو کوکنگ آئل کی قیمتوں کو قابو کرنے کیلئے پام کی برآمدات پر پابندی کے قدم نے مارکیٹ کو حیران کر دیا اور چند ہفتوں کے بعد اسی طرح اچانک تبدیلی سے انڈونیشیا کی حکومت کی طرف سے برآمدات میں اضافے کیلئے دباؤ ڈالا گیا کیونکہ ٹینکوں میں ذخیرہ کرنے سے پام کی قیمتیں گر گئی تھیں۔



پاکستان کی معیشت اپنی تاریخ کے ایک مشکل ترین دور سے گزر رہی ہے جہاں مالی سال 2021، 2022 میں مجموعی طور پر جی ڈی پی کی شرح نمو 6.0 فیصد ہونے کے باوجود بڑھتے ہوئے مالیاتی اور کرنٹ اکاؤنٹ خسارے اور بگڑتے ہوئے بیرونی معاشی حالات نے معاشی ترقی کو برقرار رکھنا انتہائی مشکل بنا دیا ہے۔ بین الاقوامی اجناس کی قیمتوں میں اضافے سے افراط زر کی سطح خطرناک حد تک بلند ہوئی مرکزی بینک کی طرف سے سخت مالیاتی اقدامات کئے گئے (بنیادی قرضے کی شرح میں Fy21/22 کے دوران 625bps تک اضافہ)۔ اس کے ساتھ سیاسی عدم استحکام، غیر ملکی زرمبادلہ کے ذخائر میں کمی اور تجارتی خسارے میں اضافہ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی (مالی سال 21/22 کے دوران روپے کی قدر میں 25% سے زیادہ کمی) کا باعث بنا۔

شیڈول کے مطابق آئی ایم ایف پروگرام کے دوبارہ شروع ہونے میں غیر معمولی تاخیر کی وجہ سے حکومت کیڑا لچھتی قرض دہندگان سے بجٹ/پالیسی قرضے حاصل کرنے میں ناکام رہی اور اسے اپنے پروگرام اور منصوبوں کیلئے دیگر قرضوں کے حصول پر انحصار کرنا پڑا۔ اس نے پہلے سے ہی نازک معاشی صورت حال کو مزید گھمبیر کر دیا۔

آنے والے وقت میں آئی ایم ایف کے پروگرام کی واپسی کے بغیر ملک کو غیر ملکی زرمبادلہ کی شدید کمی کا سامنا کرنا پڑے گا جس سے مجموعی معیشت متاثر ہوگی کیونکہ اب خام مال کے ساتھ ساتھ تیار مال دونوں کیلئے معیشت تقریباً درآمدات پر انحصار کیے ہوئے ہے۔ صنعتوں کی پلانٹ اور مشینری کی درآمد جو پائپ لائن میں ہے خطرے میں پڑ جائے گی اگر ملک کے پاس ان اثاثوں کی ادائیگی کیلئے اتنا زرمبادلہ نہ ہو۔ اس سے ترقی کی صلاحیت مزید کم ہو جائے گی۔

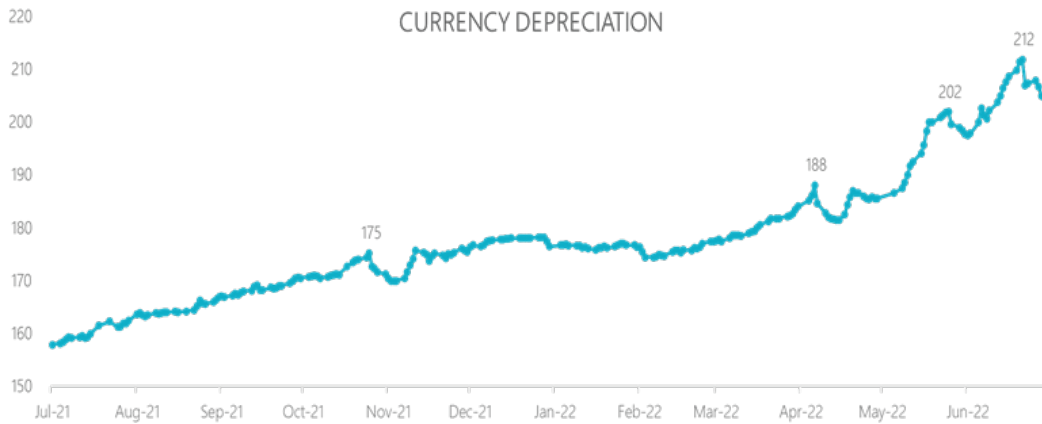


Figure 1: Source SBP

کلیدی آپریٹنگ اور مالیاتی جھلکیاں:-

پاک روپے ملین میں سوائے EPS کے	انفرادی	انفرادی	اجتماعی	اجتماعی
	FY 22	FY 21	FY 22	FY 21
خالص فروخت	82,185	66,401	87,713	68,831
کل منافع	7,846	5,192	8,238	5,651
سود اور ٹیکس سے پہلے منافع	4,152	4,269	3,950	4,517
خالص آمدنی	2,436	3,112	2,181	3,338
EPS/فی شیئر آمدنی	2.27	3.56	2.03	3.73
مجموعی اثاثے	58,621	42,538	63,213	44,186
کل ایکویٹی	21,157	13,379	20,711	13,188

تجزیہ اور تناسب	انفرادی	انفرادی	اجتماعی	اجتماعی
	FY 22	FY 21	FY 22	FY 21
گراس مارجن	9.55%	7.82%	9.39%	8.21%
EBIT مارجن	5.05%	6.43%	4.50%	6.56%
نیٹ مارجن	2.96%	4.69%	2.49%	4.85%
اثاثوں کا ٹرن اوور	1.62	2.16	1.63	2.16
موجودہ تناسب	1.32	1.17	1.22	1.14

ڈائریکٹرز کی رپورٹ

ہمیں یونٹی فوڈز لمیٹڈ (کمپنی یونٹی فوڈز) کے بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2022 کو ختم ہونے والے سال کیلئے درج ذیل رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

مالیاتی کارکردگی:-

تمام کاروباری سرگرمیوں میں غیر معمولی کارکردگی کی وجہ سے زیر جائزہ سال کیلئے 87,713 ملین روپے کا مجموعی کاروبار، گزشتہ سال کے اسی مدت کے مقابلے میں 27.4% زیادہ رہا۔ یہ اضافہ بنیادی طور پر ہمارے تمام کاروباری حصوں میں زیادہ فروخت اور آپریشنل عہدگی سے ہوا جس کے نتیجے میں مجموعی منافع میں 45.8% اضافہ ہوا مجموعی مارجن بہتر ہو کر پچھلے سال کی اسی مدت کے 8.21% کی نسبت 9.39% رہا تاہم غیر ملکی کرنسی کے نقصانات اور مالیاتی اخراجات میں نمایاں اضافہ نے ہمارے قبل از ٹیکس اور بعد از ٹیکس کے اعداد و شمار کو بری طرح متاثر کیا۔

زیر نظر مدت کیلئے پاکستانی روپے کی امریکی ڈالر کے مقابلے میں 25% سے زیادہ گراوٹ کی وجہ سے سال کیلئے ایکسچینج کا نقصان 2,899 ملین روپے رہا۔ غیر ملکی کرنسی کے اس غیر معمولی نقصان کے باوجود آپ کی کمپنی بعد از ٹیکس منافع 2,181 ملین روپے اور فی شیئر منافع 2.031 روپے ریکارڈ کرنے میں کامیاب رہی۔ کمپنی اپنے پرنسپل سپلائر و مل مارٹنیشنل کے تعاون سے اب اپنی سپلائر کریڈٹ لائن کو ایل سی پرنی لائن میں تبدیل کرنے میں کامیاب ہو گئی ہے۔ جو آنے والے وقت میں نئے کاروبار پر اس غیر ملکی کرنسی کے خطرے کو کم کرے گی۔

سال کیلئے مالیاتی لاگت 1,801 ملین روپے رہی جو گزشتہ سال کے مقابلے میں 87.4% زیادہ تھی۔ اس کی وجہ سے بین الاقوامی اجناس کی قیمتوں میں اضافہ جس سے ورکنگ کیپٹل کی طلب بڑھی اور شرح سود میں غیر معمولی اضافہ تھے۔

ملک کی تمام صنعتوں اور کمپنیوں کی طرح کمپنی کو سنگین میکرو اکنامک چیلنجز کا سامنا کرنا پڑا جو قومی معیشت کو بیمار کر رہے ہیں۔ تاہم آپ کی کمپنی اپنی مالی کارکردگی کو منافع بخش رکھنے کیلئے اپنے آپریشنز کو انتہائی کم لاگت کے ساتھ منظم کرنے کیلئے تمام ضروری کوششیں کر رہی ہے۔

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 32nd Annual General Meeting (AGM) of Unity Foods Limited (the “Company”) will be held on Wednesday, February 15, 2023 at 10:00 a.m. at Regent Plaza Hotel and Convention Centre, Main Shahreh-e-Faisal, Karachi, to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the audited annual financial statements of the Company for the year ended June 30, 2022 together with Directors’ and Auditors’ reports thereon and Chairman’s Review Report.
2. To appoint the auditor of the Company for the year ending June 30, 2023 and fix their remuneration. Messrs. Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants retire and being eligible, have offered themselves for reappointment.
3. To transact any other business with the permission of the Chair.

By Order of the Board

Umar Shahzad
Company Secretary

Dated: January 25, 2023
Place: Karachi

Notes:

- i) The Share Transfer Books of the Company shall remain closed from February 09, 2023 to February 15, 2023 (both days inclusive) for determining the entitlement of shareholders for attending the Annual General Meeting.
- ii) Physical Transfers received by the Company at the close of business on February 08, 2023 will be treated as being in time for the purpose of attending the meeting.
- iii) Members entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend, speak and vote on his /her behalf. The proxy need to be a member of the Company.
- iv) Forms of proxy to be valid must be properly filled in/ executed and received by the company not later than forty eight hours before the commencement of the meeting. Members who have deposited their shares into the Central Depository Company of Pakistan Limited (“CDC”) will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For attending the Meeting

- a) In case of individuals, the account holder and / or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his / her identity by showing his / her original CNIC or, original Passport at the time of attending the meeting.
- b) In case of a corporate entity, the Board of Directors' resolution / power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing Proxies

- a) In case of individuals, the account holder and / or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form accordingly.
- b) The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c) Attested copies of the CNIC or the Passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d) The proxy shall produce his original CNIC or original passport
- e) In case of a corporate entity, the Board of Directors' resolution / power of attorney with specimen signatures shall be furnished (unless it has been provided earlier) along with proxy form to the Company.
- v) Members are requested to immediately notify any change in their addresses to the Company's registrar and share transfer agent.

Special Notes to the Shareholders

vi) Online Participation in the Annual General Meeting

Pursuant to Section 132(2) of the Companies Act 2017, members can also avail video conference facility at Lahore, subject to the following conditions:

The video conferencing facility will be provided only if the Company receives consent from member(s) holding in aggregate 10% or more shareholding residing at Lahore, to participate in the meeting through video conference at least 7 days prior to the date of general meeting.

The Company will intimate to the members regarding venue of video conference facility 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

In this regard, members who wish to participate through video conference facility at Lahore should send a duly signed request to the Company Secretary, Unity Foods Limited, Unity Tower, 8-C, PECHS Block-6, Karachi, as follows:

I/We, _____ S/o, D/o, W/o _____ being a member of Unity Foods Limited, holder of _____ ordinary shares as per folio no. _____ hereby opt for video conferencing facility at Lahore.

vii) Payment of Cash Dividend through Electronic Mode

In terms of section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address mentioned above, electronic dividend mandate on E- Dividend Form which is available on website of the Company i.e. www.unityfoods.pk . In case of shares held in CDC, the same information should be provided to the CDS Participants for updating and forwarding to the Company in order to make process of payment of cash dividend more efficient.

viii) Unclaimed dividend

Pursuant to Section 244 of the Companies Act, 2017 any shares issued, or dividend declared by the Company which remains unclaimed or unpaid for a period of three years from the date it became due and payable shall vest with the Federal Government after compliance with the procedures prescribed under the Companies Act, 2017.

Therefore, all shareholders of the Company, who for any reason could not claim their dividend(s), if any, are requested to contact Company's Share Registrar, F.D. Registrar Services (Pvt) Limited, 1705, 17th Floor, Saima Trade Tower A, I.I. Chundrigar Road, Karachi for any unclaimed dividend(s) outstanding in their name. In compliance with section 244 of the Companies Act, 2017, after having completed the stipulated procedures, all such dividend(s) appearing as outstanding for a period of 3 years or more from the date due and payable shall be deposited to the Federal Government.

In pursuance of Section 244, the Company has sent Notices to relevant shareholders at their registered address in this regard and also published a Final Notice in newspapers (Daily The Nation and Daily Nawa-e-Waqt) of September 08, 2022.

ix) Circulation of Annual Audited Financial Statements and Notice of AGM to Members through Email

SECP through its Notification no. 787 (1) / 2014, dated September 08, 2014, has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting (AGM) to its members through email.

The shareholders who desire to receive Annual Audited Financial Statements and Notice of AGM through email are requested to fill the requisite form placed on the Company's website and send it to the Company Secretary at the Registered Office of the Company. In case any member, subsequently, requests for hard copy of Annual Financial Statements, the same shall be provided free of cost within seven days of receipt of such request.

x) Placement of Financial Statements

The Company has placed the Audited Financial Statements for the year ended June 30, 2022 along with Auditors and Directors Report thereon and Chairman's Review Report on its website: www.unityfoods.pk.

xi) Withholding of payment of Dividend- Submission of copies of CNIC (Mandatory)

In accordance with the directives of SECP, the dividends of shareholders who's valid CNIC copies have not been received by the Company shall be withheld and shall not be electronically credited until receipt thereof. Therefore, the individual shareholders who have not submitted their CNIC copies are requested to send the same at the earliest to the share registrar of the company. Corporate entities are requested to provide their NTN. While providing their CNIC / NTN, shareholders must quote their respective folio number(s).

xii) Conversion of Physical Shares into Book Entry Form

As per provisions of Section 72(2) of the Companies Act 2017 and as per the instructions issued by SECP vide its letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021, every existing company is required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the commencement of the Act i.e. May 31, 2017.

Therefore, shareholders having physical shares holding may open CDC sub-account with any of the broker or investor account directly with CDC to place their physical share(s) into scripless form, this will facilitate them in many forms including safe custody, and trade in shares anytime they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange.



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF UNITY FOODS LIMITED

Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Unity Foods Limited for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Further, we highlighted below instances of non-compliance with the requirements of the regulations referred below in each paragraph:

Regulation Reference	Description
19(1)(ii)	One director namely Miss Lie Hong Hwa has not yet completed directors' training program.
20	The remuneration and terms and conditions of employment of Head of Internal audit has not approved by the Board of Directors.
27(1)(i)	An Executive Director is the part of audit committee constituted by the Board, which is not in line with the Regulations. However, he did not attend any meeting and subsequently, withdrew from the Audit Committee.



Chartered Accountants

Place: Islamabad

Date: January 20, 2023

UDIN: CR2022105966364fWg1w



UNITY FOODS LIMITED

UNITY FOODS LIMITED

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Email: info@unityfoods.pk
Website: www.unityfoods.pk

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

Name of Company: **UNITY FOODS LIMITED**

Year ended : **JUNE 30, 2022**

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

1. The total number of directors are Seven as per the following:
 - a. Male : Five
 - b. Female: Two
2. The Composition of the Board is as follows:

CATEGORY	NAMES
a) Independent Directors	Mr. Sulaiman Sadruddin Mehdi Mr. Muneer S. Godil
b) Non-Executive Directors	Mr. Abdul Majeed Ghaziani
c) Executive Directors	Mr. Muhammad Farrukh Mr. Amir Shehzad
d) Female Directors	Ms. Uo Hong Hwa (Non-Executive) Ms. Taryaba Rasheed (Independent)

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.



UNITY FOODS LIMITED

Food for all

UNITY FOODS LIMITED

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Fax: +92 21 34373608
Email: info@unityfoods.pk
Website: www.unityfoods.pk

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. The Directors of the Company have completed Directors' Training program except one Director namely Ms. Lie Hong Hwa.
10. The Board has approved appointment of CFO, 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.

Name of Committee	Name of Members and Chairperson
Audit Committee	a) Ms. Tayyaba Rasheed (Independent Director) – Chairperson b) Mr. Abdul Majeed Ghaziani – Member c) Mr. Muneeb S. Godil -Member d) Mr. Amir Shehzad- Member
Human Resources and Remuneration Committee	a) Ms. Tayyaba Rasheed (Independent Director) – Chairperson b) Mr. Amir Shehzad – Member c) Mr. Abdul Majeed Ghaziani- Member c) Mr. Muneeb S. Godil -Member



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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 following:

- | | |
|----------------------------------|-------------------------------|
| a. Audit committee | Four Meetings during the year |
| b. HR and Remuneration Committee | One Meeting during the year |

15. The Board has set up an effective internal audit function.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan (ICAP).

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 3,5,7,8,27,32,33 and 36 of the Regulations have been complied with.

19. Explanation of non-compliance with requirements of following regulations are below:



UNITY FOODS LIMITED

Creating Food for All

UNITY FOODS LIMITED

UNITY TOWER,
Plot # 3 C, Block-B, P.E.C.H.S,
Karachi 75400, Pakistan
Phone: +92 21 34373605-7
Fax: +92 21 34373608
Email: info@unityfoods.pk
Website: www.unityfoods.pk

Regulation	Compliance Requirement	Explanation
19(1)(ii)	It is encouraged that by June 30, 2022 all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	Due to busy schedule of the Director (Ms. Lie Hong Hwa) based in Singapore, a training could be not arranged for her during the year.
20	The Board shall appoint, determine remuneration, renew contracts and terms and conditions of employment of chief financial officer, company secretary and head of internal audit of the company.	Ch. Waqas Shoukat (Head of Internal Audit) was already working with Unity Foods Limited in the same department and was redesignated by the Board as Head of Internal Audit. There was no change in his remuneration due to his redesignation as Head of Internal Audit, however, the same terms and conditions of his employment at the time of his redesignation were not mentioned in the minutes.
27(1)(i)	The Board shall establish an audit committee of at least three members comprising of non-executive directors and at least one independent director	The Board appointed an executive director based upon the understanding that fourth member of audit committee may be an executive director, in addition to the requirement of three non-executive and independent directors. However, during his tenure he did not participate in any audit committee meeting and subsequently, withdrew from audit committee.



UNITY FOODS LIMITED

— Investor Info —

UNITY FOODS LIMITED

UNITY TOWER,
Plot # B D, Block-6, P.E.C.H.S,
Karachi 75400, Pakistan
Phone: +92 21 34373605-7
Fax: +92 21 34373608
Email: info@unityfoods.pk
Website: www.unityfoods.pk

Abdul Majeed Ghaziani
Director

† Muhammad Farrukh
Chief Executive

Karachi.

Dated: January 30, 2023



Independent Auditor's Report To the Members of Unity Foods Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit and other 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 unconsolidated financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
01	<p>Property, Plant and Equipment</p> <p>As disclosed in note 6.1 and 6.4.1 to the unconsolidated financial statements, the Company has incurred substantial amount of capital expenditure in operating fixed assets (including transfers from capital work-in-progress) and under capital work-in-progress amounting to Rs. 1,032.73 million and Rs. 871.64 million respectively during the year for enhancement of production and operating capacity.</p> <p>We focused on capital expenditure incurred during the year as this represents a significant transaction for the year and involves certain judgemental areas, such as capitalization of elements of eligible components of cost as per the applicable financial reporting standards, therefore, we have identified this as a key audit matter.</p>	<p>Our audit procedures to assess the capitalization of property, plant and equipment, amongst others, included the following:</p> <ul style="list-style-type: none"> • understanding of the design and implementation of management controls over capitalization and testing control over authorization of capital expenditure and accuracy of its recording in the system and impaling policies consistently; • testing, on sample basis, the costs incurred on various items with supporting documentation and contracts; • assessing the nature of costs incurred for the capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the applicable accounting standards; • physical verification of the additions in fixed assets on sample basis and reviewed the relevant contracts and documents supporting various components of the capitalised cost; • inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including testing the calculation of related depreciation; and • Inspecting the title documents for the property wherever applicable.

<p>02</p>	<p>Stock in trade</p> <p>As disclosed in note 13 to the accompanying unconsolidated financial statements, the stock in trade constitutes 19.1% of total assets of the Company. The cost of raw material, work in process and finished goods is determined at weighted average cost including a proportion of production overheads.</p> <p>We focused on stock in trade as it is a significant portion of Company's total assets and it requires management judgement in determining an appropriate costing basis and assessing its total cost.</p>	<p>We performed a range of audit procedures with respect to inventory items including:</p> <ul style="list-style-type: none"> • attended physical inventory count performed by the Company on 16 December 2022 to gain comfort over the existence and condition of inventories as our appointment as auditors was subsequent to the year end; • worked back to ascertain the quantity of stock and reconciled the balances as on 30 June 2022; • carried out a quantitative reconciliation of the stock produced and sold during the year and balance of stock at the year end; • for a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets; • testing valuation methods and their appropriateness in accordance with the applicable accounting standards; • testing the calculations of per unit cost of finished goods, and work in process and assessing the appropriateness of management's basis for the allocation of cost and production overheads; and • assessment of the adequacy of the disclosures made in respect of the accounting policies and the details of inventory balances held by the Company at the year end.
<p>03</p>	<p>Trade Debts</p> <p>Refer to note 14 to the unconsolidated financial statements.</p> <p>As at 30 June 2022, the Company's gross trade debtors were Rs. 21,986.83 million.</p> <p>We identified recoverability of trade debts as a key audit matter as it involves significant management judgement in determining the recoverable amount of trade debts.</p>	<p>Our audit procedures to assess the valuation of trade debts, amongst others, included the following:</p> <ul style="list-style-type: none"> • obtaining an understanding of and assessing the design and implementation of management's key internal controls relating to credit control process (including credit account application approvals and credit limit review), debt collections process and making allowance for ECLs;

		<ul style="list-style-type: none"> • obtained an understanding of the financial model used by the Company's management for the determination of ECL on trade receivables; • reviewed assessment of expected credit loss made by independent firm of accounting advisory compliance; • assessed the completeness and accuracy of the data used in the model to the underlying accounting records on sample basis; • checked the mathematical accuracy of the model by performing recalculations; • testing the accuracy of trade receivable aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to ensure the balances appearing in the ageing report were classified within appropriate ageing bracket; • circularizing direct confirmation to debtors on sample basis; and • assessing the historical accuracy of Credit loss if any under IFRS 9 by examining the utilization or release of previously recorded provisions for doubtful debts.
04	<p>Short term investment</p> <p>As disclosed in note 17 to the accompanying unconsolidated financial statements, the Company has made investments in Mutual fund units and Term Deposit Receipts amounting to Rs. 10,224.84 million which constitutes 17.4% of total assets of the Company.</p> <p>We focused on the investment made during the year as this represents a significant event occurred during the year.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • understanding the design and implementation of management controls and testing control over investment made and accuracy of its recording in the system and impaling policies consistently; • verifying the consideration paid and inspecting supporting documents and contracts and approval at appropriate level; • assessing the adequacy of the disclosures made in respect of the details of investments held by the Company at the year end; and

		<ul style="list-style-type: none"> checked that investment approval was obtained from the Board of Directors.
05	<p>Sales</p> <p>Refer note 28 to the unconsolidated financial statements which shows that revenue of the company has substantially increased.</p> <p>Revenue is recognised when control of the underlying products is transferred to the customers. The Company recognized revenue of Rs. 82,184.55 million from the sale of goods to domestic as well as export customers during the year ended 30 June 2022 as compared to Rs. 66,400.97 million previous year.</p> <p>We identified recognition of sales as a key audit matter because sales is one of the key performance indicators of the Company and gives rise to a risk that revenue is recognized without transferring the risk and rewards.</p>	<p>Our audit procedures to assess recognition of sales, amongst others, included the following:</p> <ul style="list-style-type: none"> obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; assessing the appropriateness of the Company's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents; comparing a sample of sale transactions recorded around the year with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period; comparing, on a sample basis, specific sale transactions recorded just before and after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; scanning for any manual journal entries relating to sales raised during the year which were considered to be material or met other specific risk based criteria for inspecting underlying documentation; worked out partywise sales and noticed concentration of large portion of sale with one party and undertaken audit procedures

		<p>to confirm that the sales to this party have been made under normal commercial basis;</p> <ul style="list-style-type: none"> • Performed audit procedures to analyze variation in the price and quantity sold during the year; and • Assessed the adequacy of disclosures made in the unconsolidated financial statements related to sales.
06	<p>Borrowings and finance costs</p> <p>Refer notes 26 and 35 to the unconsolidated financial statements.</p> <p>The Company has obtained a range of financing facilities from different financial institutions amounting to Rs. 15,902.17 million, being 42.4% of total liabilities, as at 30 June 2022 with varying terms and tenure and incurred substantial cost.</p> <p>This was considered to be a key audit matter as these affects Company's gearing, liquidity and solvency. Further, compliance with debt covenants is a key requirement of these financing arrangements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • assessing the design and operating effectiveness of the Company's internal controls over recording the terms and conditions of borrowings from financial institutions, including their classification as either current or non-current and associated costs; • Reviewed loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management in order to verify finance costs, fair value determination and ensured that the borrowings have been approved at appropriate level; • obtaining confirmations of borrowings as at 30 June 2022 directly from the financial institutions; • testing the calculation of mark-up recognized as both an expense and capitalized during the year to assess whether these were accounted for in accordance with approved accounting standards as applicable in Pakistan; and • assessing the adequacy of the Company's compliance with the loan covenants and the disclosure in the unconsolidated financial statements.

07	<p>The Company's exposure to litigation risk</p> <p>On 24 May 2018 the Company and the former directors received a notice from Habib Bank Limited relating to Suo Moto Notice of Supreme Court on Loan write off pertaining to the period 2007. The former management on their own behalf and on behalf of the Company have filed a statement on June 5, 2018 through their legal counsel whereby they have explained that the due amounts were paid by the then management to National bank of Pakistan and Habib Bank Limited. The case is yet to be decided. The current management believes that no liability or payment accrues against the Company. Accordingly, no provisioning has been provided in these unconsolidated financial statements.</p> <p>Due to the uncertainty involved in the outcome of this case we have identified this as key audit matter.</p>	<p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> • Obtaining and reviewing details of the significant pending legal case and discussed the same with Company's management; • Circulation of confirmations to the company's external legal counsel for their views on open legal/tax matters; • Reviewing correspondence of the company with the relevant authorities; • Evaluation of rationale provided by the company and opinion of the external legal counsel; and • Reviewing the disclosures made in the unconsolidated financial statements in respect of such contingencies.
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Information Other than the unconsolidated financial statements and Auditor's Report Thereon

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

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

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the unconsolidated financial statements

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

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern

and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the unconsolidated financial statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the 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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Shah Naveed Saeed**.


Chartered Accountants

Islamabad

Date : January 20, 2023

UDIN : CR2022105966Jk4fWq1w

UNCONSOLIDATED FINANCIAL STATEMENTS

Unconsolidated Statement of Financial Position

As at June 30, 2022

		2022	2021
	Note	(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	6	8,477,954,860	7,759,129,877
Right-of-use assets	7	71,848,542	192,881,614
Intangible assets	8	75,332,982	9,321,846
Long-term deposits	9	32,963,470	20,938,286
Long-term loan	10	23,395,629	17,947,403
Deferred taxation - net	11	79,029,590	-
Long-term investment	12	827,640,674	827,640,674
		9,588,165,747	8,827,859,700
Current assets			
Stock-in-trade	13	11,222,630,337	10,752,535,480
Stores and spares		40,716,330	38,402,176
Trade debts	14	21,946,838,649	12,290,844,147
Advances, deposits and prepayments	15	285,234,083	99,697,400
Other receivables	16	89,805,570	85,642,353
Sales tax receivable		262,555,304	400,635,324
Current portion of long-term loan	10	19,115,631	-
Taxation - net of provision		4,222,763,742	2,865,729,672
Short-term investments	17	10,224,837,545	6,858,985,954
Cash and bank balances	18	718,318,480	318,042,746
		49,032,815,671	33,710,515,252
TOTAL ASSETS		58,620,981,418	42,538,374,952
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	19	11,940,500,000	9,940,500,000
Share premium		3,400,000,000	-
Unappropriated profit		5,816,047,814	3,438,779,398
		21,156,547,814	13,379,279,398
Non-current liabilities			
Long-term financing	20	248,931,989	163,358,284
Diminishing musharika arrangement	21	1,965,454	-
Lease liabilities	22	36,245,376	107,744,457
Deferred government grants	23	55,768,577	10,853,424
Deferred taxation - net	11	-	64,772,714
		342,911,396	346,728,879
Current liabilities			
Current portion of long-term financing	20	118,487,964	183,805,051
Current portion of diminishing musharika arrangement	21	240,617	-
Current portion of lease liabilities	22	48,527,170	98,031,835
Current portion of deferred government grant	23	13,510,025	16,074,244
Trade and other payables	24	20,686,951,148	13,626,259,501
Contract liabilities		18,289,862	5,239,176
Accrued mark-up	25	332,703,473	188,730,879
Short-term borrowings	26	15,902,167,252	14,693,556,982
Unclaimed dividend		644,697	669,007
		37,121,522,208	28,812,366,675
TOTAL EQUITY AND LIABILITIES		58,620,981,418	42,538,374,952
Contingencies and commitments	27		

The annexed notes from 1 to 49 form an integral part of these annual audited unconsolidated financial statements.


Director


Chief Executive


Chief Financial Officer

Unconsolidated Statement of Profit or Loss

For the year ended June 30, 2022

		2022	2021
	Note	(Rupees)	
Sales - Net	28	82,184,552,553	66,400,968,204
Cost of sales	29	(74,338,958,788)	(61,209,315,624)
Gross profit		7,845,593,765	5,191,652,580
Selling and distribution expenses	30	(726,001,439)	(1,035,076,796)
Administrative expenses	31	(658,519,546)	(393,197,611)
Other expenses	32	(217,232,208)	(251,206,592)
Allowance for impairment of financial assets	14.3	(23,804,457)	-
Exchange (loss) / gain	33	(2,910,474,333)	440,561,077
		(4,536,031,983)	(1,238,919,922)
Other income	34	842,671,134	316,520,964
		4,152,232,916	4,269,253,622
Finance cost	35	(1,663,595,737)	(880,121,921)
Profit before taxation		2,488,637,179	3,389,131,701
Taxation	36	(52,220,068)	(277,392,209)
Profit after taxation		2,436,417,111	3,111,739,492
Basic and diluted earnings per share	37	2.27	Restated 3.56

The annexed notes from 1 to 49 form an integral part of these annual audited unconsolidated financial statements.


Director


Chief Executive


Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

For the year ended June 30, 2022

	2022	2021
	(Rupees)	
Profit after taxation	2,436,417,111	3,111,739,492
Other comprehensive income	-	-
Total comprehensive income	2,436,417,111	3,111,739,492

The annexed notes from 1 to 49 form an integral part of these annual audited unconsolidated financial statements.


Director


Chief Executive


Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2022

Share capital	Reserves		Total equity
	Capital	Revenue	
	Share premium	Unappropriated profit	

------(Rupees)-----

Balance as at June 30, 2020	5,440,500,000	-	409,190,974	5,849,690,974
Transactions with owners recorded directly in equity				
Issuance of right shares	4,500,000,000	-	-	4,500,000,000
Transaction cost incurred on issuance of right shares	-		(82,151,068)	(82,151,068)
Total comprehensive income for the year ended June 30, 2021	-	-	3,111,739,492	3,111,739,492
Balance as at June 30, 2021	9,940,500,000	-	3,438,779,398	13,379,279,398
Transactions with owners recorded directly in equity				
Issuance of right shares	2,000,000,000	3,400,000,000	-	5,400,000,000
Transaction cost incurred on issuance of right shares	-	-	(59,148,695)	(59,148,695)
Total comprehensive income for the year ended June 30, 2022	-	-	2,436,417,111	2,436,417,111
Balance as at June 30, 2022	11,940,500,000	3,400,000,000	5,816,047,814	21,156,547,814

The annexed notes from 1 to 49 form an integral part of these annual audited unconsolidated financial statements.


Director


Chief Executive


Chief Financial Officer

Unconsolidated Statement of Cash Flows

For the year ended June 30, 2022

		2022	2021
	Note	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operating activities	38	1,162,777,663	(1,612,020,684)
Taxes paid		(1,553,056,443)	(1,075,244,460)
Long term loan given		(24,563,857)	-
Long term deposits paid		(12,025,184)	(16,501,687)
Donations paid		(34,201,820)	(18,140,148)
Net cash (used in) operating activities		(461,069,641)	(2,721,906,979)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(1,019,093,820)	(4,602,038,130)
Proceeds from disposal of property, plant and equipment		3,270,234	16,424,089
Purchase of intangible assets		(69,188,032)	(946,827)
Investment in shares of the subsidiary		-	(461,098,904)
Short term investments		(3,411,412,930)	(6,850,000,000)
Profit received on short term investments		395,248,472	171,342,990
Net cash (used in) investing activities		(4,101,176,076)	(11,726,316,782)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment) / proceeds from short term borrowings - net		(2,450,004,742)	9,809,953,999
Long term financing received - net		20,256,619	176,620,850
Rentals paid against right-of-use assets and diminishing musharika		(87,549,291)	(87,769,122)
Dividend paid		(24,309)	(78,605)
Finance cost paid		(1,519,623,143)	(705,016,686)
Proceeds from issuance of right shares		5,400,000,000	4,500,000,000
Transaction cost paid on issuance of right shares		(59,148,695)	(82,151,068)
Net cash generated from financing activities		1,303,906,439	13,611,559,368
Net (decrease) in cash and cash equivalents		(3,258,339,278)	(836,664,393)
Cash and cash equivalents at the beginning of the year		(938,797,367)	(102,132,974)
Cash and cash equivalents at the end of the year	38.1	(4,197,136,645)	(938,797,367)

The annexed notes from 1 to 49 form an integral part of these annual audited unconsolidated financial statements.


Director


Chief Executive


Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

1 THE COMPANY AND ITS OPERATIONS

1.1 Unity Foods Limited ("the Company") was incorporated in Pakistan in 1991 as a Private Limited Company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and subsequently converted into a Public Limited Company on June 16, 1991. Shares of the Company are listed in Pakistan Stock Exchange since February 01, 1994. The principal business activity of the Company has been changed from yarn manufacturing to edible oil extraction, refining and related businesses.

1.2 Geographical locations and addresses of business units including plants of the Company are as under:

Addresses

Karachi, Sindh

- Unity Tower, Plot No. 8-C, Block-6, P.E.C.H.S.
- Plot No. A-48, Industrial Zone, Port Qasim.
- Plot # D-51 & D-52, Industrial Zone, Port Qasim.
- Plot No. A-55 & 56, Industrial Zone, Port Qasim.
- Plot No. W2/1/67 & 68 Industrial Zone, Port Qasim.

Purpose

Registered office of the Company
Oil Refinery
For capacity expansion
Feed Mill
For capacity expansion

Kotri, District Hyderabad, Sindh

- Plot No. N-25 & N-27/B, N37/A, SITE Area.

Edible Oil Extraction Plant, Refinery and Pelletizing Mills

Hub, Balochistan

- Plot No. C-375, C-376, C-377, C-382, C-383 and C-384 Hub Industrial Estate, Lasbella.

Soap plant

1.3 The Company has the following subsidiary:

Sunridge Foods (Private) Limited

100%

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

Right issue of share capital

During the year, the Company issued further 200,000,000/- (Two Hundred Million) ordinary shares of the Company for Rs. 27 per share, in proportion to the number of shares held by each shareholder (i.e. as right shares) in accordance with the provisions of Section 83 of the Companies Act, 2017 and all applicable laws, at a price of Rs. 27 per share (i.e. at a premium of Rs. 17), in the ratio of approximately 20.12 right shares for every 100 previous existing ordinary share of Rs. 10 per share, against payment to the Company of the price of the shares subscribed.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

3.2 Basis of measurement

These annual audited unconsolidated financial statements have been prepared;

- (i) under the historical cost convention except otherwise stated.
- (ii) following accrual basis of accounting except for cash flow information.

3.3 Functional and presentation currency

These annual audited unconsolidated financial statements are presented in Pakistani Rupees, which is the Company's functional currency.

3.4 Use of estimates and judgments

The preparation of these annual audited unconsolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- Property, plant and equipment and depreciation (refer note 5.1)
- Right-of-use assets (refer note 5.3)
- Intangible assets and amortization (refer note 5.4)
- Stock-in-trade (refer note 5.5)
- Lease liabilities (refer note 5.14)
- Government grant (refer note 5.15)
- Provisions (refer note 5.17)
- Taxation (refer note 5.20)
- Contingent liabilities (refer note 5.21)
- Impairment (refer note 5.24)

4 ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant:

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 July 2021. However, these do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these unconsolidated financial statements.

4.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2022, however these do not have any significant impact on the Company's financial reporting:

4.2.1 Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfill the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

4.2.2 The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

IFRS 16 – The amendment partially amends illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.

4.2.3 Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by the management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

4.2.4 Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

4.2.5 Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as “current”. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

4.2.6 Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies.
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

4.2.7 Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

4.2.8 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

4.2.9 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business 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.

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment and depreciation

Initial recognition

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the Company and the cost of such item can be measured reliably.

Recognition of the cost in the carrying amount of an item of plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Measurement

Property, plant and equipment (except land) are stated at cost less accumulated depreciation and impairment losses, if any. The costs of Property, plant and equipment include:

- a) Its purchase price including import duties, non-refundable purchase taxes after deducting trade discounts and rebates; and
- b) Any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- c) Borrowing costs, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure

Expenditure incurred to replace a significant component of an item of plant and equipment is capitalized and the asset so replaced is retired. Other subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the items can be measured reliably. All other expenditure (including repairs and normal maintenance) is charged in the unconsolidated statement of profit or loss as an expense when it is incurred.

Depreciation

Depreciation on all items except for free hold land is charged on straight line method at the rates specified in respective note to these annual audited unconsolidated financial statements and is generally charged in the unconsolidated statement of profit or loss.

Depreciation on addition is charged from the month the asset is available for use up to the month prior to disposal. Depreciation methods, useful lives and residual values of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each financial year end.

Gain or loss on disposal

Gain and loss on disposal of assets are charged in the unconsolidated statement of profit or loss, and the related revaluation surplus on property, plant and equipment, if any, is transferred directly to retained earnings.

5.2 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any and consists of expenditure incurred (including any borrowing cost, if applicable) and advances made in the course of their construction and installation. Transfers are made to relevant class of assets as and when assets are available for intended use.

5.3 Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as disclosed in note 7 to these annual audited unconsolidated financial statements.

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

5.4 Intangible assets and amortization

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure are charged in the unconsolidated statement of profit or loss as incurred.

Amortization is charged in the unconsolidated statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

5.5 Stock-in-trade

Stock-in-trade and stock-in-transit are stated at the lower of cost less impairment loss if any or net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of materials and appropriate portion of production overheads. Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses. Scrap stocks and by-products are valued at their estimated net realizable value.

5.6 Stores and spares

Stores and spares are stated at cost less provision for slow moving and obsolete items. Cost is determined by using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

5.7 Cash and cash equivalents

For the purpose of presentation in the unconsolidated statement of cash flow, cash and cash equivalents includes cash in hand, balances with banks and short term borrowings (running finance) availed by the Company, which are repayable on demand and form an integral part of the Company's cash management.

5.8 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized costs.

5.9 Staff retirement benefits

Defined contribution plan

The Company contributes to an approved contributory provident fund scheme for all its permanent employees. Equal monthly contributions, both by the Company and the employees are made to the fund, at the rate of 8.33% of the basic salary plus cost of living allowance. All regular employees are eligible for provident fund upon their confirmation. Obligation for contributions to defined contribution plan by the Company is recognized as an expense in the unconsolidated statement of profit or loss.

5.10 Compensated Absences

As per human resource policy, there is no accumulated liability against leaves, the leaves lapse unless availed / encashed within the year.

5.11 Borrowing cost

Borrowing cost and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs include exchange differences arising on foreign currency borrowings, obtained for acquisition, construction or production of qualifying assets, to the extent that they are regarded as an adjustment to interest cost are included in the cost of qualifying assets.

5.12 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in these annual audited unconsolidated financial statements only when the Company has currently legally enforceable right to set-off the recognized amounts and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

5.13 Foreign currency translation

Transactions in foreign currencies are converted into functional currency "Rupees" at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at the date of the statement of financial position. Exchange gains and losses are charged in the unconsolidated statement of profit or loss.

5.14 Lease liabilities

The Company assesses 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 applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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 reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. 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 lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of regional sales offices and warehouses, (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 that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

5.15 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to income, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed out.

5.16 Related party transactions

Related parties comprises of associated companies, directors, companies with common directorship, funds and key management personnel and their relatives. Transactions involving related parties arising in the normal course of business are conducted at arm's length and at normal commercial rates on the same term and conditions as are applicable to third party transactions using valuation models as applicable, unless otherwise specifically approved by the board of directors.

5.17 Provisions

A provision is recognised in unconsolidated the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre-tax rate, reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

5.18 Revenue recognition

Revenue is recognized when a contractual promise to a customer (performance obligation) has been fulfilled by transferring control over the promised goods and services to the customer. Revenue from sale of goods is recognized at the point in time when control of the product has transferred, being when the products are delivered to the customer. Invoices are generated and revenue is recognized on delivery of goods. Delivery occurs when the products have been shipped to / or and delivered to the customer's destination / specific location, the risks of loss have been transferred to the customer and the customer has accepted the product.

Revenue is measured based on the consideration specified in a contract with a customer, net of returns, amounts collected on behalf of third parties (sales taxes etc.), pricing allowances and other trade discounts. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

A contract liability is also recognized for short- term advances that the Company receives from its customers.

5.19 Income on bank deposits and finance cost

The Company's finance income is included in other income and interest expense is included in finance cost. Interest income or expense is charged using the effective interest method.

5.20 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is charged in the unconsolidated statement of profit and loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case it is recognized in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

a) Current

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

Provisions for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability or alternate corporate tax as applicable, after taking into account tax credits and tax rebates available, if any.

b) Deferred

Deferred tax is recognized using balance sheet asset/ liability method, providing for deductible/ 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 provided 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 date of the unconsolidated statement of financial position.

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

5.21 Contingent liabilities

A contingent liability 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, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.22 Investments

Investments in subsidiaries

Investments in subsidiaries are initially recognised and carried at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is the higher of its value in use and its fair value less cost to sell. An impairment loss is recognised if the carrying amount exceeds its recoverable amount.

Impairment losses are recognised in statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the unconsolidated statement of profit or loss.

5.23 Financial Instruments

(a) Classification and initial measurement

The Company classifies its financial assets in to following three categories;

- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL); and
- Measured at amortized cost.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

Financial assets at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Financial assets measured at amortized cost

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

- It is held within business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

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

(b) Subsequent measurement

Financial assets at FVOCI

These assets are measured at fair value, with gain or loss arising from changes in fair value recognized in the consolidated statement of other comprehensive income.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gain or loss, including any interest/ mark-up or dividend income, are recognized in the consolidated statement of profit or loss.

Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest/ mark-up income, foreign exchange gain or loss and impairment are recognized in the consolidated statement of profit or loss.

(c) Financial liabilities

Financial liabilities are classified as "measured at amortized cost" or "measured at fair value through profit or loss". A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gain or loss, including any interest expense, are recognized in the consolidated statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been subsequently modified.

5.24 Impairment

(a) Financial assets

The Company recognizes loss allowances for expected credit loss (ECL) in respect of financial assets measured at amortized cost.

The Company applies the simplified approach to recognize lifetime expected credit loss for trade debts. The Company assesses on a forward looking basis the expected credit loss associated with its financial assets.

The Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit loss. To make the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Allowances for ECL financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

An entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event of the Company.

(b) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. 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 assessments 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. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment loss are charged in the unconsolidated statement of profit or loss.

5.25 Proposed dividend and transfer between reserves

Dividend distributions to the Company's shareholders are recognized as a liability in the period in which dividends are approved. Transfer between reserves made subsequent to the reporting date is considered as a non-adjusting event and is recognized in the period in which such transfers are made.

5.26 Earnings per share

The Company presents earning per share (EPS) for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
		(Rupees)	
Operating fixed assets	6.1	6,439,106,475	5,704,554,574
Capital work-in-progress (CWIP)	6.4	2,038,848,385	2,054,575,303
		<u>8,477,954,860</u>	<u>7,759,129,877</u>

6.1 Operating fixed assets

	COST				Depreciation Rate	ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at July 01, 2021	Additions/ transfers	Disposals	As at June 30, 2022		As at July 01, 2021	Depreciation for the year	Disposals	As at June 30, 2022	As at June 30, 2022
	------(Rupees)-----					------(Rupees)-----				
<u>Owned</u>					(%)					
Free hold land	20,815,016	-	-	20,815,016	-	-	-	-	-	20,815,016
Building on leasehold land	1,771,909,721	368,125,711	-	2,140,035,432	4%	(59,521,507)	(74,523,382)	-	(134,044,889)	2,005,990,543
Plant and machinery	2,766,934,351	539,934,196	-	3,306,868,547	5%	(229,286,042)	(143,986,690)	-	(373,272,731)	2,933,595,814
Furniture, fixtures and office equipment	49,418,296	29,111,070	-	78,529,366	10% - 20%	(19,026,572)	(14,735,617)	-	(33,762,189)	44,767,178
Computer and auxilliary equipment	22,416,568	12,901,259	(414,000)	34,903,827	25%	(7,780,842)	(7,026,241)	80,500	(14,726,583)	20,177,244
Vehicles	104,670,392	82,653,979	(2,802,806)	184,521,565	20%	(5,979,636)	(22,824,557)	1,024,918	(27,779,275)	156,742,290
<u>Leased</u>										
Lease hold land	1,327,384,183	-	-	1,327,384,183	1.12% - 1.14%	(37,399,354)	(32,966,439)	-	(70,365,793)	1,257,018,390
	6,063,548,527	1,032,726,215	(3,216,806)	7,093,057,936		(358,993,953)	(296,062,926)	1,105,418	(653,951,461)	6,439,106,475

	COST				Depreciation Rate	ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at July 01, 2020	Additions/ transfers	Disposals	As at June 30, 2021		As at July 01, 2020	Depreciation for the year	Disposals	As at June 30, 2021	As at June 30, 2021
	(Rupees)					(%)	(Rupees)			
<u>Owned</u>										
Free hold land	20,815,016	-	-	20,815,016	-	-	-	-	-	20,815,016
Building on leasehold land	446,962,926	1,324,946,795	-	1,771,909,721	4%	(30,728,281)	(28,793,226)	-	(59,521,507)	1,712,388,214
Plant and machinery	1,704,341,580	1,068,790,021	(6,197,250)	2,766,934,351	5%	(135,628,832)	(94,629,041)	971,831	(229,286,042)	2,537,648,309
Furniture, fixtures and office equipment	33,202,177	16,812,819	(596,700)	49,418,296	10% - 20%	(8,870,357)	(10,375,005)	218,790	(19,026,572)	30,391,724
Computer and auxiliary equipment	9,989,923	12,426,645	-	22,416,568	25%	(4,562,345)	(3,218,497)	-	(7,780,842)	14,635,726
Vehicles	20,598,215	89,948,077	(5,875,900)	104,670,392	20%	(3,125,397)	(5,368,807)	2,514,568	(5,979,636)	98,690,756
<u>Leased</u>										
Lease hold land	703,091,053	624,293,130	-	1,327,384,183	1.12% - 1.14%	(22,423,850)	(14,975,504)	-	(37,399,354)	1,289,984,829
	2,939,000,890	3,137,217,487	(12,669,850)	6,063,548,527		(205,339,062)	(157,360,080)	3,705,189	(358,993,953)	5,704,554,574

6.2 The depreciation charged for the year has been allocated as follows:

	Note	2022	2021
		(Rupees)	
Cost of sales	29	270,668,798	145,282,435
Selling and distribution expenses	30	3,050,499	2,721,272
Administrative expenses	31	22,343,629	9,356,373
		296,062,926	157,360,080

6.3 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Particulars	Location	Total Area
Lease hold land (Manufacturing plant)	Plot # N27/B & N37/A, Site Area, Kotri, District Hyderabad.	38,429.60 Sq. Yd
Free hold land (Under construction)	Plot # N25, Site Area, Kotri, District Hyderabad.	148,733.20 Sq. Yd
Lease hold land (Under construction)	Plot # D-51 & D-52, North Western Industrial Zone, Port Muhammad Bin Qasim, Karachi.	13,333.33 Sq. Yd
Lease hold land (Under construction)	Plot # W2/1/67 & 68, North Western Industrial Zone, Port Muhammad Bin Qasim, Karachi. *	6,222.22 Sq. Yd
Lease hold land (Manufacturing plant)	Plot # A-48, Eastern Industrial Zone, Port Muhammad Bin Qasim, Karachi.	24,200.00 Sq. Yd
Lease hold land (Manufacturing plant)	Plot No. C-375, C-376, C-377, C-382, C-383 and C-384 Hub Industrial Estate, Lasbella, Hub.	11,960.00 Sq. Yd
Office premises	Unity Tower, 8-C, Shahrah-e-Faisal, P.E.C.H.S., Block 6, Karachi.	600 Sq. Yd

Note

2022

2021

(Rupees)

6.4 Capital work-in-progress (CWIP)

Land - leasehold	320,920,000	-
Building on lease/ free hold land	423,227,535	470,168,860
Plant and machinery	1,249,649,805	1,534,741,674
Furniture, fixtures and office equipment	14,334,845	20,192,861
Vehicles	30,716,200	29,471,908
	<u>2,038,848,385</u>	<u>2,054,575,303</u>

6.4.1 Movement in capital work-in-progress is as follows:

Balance at the beginning of the year	2,054,575,303	597,263,138
Additions during the year	871,643,395	4,471,388,499
Transfers to operating assets during the year	(887,370,313)	(3,014,076,334)
Balance at the end of the year	<u>2,038,848,385</u>	<u>2,054,575,303</u>

7 RIGHT-OF-USE ASSETS

Written down value (WDV) - opening	192,881,617	88,807,491
Net (disposal) / addition - net	(7,927,870)	150,592,223
Impact of lease re-measurement	(35,639,902)	-
Impact of lease modification	-	18,599,356
Depreciation charged during the year	(77,465,303)	(65,117,453)
Written down value (WDV) - closing	<u>71,848,542</u>	<u>192,881,617</u>

7.1 The annual rate of depreciation for the right-of-use assets ranges between 25% - 50%.

7.2 Depreciation for the year has been allocated as follows:

Cost of sales	29	72,494,719	55,838,333
Selling and distribution expenses	30	4,970,584	9,279,120
		<u>77,465,303</u>	<u>65,117,453</u>

7.3 The right-of-use asset comprises of rental premises consisting two warehouses and two offices.

8	INTANGIBLE ASSETS	Note	2022	2021
			(Rupees)	
	Computer Software and ERP system	8.1	6,301,161	6,598,998
	Systems under development	8.3	69,031,821	2,722,848
			<u>75,332,982</u>	<u>9,321,846</u>
8.1	Computer software and ERP system			
	Net carrying value basis			
	Net book value - opening		6,598,998	8,190,133
	Additions / transfer - at cost		2,879,059	946,827
	Amortization for the year	8.2	(3,176,896)	(2,537,962)
	Net book value - closing		<u>6,301,161</u>	<u>6,598,998</u>
	Gross carrying value basis			
	Cost		15,884,478	13,005,419
	Accumulated amortization		(9,583,317)	(6,406,421)
	Net book value		<u>6,301,161</u>	<u>6,598,998</u>
	Useful Life (years)		5	5
	Amortization rate (%)		20%	20%
8.2	Amortization for the year has been allocated as follows:			
	Cost of sales	29	909,879	761,389
	Selling and distribution expenses	30	606,586	507,592
	Administrative expenses	31	1,660,431	1,268,981
			<u>3,176,896</u>	<u>2,537,962</u>
8.3	This represents amount given to vendor / consultant for the development of software which is expected to be capitalized next year.			
9	LONG TERM DEPOSITS		2022	2021
			(Rupees)	
	Long term deposits	9.1	<u>32,963,470</u>	<u>20,938,286</u>
9.1	This includes deposits given to Sui Southern Gas Company (SSGC) and Pakistan State Oil Company Limited against supply of gas and fuel respectively. Further, this also includes amount paid to Nazir High Court in respect to tariff increase as stated in note 27.1.3 and have not been discounted as the amount involved is not material to these unconsolidated financial statements.			
10	LONG TERM LOANS		2022	2021
			(Rupees)	
	Loan to employees and executives		42,511,260	17,947,403
	less current portion		(19,115,631)	-
			<u>23,395,629</u>	<u>17,947,403</u>
10.1	These represent interest free loans to executives and employees for purchase of motor cars, motor cycles, house building, marriage and other, in accordance with the Company's policy. These loans are recoverable through monthly installments or adjusted against provident fund. These loans have not been discounted as the amount involved is not significant to these unconsolidated financial statements.			

		2022	2021
		(Rupees)	
10.2	Reconciliation of carrying amount of long-term loans:		
	Balance at the beginning of the year	17,947,403	2,066,015
	Disbursement made during the year	37,483,427	25,478,759
	Repayments made during the year	(12,919,570)	(9,597,371)
	Balance at the end of the year	42,511,260	17,947,403

10.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 42.511 million (2021: Rs. 17.947 million).

		2022	2021
		(Rupees)	
11	DEFERRED TAXATION - NET		
	Deferred tax asset in respect of:		
	Brought forward losses	-	91,802,674
	Allowance for impairment of financial assets	11,598,525	4,695,233
	Unrealized loss on short term investment	13,212,788	-
	Lease liabilities	24,584,038	3,739,457
	Unrealized exchange loss	308,150,694	-
	Deferred tax liability in respect of:		
	Accelerated tax depreciation	(257,678,705)	(161,932,000)
	Unrealized gain on short term investment	-	(2,605,927)
	Right of use assets	(20,836,077)	-
	Accelerated tax amortization	(1,673)	(472,151)
	Deferred tax asset / (liability)	79,029,590	(64,772,714)

11.1 The amount of Rs. 143.802 million being difference of opening Rs. 64.772 million deferred tax liability and closing deferred tax asset of Rs. 79.029 million, has been recorded in the profit and loss in these unconsolidated financial statements.

		2022	2021
		(Rupees)	
12	LONG TERM INVESTMENT		
	Investment in subsidiary (unquoted) - at cost		
	Sunridge Foods (Private) Limited	827,640,674	827,640,674
		827,640,674	827,640,674

12.1 This represents investment in a wholly owned subsidiary formed under Companies Act 2017. The principle business of the subsidiary is manufacturing of food products.

		2022	2021
		(Rupees)	
13	STOCK-IN-TRADE		
	Raw and packing materials		
	In hand	7,208,214,397	3,792,725,508
	In transit	2,235,575,252	5,304,029,641
		9,443,789,649	9,096,755,149
	Work-in-process	-	94,938,036
	Finished goods	1,778,840,688	1,560,842,295
		11,222,630,337	10,752,535,480

		2022	2021
	Note	(Rupees)	
14	TRADE DEBTS		
Trade debts - Unsecured	14.1	21,986,833,563	12,307,034,604
Allowance for impairment - expected credit loss	14.3	(39,994,914)	(16,190,457)
		<u>21,946,838,649</u>	<u>12,290,844,147</u>
14.1	Related parties from whom trade debts are due are as under:	2022	2021
		(Rupees)	
Sunridge Foods (Private) Limited		29,886,179	-
Unity Feeds (Private) Limited		-	70,918,694
		<u>29,886,179</u>	<u>70,918,694</u>
14.2	The Company as per policy applies simplified approach in calculating expected credit losses. The assessment of expected credit loss has been independently made by Ms. OBX advisory, a firm of accounting advisory compliance by establishing a provision matrix that is based on company's historical credit loss experience adjusted for forward looking factors specific to the trade receivables and the economic environment.		
14.3	Movement of allowance for impairment:	2022	2021
		(Rupees)	
Balance at the beginning of the year		16,190,457	16,190,457
Amount charged during the year		23,804,457	-
Balance at the end of the year		<u>39,994,914</u>	<u>16,190,457</u>
14.4	The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs. 184.18 million (June 30, 2021: Rs. 718.62 million).		
14.5	The aging of the trade debts from related parties as at the reporting date is as under:		
	Note	2022	2021
		(Rupees)	
Not yet due		6,428,276	19,018,328
Past due 1- 180 days		23,457,903	51,900,366
Total		<u>29,886,179</u>	<u>70,918,694</u>
15	ADVANCES, DEPOSITS AND PREPAYMENTS		
Advances - considered good	15.1	267,474,490	74,368,325
Security deposits	15.2	3,153,089	10,429,307
Prepayments	14.2	14,606,504	14,899,768
		<u>285,234,083</u>	<u>99,697,400</u>
15.1	These advances to suppliers are in an ordinary course of business and are non-interest bearing.		
15.2	These deposits and prepayments are mainly against rent, utilities and insurance and are not considered doubtful. These do not carry any mark-up arrangements.		
16	OTHER RECEIVABLES		
16.1	This includes profit receivable against investment in term deposit receipts (TDRs) amounting to Rs. 87.285 million (2021: Rs. 84.887 million).		

			2022	2021
			(Rupees)	
17	SHORT TERM INVESTMENTS	Note		
	At fair value through profit or loss			
	Mutual funds	17.1	4,574,891,235	1,618,985,954
	At amortized cost			
	Term deposit receipts	17.2	5,649,946,310	5,240,000,000
			<u>10,224,837,545</u>	<u>6,858,985,954</u>

17.1 This represents HBL Cash Fund Units redeemable along with dividend units at closing price of previous day Net Asset Value. As at June 30, 2022, Rs. 4,574.89 million (June 30, 2021: Rs. 1,618.99 million) out of the total investment value was pledged as security for a Rs. 5,329.87 million (June 30, 2021: Rs. 2,370.69 million) loan from HBL.

17.1.1	The details of investment in mutual fund as on June 30, 2022 are as follows:	Number of Units	Rate/Unit
	HBL Cash Funds	5,627,996	101.31
	HBL Financial sector funds	40,028,847	100.05
		<u>45,656,843</u>	-
	<u>The details of investment in mutual fund as on June 30, 2021 are as follows:</u>	Number of Units	Rate/Unit
	HBL Cash Funds	15,997,648	101.20
	HBL Financial sector funds	-	-
		<u>15,997,648</u>	-

17.2 This carries markup at 6.5% to 14.47% (June 30, 2021: 6.5%) having maturity upto one year.

		2022	2021
		(Rupees)	
18	CASH AND BANK BALANCES		
	Bank balances - Islamic banking		
	Saving account - islamic bank	2,731,807	1,788,880
	Current account - islamic bank	18,817,231	29,408,246
		<u>21,549,038</u>	<u>31,197,126</u>
	Bank balances - conventional banking		
	Saving account - conventional bank	196,092,823	3,207,498
	Current account - conventional bank	497,473,244	282,756,044
		<u>693,566,067</u>	<u>285,963,542</u>
	Cash in hand	3,203,376	882,078
		<u>718,318,480</u>	<u>318,042,746</u>

18.1 Profit on saving accounts ranges from 2.76% - 9.11% against Islamic and from 5.5% to 12.25% against conventional (2021: from 2.5% to 3.15% against Islamic and 4.5% to 6.8% against conventional) per annum.

	Note	2022	2021
		(Rupees)	
19 SHARE CAPITAL			
Authorized share capital			
1,200,000,000 (June 30, 2021: 1,000,000,000) ordinary shares of Rs. 10/- each		<u>12,000,000,000</u>	<u>10,000,000,000</u>
Issued, subscribed and paid-up capital			
1,194,050,000 (June 30, 2021: 994,050,000) ordinary shares of Rs. 10/- each fully paid in cash.	19.1&19.2	<u>11,940,500,000</u>	<u>9,940,500,000</u>

19.1 During the year, the Company has issued further 200,000,000 (Two Hundred Million) ordinary shares of the Company at Rs. 27/- per share at a premium of Rs. 17/- per share. Share premium of Rs. 3,400,000,000 has been recognized accordingly. The purpose of the Right Issue was to meet the increased working capital requirements of the Company.

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

	Note	2022	2021
		(Rupees)	
20 LONG TERM FINANCING			
Financing under ITERF Scheme - shariah arrangement	20.1	<u>269,858,181</u>	65,633,319
Financing under SBP Scheme - non-shariah arrangements	20.2 & 20.3	<u>97,561,772</u>	281,530,016
		<u>367,419,953</u>	347,163,335
Current portion shown under current liabilities		<u>(118,487,964)</u>	(183,805,051)
		<u>248,931,989</u>	<u>163,358,284</u>

20.1 The Company has also obtained long term financing from Al baraka Bank (Pakistan) Limited under ITERF "Islamic Temporary Economic Refinance Facility" refinance scheme by State Bank of Pakistan, the facility is secured with exclusive charge over the imported machineries under the expansion projects with 25% margin and lien over bank account under ITERF. During the year additional tranche of Rs. 259.247 million was received under the facility. The facility carries mark-up at the rate of 5% per annum, while the effective interest rate is calculated at 9.76% to 10.76% per annum to recognize same at the present value. The sanctioned facility amounts to Rs. 920 million. The differential mark-up has been recognized as government grant which is being amortized to other income over the period of the facility. The facility is valid upto March 2032. These are repayable in quarterly installments of Rs. 11.99 million commencing from June 2023.

20.2 The Company obtained long term financing from JS Bank under a refinance scheme of the State Bank of Pakistan for the payment of salaries and wages. The financing carries flat mark-up at the rate of 3% per annum. However, the effective interest rate is calculated as 10.40% per annum and the loan has been recognized at the present value. The sanctioned facility amounts to Rs. 196.06 million. This loan is repayable in 8 equal quarterly installments. The differential mark-up has been recognized as government grant which is being amortized to other income over the period of the facility. The financing is secured against plant and machinery of the Company (inclusive of 25% margin). These facilities are valid upto October 2022. These are repayable in quarterly installments of Rs. 24.507 million.

- 20.3** The Company obtained long term financing from Bank of Punjab under a refinance scheme of the State Bank of Pakistan for the payment of salaries and wages. The financing carries flat mark-up at the rate of 1% per annum. However, the effective interest rate is calculated as 10.40% per annum and the loan has been recognized at the present value. The sanctioned facility amounts to Rs. 196.89 million. This loan is repayable in 8 equal quarterly installments. The differential mark-up has been recognized as government grant which is being amortized to other income over the period of the facility. The financing is secured against hypothecation charge over current assets and plant and machinery of the Company (inclusive of 25% margin). These facilities are valid upto October 2022. These are repayable in quarterly installments of Rs. 24.612 million.

		2022	2021
	Note	(Rupees)	
21 DIMINSHING MUSHARIKA ARRANGMENT			
Diminshing musharika	21.1	2,206,071	-
Less current portion		(240,617)	-
		<u>1,965,454</u>	<u>-</u>

- 21.1** The Company has obtained a diminshing musharika facility from a financial institution for a vehicle aggregating to Rs. 2.385 million for a period of 7 years. The rate of return used as discounting factor is Kibor plus 1.5%. Musharika units are to be purchased in 7 years in 84 monthly installments latest by September 2028 and are secured against title of the asset.

		2022	2021
	Note	(Rupees)	
22 LEASE LIABILITIES			
Balance at the beginning of the year		205,776,292	99,555,309
Impact of lease re-measurement - net		(40,833,814)	-
Impact of lease modification		-	18,599,352
(Disposals) / additions during the year - net		(8,466,474)	136,767,576
Lease rentals paid		(86,840,362)	(73,944,474)
Accretion of interest charged in statement of profit or loss	35	15,136,899	24,798,529
Balance at the end of the year		84,772,546	205,776,292
Less current portion		(48,527,170)	(98,031,835)
Non current portion		<u>36,245,376</u>	<u>107,744,457</u>

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

	2022		
	Minimum lease payments	Finance charge	Present value of minimum lease payments
	-----Rupees-----		
Not later than one year	55,829,336	(7,302,166)	48,527,170
Later than one year but not later than five years	37,755,969	(1,510,593)	36,245,376
Total future minimum lease payments	93,585,305	(8,812,759)	84,772,546

	2021		
	Minimum lease payments	Finance charge	Present value of minimum lease payments
	-----Rupees-----		
Not later than one year	114,463,828	(16,431,993)	98,031,835
Later than one year but not later than five years	115,064,272	(7,319,815)	107,744,457
Total future minimum lease payments	229,528,100	(23,751,808)	205,776,292

23	DEFERRED GOVERNMENT GRANT	Note	2022	2021
			(Rupees)	
	Balance at the beginning of the year		26,927,668	17,111,129
	Recognized during the year		63,466,875	35,744,692
	Amortized during the year	34	(21,115,941)	(25,928,153)
	Balance at the end of the year		69,278,602	26,927,668
	Less current portion		(13,510,025)	(16,074,244)
	Non-current portion		55,768,577	10,853,424

23.1 As mentioned in note 20.2 and 20.3, the purpose of the government grants so recognized is to facilitate the Company in making timely payments of salaries and wages to its employees in light of the COVID-19 pandemic. The grants are conditional upon the fact that the Company would not terminate any employee, due / owing to cash flow limitations, for a period of three months from the date of receipt of the first tranche. The grants are being amortized at the rate ranging from 9.76% to 10.76% per annum.

23.2 As mentioned in note 20.1, the purpose of the government grant given under ITERF is to facilitate the Company in making payments of imported and locally manufactured new plant and machinery to be used for setting-up of new projects. The grant is conditional upon the fact that the Company would be required to contribute its equity share in an escrow account maintained with the Participating Islamic Banking Institution (PIBI). The proceeds in the said account shall be used by the Company only for the purpose of setting up of the project / payment to the supplier etc, representing Company's equity share in the project. The grant is being amortized at the rate ranging from 9.76% to 10.76% per annum.

24	TRADE AND OTHER PAYABLES	Note	2022	2021
			(Rupees)	
	Trade creditors	24.1	18,625,817,959	12,653,599,701
	Accrued liabilities	24.2	1,826,366,284	694,195,510
	Withholding sales tax payable		3,752,301	3,653,466
	Withholding income tax payable		46,360,725	17,368,280
	Provident fund	24.3	1,985,462	2,239,746
	Worker's welfare fund		47,271,689	69,165,953
	Worker's profit participation fund	24.4	131,430,190	182,515,124
	Others		3,966,538	3,521,721
			20,686,951,148	13,626,259,501

24.1 This amount includes the following balances with related parties:

Sunridge Foods (Private) Limited	47,486,903	11,738,779
Wilmar Trading Pte Limited	15,058,218,124	5,548,068,219
	15,105,705,027	5,559,806,998

24.2 This includes a provision which comprises 50% of the value of amount that may be payable to Excise and Taxation Department of Government of Sindh as Sindh Development and Infrastructure Cess which was levied on goods entering or leaving the province through air or sea at prescribed rate under Sindh Finance Ordinance, 2001. Earlier, the levy was challenged by various companies in Sindh High Court (SHC). SHC through its interim order passed on May 31, 2011 ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure cess should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. Accordingly, the Company, during the year, filed a petition CP No. 4090 of 2020 in the Honourable High Court of Sindh at Karachi whereby challenging the imposition of Infrastructure Cess and started paying 50% of the value whereas recorded a liability of Rs. 397.79 million remaining amount which is supported by bank guarantee. During the year 2021, the Sindh High Court had passed an order on June 4, 2021 for settlement of remainder of Infrastructure Cess against which the Company has filed an appeal in Supreme Court.

This also includes provision of gas infrastructure development cess (GIDC) amounting to Rs. 26.132 million.

24.3 All investment out of provident fund have been made in accordance with the provision of section 218 of the Companies Act 2017 and the conditions specified thereunder.

	Note	2022	2021
		(Rupees)	
24.4 Worker's profit participation fund			
As at July 01	24.4.1	182,515,124	10,615,247
Interest	35	7,031,010	474,485
Allocation for the year	32	124,399,181	182,040,639
Paid during the year		(182,515,124)	(10,615,247)
As at June 30		131,430,190	182,515,124

24.4.1 Interest on the workers profit participation fund has been accrued at the rate 10.57% (June 30, 2021: 9.53%) per annum.

	Note	2022	2021
		(Rupees)	
25 ACCRUED MARK-UP			
Markup accrued on running finance and short term loans	25.1	332,703,473	188,730,879

25.1 This includes mark-up accrued amounting to Rs. 133.12 million (2021: Rs. 82.75 million) on shariah arrangements.

	Note	2022	2021
		(Rupees)	
26 SHORT TERM BORROWINGS - SECURED			
Under conventional arrangements			
Finance against imported merchandise	26.1	4,423,498,639	6,897,862,544
Short term running finance	26.2	4,915,455,125	1,256,840,113
Under Islamic arrangements			
Short term finance	26.3 & 26.4	6,563,213,488	6,538,854,325
		15,902,167,252	14,693,556,982

26.1 Post import facilities (i.e. finance against imported merchandise and finance against trust receipt) from commercial banks under mark-up arrangements amounted to Rs. 21,910 million (30 June 2021: Rs. 18,320 million). At year end, the applicable mark-up rates ranged between 7.00% to 16.63% per annum. These facilities are valid upto 31 October 2022 and are from 3 months to 6 months.

26.2 Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 8,700 million (30 June 2021: Rs. 7,000 million). At year-end, the applicable mark-up rates ranged between 7.00% to 13.20% per annum.

26.3 Short term facilities (isitisna, wakala and murabaha) available from Islamic banks amounted to Rs. 12,700 million (30 June 2021: Rs. 11,400 million). At year end, the applicable mark-up rates ranged between 7.25% to 16.74% per annum. These facilities are valid upto 30 June 2022.

26.4 Short term running musharakah available from Al Baraka Bank Limited under mark-up arrangements amounted to Rs. 2,000 million (30 June 2021: Rs. 2,000 million). Mark-up on these arrangements is three month KIBOR plus 1% (30 June 2021: three month KIBOR plus 1%). At year end, the applicable mark-up rate was 12.89%.

26.5 Above facilities are secured by way of hypothecation charge over current and fixed assets of the Company and pledge of imported goods amounting to Rs. 18,867 million lien on term deposit and mutual funds of Rs. 10,224 million.

26.6 At the year-end, the Company had no foreign currency borrowing and the available facility was Rs. 1,650 million.

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

- 27.1.1** During the period, in respect of the GIDC matter, the honourable Supreme Court of Pakistan (SCP) in its judgment dated November 03, 2020, while dismissing all review petitions filed against its earlier judgement dated August 13, 2020, clearly stated that as the SCP held the Act to be intra-vires therefore all the sections are to be applied and that the question pertaining to the applicability of Section 8(2) and its proviso has not been agitated and its relief lies elsewhere and that the companies claiming any relief under GIDC Act, 2015 may approach the right forum. Further, SCP has permitted the Government to collect arrears of GIDC that have become due up to July 31, 2020 in 48 equal installments. Meanwhile, during the year 2021, the Company had filed petition in the Honourable High Court of Sindh at Karachi whereby challenging the imposition of Infrastructure Cess. The Sindh High Court had passed an order on June 4, 2021 for settlement of remainder of Infrastructure Cess against which the Company has filed an appeal in SCP and SCP's order is awaited.
- 27.1.2** On May 24, 2018 the Company and the former directors received a notice from Habib Bank Limited relating to Suo Moto Notice of Supreme Court on loan write off pertaining to the period 2007. The former management for their own and on behalf of the Company have filed a statement on June 5, 2018 through their legal counsel whereby they have explained that due amounts were paid by the management to the National Bank of Pakistan and Habib Bank Limited. The case is yet to be decided. The current management, based on the opinion of its legal consultant, believes that no liability or payment accrues against the Company. Accordingly, no provisioning has been provided in these unconsolidated financial statements.
- 27.1.3** The increase in Gas Tariff through Notification dated October 23, 2020 was challenged by the Company whereby the Honorable High Court (HC) has granted interim relief through its order dated 30 November 2020 and directed the plaintiffs to keep paying the bills at a price of Rs. 1,021 per MMBTU and deposit security cheques of the disputed amount with the Nazir of the HC till further orders. The Company has deposited security cheques of the disputed amount of Rs. 16.833 million accumulated till 30 June 2022.
- 27.1.4** A petition has been filed by the Company against SECP & others in the High Court of Sindh seeking declaration that the impugned order dated 27 December 2019 by SECP for the appointment of inspector(s) to conduct inspection on all aspects of the Company including the books of accounts for the period from 01 July 2017 to 30 June 2019 be declared illegal with a pray to set aside the investigation against the Company. The Court passed interim order suspending the operation of the impugned order to the extent of the appointment of inspectors, with the direction that, if any of the officer is authorized by the Commission, the Company shall co-operate by providing every document that is asked for by such authorized officer. The matter is at the stage of hearing of applications. The Company, including on the basis of the opinion of the legal advisors, believe that it has a good arguable case and there is no likelihood of unfavorable outcome of this litigation.

27.2 Tax related contingencies

- 27.2.1** The Additional Commissioner Inland Revenue (ADCIR) issued notice to amend the assessment for the tax year 2018 u/s 122 (9) of the Income Tax Ordinance, 2001 herein after referred to as "the Ordinance". The proceeding initiated u/s 122(5A) of the Ordinance culminated vide order dated 03 January 2022 whereby demand of tax amounting to Rs. 33.81 million on trading of cooking oil u/s 148A was raised and expenses of Rs. 39.82 million have been declared as inadmissible resulting in a decrease in taxable loss for the tax year. In addition, refundable income tax was reduced by Rs. 4.80 million. The Company has filed an appeal against the said order before the Commissioner Inland Revenue and the Company, including on the basis of the opinion of its tax advisor, expects a favorable outcome.

As a consequence of correspondence with the Assistant Commissioner Inland Revenue u/s 176 & 177(6), the Assistant Commissioner Inland Revenue issued a notice on 29 December 2021 to amend the assessment for the tax year 2019 u/s 122(9) of the Ordinance. The proceeding initiated u/s 177 & 122(9) of the Ordinance culminated vide order dated 13 January 2022 whereby demand of tax amounting to Rs. 79.82 million on trading of cooking oil u/s 148A was raised and expenses amounting to Rs. 36.65 million was declared as inadmissible resulting in a decrease of taxable loss for the tax year. In addition, refundable income tax was reduced by Rs. 4.34 million. The Company has filed an appeal against the said order before the Commissioner Inland Revenue and including on the basis of the view of the tax lawyer, expects a favourable outcome.

27.3 Commitments

27.3.1 Commitments under letter of credit for raw materials as at June 30, 2022 amounted to Rs. 5,869 million (June 30, 2021: Rs. 6,093.50 million).

27.3.2 Guarantee issued at the year end on behalf of the Company amounted to Rs. 880 million (30 June 2021: Rs. 290 million). Above facility is the part of the borrowing limits.

28 SALES - NET

	2022	2021
	(Rupees)	
Local	94,599,066,184	74,671,145,682
Export	432,687,448	310,075,496
Toll manufacturing	-	950,033
	95,031,753,632	74,982,171,211
Sales tax	(12,828,928,992)	(8,565,867,586)
Trade discount	(18,272,087)	(15,335,421)
	(12,847,201,079)	(8,581,203,007)
	82,184,552,553	66,400,968,204

28.1 In the following table, revenue is disaggregated by primarily geographical markets:

Primarily geographical markets:

	2022	2021
	(Rupees)	
Local	94,599,066,184	74,672,095,715
Srilanka	207,386,644	-
Malaysia	153,372,688	34,233,583
Vietnam	-	275,841,913
Thailand	71,928,116	-
	95,031,753,632	74,982,171,211

28.2 Revenue recognized during the reporting period which was included in the contract liabilities at the beginning of the period amounted to Rs. 5.239 million (2021: Rs. 6.896 million).

29 COST OF SALES

	Note	2022	2021
		(Rupees)	
Raw material consumed		72,674,574,047	60,274,682,512
Salaries, wages and benefits	29.1	568,570,194	531,793,079
Rent, rates and taxes		47,587,436	22,100,577
Fuel, power and electricity		431,760,401	289,730,735
Insurance		80,632,806	71,196,030
Security and janitorial		16,005,623	21,018,586
Postage, telephone and internet		2,606,909	2,501,819
Printing, stationary and office supplies		971,914	206,199
Vehicle, travelling and conveyance		10,195,472	10,832,042
Transport - freight		197,833,179	311,735,548
Toll manufacturing expenses		-	856,490
Depreciation on operating fixed assets	6.2	270,668,798	145,282,435
Depreciation on right-of-use assets	7.2	72,494,719	55,838,333
Amortization on intangible assets	8.2	909,879	761,389
Repair and maintenance		79,301,935	48,398,993
Others		7,905,833	4,714,269
		74,462,019,145	61,791,649,036
Add: opening stock of work-in-process		94,938,036	54,250,306
Less: closing stock of work-in-process	13	-	(94,938,036)
Cost of goods manufactured		74,556,957,181	61,750,961,306
Add: opening stock of finished goods and semi finished goods		1,560,842,295	1,019,196,613
Less: closing stock of finished goods and semi finished goods	13	(1,778,840,688)	(1,560,842,295)
		74,338,958,788	61,209,315,624

29.1 Salaries, wages and benefits include Rs. 7.159 million for the year ended June 30, 2022 (June 30, 2021: Rs. 3.980 million) in respect of staff retirement benefits. This also includes wages of labor whose services are acquired on need basis.

30 SELLING AND DISTRIBUTION EXPENSES

Note

	2022	2021
	(Rupees)	
Salaries, wages and benefits	33,622,687	66,191,431
Security and janitorial	2,036,066	4,311,181
Freight and forwarding	360,485,070	424,103,194
Travelling, conveyance and entertainment	10,243,697	9,128,057
Depreciation on operating fixed assets	3,050,499	2,721,272
Depreciation on right-of-use assets	4,970,584	9,279,120
Amortization on intangible assets	606,586	507,592
Electricity, gas and water	1,232,288	966,977
Printing, stationary and office supplies	165,963	129,021
Repair and maintenance	1,171,880	664,504
Distributor expenses	125,096,095	224,810,099
Rent, rates and taxes	173,240	239,291
Insurance	2,234,391	1,460,665
Fees and subscription	10,738,337	7,956,797
Postage, telephone and internet	624,309	1,470,236
Advertising and sales promotion	168,589,706	279,985,665
Others	960,040	1,151,694
	726,001,439	1,035,076,796

30.1 Salaries, wages and benefits include Rs. 1.527 million for the year ended June 30, 2022 (June 30, 2021: Rs. 2.690 million) in respect of staff retirement benefits.

31 ADMINISTRATIVE EXPENSES

Note

	2022	2021
	(Rupees)	
Salaries, wages and benefits	326,362,229	172,141,195
Directors' remuneration	20,503,523	-
Rent, rates and taxes	438,764	2,097,011
Travelling, conveyance and entertainment	36,189,931	26,429,588
Electricity, gas and water	14,078,943	2,915,256
Postage, telephone and internet	20,850,667	7,936,997
Insurance	6,558,204	2,325,091
Repair and maintenance	7,117,594	6,704,558
Advertising expense	40,352	854,537
Auditor's remuneration	8,300,000	7,730,000
Legal and professional	13,615,765	19,947,728
Consultancy services	32,803,739	42,365,399
Fees and subscription	99,502,967	50,731,269
Security and janitorial	6,809,524	5,793,002
Donations	34,201,820	18,140,148
Depreciation on operating fixed assets	22,343,629	9,356,373
Amortization on intangible assets	1,660,431	1,268,981
Printing, stationary and office supplies	4,364,169	2,896,841
Others	2,777,295	13,563,637
	658,519,546	393,197,611

31.1 Salaries, wages and benefits include Rs. 11.708 million for the year ended June 30, 2022 (June 30, 2021: Rs. 5.810 million) in respect of staff retirement benefits.

2022	2021
(Rupees)	
Audit fee	4,500,000
Half yearly review	1,350,000
Consolidation of Financial Statements with the Subsidiary	500,000
Review of Code of Corporate Governance	100,000
Out of pocket expenses	100,000
9,250,000	6,550,000
Certifications for regulatory purposes	1,180,000
8,300,000	7,730,000

31.2 Auditor's remuneration

Audit fee
Half yearly review
Consolidation of Financial Statements with the Subsidiary
Review of Code of Corporate Governance
Out of pocket expenses

Certifications for regulatory purposes

31.3 The Company has paid donations to the following which exceeds 10% of total donations paid during the year or Rs.1 million, whichever is higher:

2022	2021
(Rupees)	
Name of Donee	
Future Trust	10,000,000
Saylani Welfare Trust	7,022,361
19,981,463	17,022,361

During the year, no donations were paid to any donee / party in which any director of the Company is interested.

32 OTHER EXPENSES

Note

2022	2021
(Rupees)	
Worker's welfare fund	69,165,953
Loss on disposal of fixed assets	49,050
Unrealized loss on investment in mutual fund units	-
Worker's profit participation fund	182,040,639
24.4	251,255,642
217,232,208	

33 EXCHANGE LOSS / (GAIN)

33.1 This includes unrealized exchange loss amounting to Rs. 1,062.588 million (June 2021: Rs 112.083 million).

34 OTHER INCOME

Note

2022	2021
(Rupees)	
Income/ return on financial instrument	
Income on bank deposits	2,090,090
Income on TDRs	256,822,205
Income on PIBs	-
Unrealized gain on investment in mutual fund units	8,985,954
Profit realized on redemption of mutual fund units	133,669
411,827,295	
811,238,985	268,031,918
Income from non-financial assets	
Amortization of deferred government grant	25,928,153
Scrap sales	6,489,469
Gain on disposal of fixed assets	-
Gain on re-assessment of right of use asset	14,224,645
Others	1,895,829
221,358	
31,432,149	48,538,096
842,671,134	316,570,014

35	FINANCE COST	Note	2022	2021
			(Rupees)	
	Interest on non-shariah arrangements		1,120,642,861	426,126,494
	Profit on shariah arrangements		506,907,078	388,614,203
	Interest on worker's profit participation fund	24.4	7,031,010	474,485
	Finance charge of lease liabilities	22	15,136,899	24,798,529
	Bank charges		13,877,889	17,734,210
	Transaction cost on debt financing		-	22,374,000
			<u>1,663,595,737</u>	<u>880,121,921</u>

36	TAXATION			
	Current		196,022,372	193,468,988
	Deferred	11.1	(143,802,304)	83,923,221
			<u>52,220,068</u>	<u>277,392,209</u>

The provision of current tax is against the income falling under normal tax regime. In case of exports and dividends, the provision is under final tax regime.

36.1	Numerical reconciliation between tax expense and accounting profit:	2022	2021
		(Rupees)	
	Profit before taxation	2,488,637,179	3,389,131,701
	Tax at applicable rate 29% (2021:29%)	29%	29%
	Tax on accounting profit	721,704,782	982,848,193
	Effect of final tax regime	(53,369,305)	5,020,524
	Effect of minimum tax	-	8,511,456
	Effect of tax credit and unused tax losses	(613,070,210)	(800,354,578)
	Effects of difference in rates	(3,045,199)	-
	Deferred tax adjustment	-	49,584,128
	Others	-	31,782,486
		<u>52,220,068</u>	<u>277,392,209</u>

36.2 Provision for current tax is calculated on the taxable income after adjusting the income eligible for tax credit under section 65 (E) of the Income tax ordinance 2001.

37	EARNINGS PER SHARE	2022	2021
		(Rupees)	
	Profit after taxation	2,436,417,111	3,111,739,492
		(Number of shares)	
	Weighted average number of ordinary shares outstanding	1,072,406,164	874,746,487
		(Rupees)	
	Basic and diluted earnings per share	2.27	3.56

38 CASH FLOWS FROM OPERATING ACTIVITIES

Note

	2022	2021
	(Rupees)	
Profit before taxation	2,488,637,179	3,389,131,701
Adjustments for non-cash and other items:		
Depreciation on operating fixed assets	296,062,926	157,360,080
Depreciation on right-of-use assets	77,465,303	65,117,453
Amortization on intangible assets	3,176,896	2,537,962
Amortization on deferred government grant	(21,115,941)	(25,928,153)
Exchange loss - unrealized	1,062,588,599	112,082,601
Loss / (gain) on re-measurement of mutual fund units	45,561,339	(8,985,954)
Allowance for impairment of financial assets	23,804,457	-
(Gain) / loss on disposal of property, plant and equipment	(1,158,846)	49,050
Profit on short term investment	(399,411,690)	(265,808,159)
Finance cost	1,663,595,737	880,121,921
	5,239,205,961	4,305,678,502
Changes in working capital		
(Increase) / decrease in current assets:		
Stock-in-trade	(470,094,857)	(5,703,995,479)
Stores and spares	(2,314,154)	26,068,107
Trade debts	(9,679,798,959)	(4,507,037,143)
Advances, deposits and prepayments	(185,536,683)	(30,775,035)
Sales tax receivable	138,080,020	(382,058,543)
	(10,199,664,632)	(10,597,798,093)
Increase / (decrease) in current liabilities:		
Trade and other payables	6,110,185,649	4,681,294,303
Contract Liabilities	13,050,686	-
Sales tax payable	-	(1,195,396)
	6,123,236,335	4,680,098,907
Cash generated from / (used in) operating activities	1,162,777,663	(1,612,020,684)

38.1 Cash and cash equivalents comprise of:

Cash and bank balances	18	718,318,480	318,042,746
Short term borrowings - running finance (secured)	26	(4,915,455,125)	(1,256,840,113)
		(4,197,136,645)	(938,797,367)

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

Description	Issued, subscribed and paid-up capital	Share Premium	Unappropriated profit	Long term financing	Lease Liabilities	Diminishin g Musharika	Short term borrowings	Accrued markup	Unclaimed dividend	Total
Balance as at July 1, 2021	9,940,500,000	-	3,438,779,398	347,163,335	205,776,297	-	14,693,556,982	188,730,879	669,007	28,815,175,898
Changes from financing cash flows										
Proceeds from issuance of right shares	2,000,000,000	3,400,000,000	-	-	-	-	-	-	-	5,400,000,000
Transaction cost paid on issuance of right shares	-	-	(59,148,695)	-	-	-	-	-	-	(59,148,695)
Long term financing received - net	-	-	-	20,256,619	-	-	-	-	-	20,256,619
Proceeds from short term finance facilities	-	-	-	-	-	-	(2,450,004,742)	-	-	(2,450,004,742)
Proceeds from running finance facilities shown as cash equivalents	-	-	-	-	-	-	3,658,615,012	-	-	3,658,615,012
Rentals paid against right-of-use assets	-	-	-	-	(86,840,362)	(708,929)	-	-	-	(87,549,291)
Finance cost paid	-	-	-	(19,137,710)	-	-	-	(1,485,348,534)	-	(1,504,486,244)
Dividend paid	-	-	-	-	-	-	-	-	(24,310)	(24,310)
	2,000,000,000	3,400,000,000	(59,148,695)	1,118,909	(86,840,362)	(708,929)	1,208,610,270	(1,485,348,534)	(24,310)	4,977,658,348
Other changes										
Interest expense	-	-	-	19,137,710	15,136,899	-	-	1,629,321,128	-	1,663,595,737
Additions / reassessment / termination of lease	-	-	-	-	(49,300,288)	2,915,000	-	-	-	(46,385,288)
Total comprehensive income for the year	-	-	2,436,417,111	-	-	-	-	-	-	2,436,417,111
	-	-	2,436,417,111	19,137,710	(34,163,384)	2,915,000	-	1,629,321,128	-	4,053,627,560
Balance as at June 30, 2022	11,940,500,000	3,400,000,000	5,816,047,814	367,419,954	84,772,546	2,206,071	15,902,167,252	332,703,473	644,697	37,846,461,806

39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their role and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

39.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations without considering the fair value of the collateral available there against.

Exposure to credit risk

The carrying amount of respective financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

		2022	2021
	Note	(Rupees)	
Long term deposits	9	32,963,470	20,938,286
Long term loans	10	42,511,260	17,947,403
Trade debts	14	21,946,838,649	12,290,844,147
Advances and deposits	15	270,627,579	84,797,632
Other receivables	16	89,805,570	85,642,353
Short term investments	17	10,224,837,545	6,858,985,954
Bank balances	18	715,115,104	317,160,668
		33,322,699,177	19,676,316,443

Long term deposits

These represent security deposits provided to utility companies as per the contractual terms and Nazir high court against increase in gas tariff. The Company does not expect material loss against these deposits.

Long term loans

These represents loan given to executives and employees of the company in accordance with the Company's policy. The Company does not expect any material loss against these loans.

Trade debts

The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The Company establishes an allowance for expected credit loss that represents its estimate of expected losses.

Analysis of gross amounts receivable from local trade debtors are as follows:

	2022	2021
	(Rupees)	
Domestic	21,986,833,563	12,307,034,604
The ageing of trade debts as at the date of the statement of financial position is:		
Not past due	14,073,936,762	4,866,129,064
Past due 1 - 90 days	5,084,400,182	6,679,961,786
Past due 91 - 180 days	2,547,475,717	655,905,741
Past due 181 - 270 days	224,929,590	44,120,582
Past due 271 - 360 days	34,301,716	15,968,796
Past due above 360 days	21,789,606	44,948,579
	21,986,833,563	12,307,034,547

Advances and deposits

These represents advances to employees as per company policy and deposits placed with various suppliers as per the terms of securing availability of services. The management does not expect to incur credit loss there against.

Others receivables

These represent profit receivable against investment in TDRs and mutual fund units . The management does not expect to incur credit loss there against.

Short term investments

These represent investment in mutual fund units and TDRs. The management does not expect to incur credit loss there against.

Bank balances

The Company kept its surplus funds with banks having good credit rating. Currently the surplus funds are kept with banks having rating from AAA to A-.

Concentration of credit risk

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

39.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash to meet expected working capital requirements by having credit lines available.

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

As at June 30, 2022**Non-derivative financial liabilities**

	Carrying amount	Contractual maturities	Maturity up to one year	Maturity two to five years
	------(Rupees)-----			
Long term financing	367,419,953	435,449,326	102,137,575	333,311,751
Diminshing musharika arrangement	2,206,071	2,206,071	259,858	1,946,213
Lease liabilities	84,772,546	93,585,308	55,829,336	37,755,972
Trade and other payables	20,458,136,244	20,458,136,244	20,458,136,244	-
Accrued mark-up	332,703,473	332,703,473	332,703,473	-
Short term borrowings	15,902,167,252	15,902,167,252	15,902,167,252	-
Unclaimed dividend	644,697	644,697	644,697	-
	37,148,050,236	37,224,892,371	36,851,878,435	373,013,936

As at June 30, 2021**Non-derivative financial liabilities**

	Carrying amount	Contractual maturities	Maturity up to one year	Maturity up to two to five years
	------(Rupees)-----			
Long term financing	347,163,335	347,163,335	163,358,284	183,805,051
Diminshing musharika arrangement	-	-	-	-
Lease liabilities	205,776,292	229,528,100	114,463,828	115,064,272
Trade and other payables	13,353,556,678	13,353,556,678	13,353,556,678	-
Accrued mark-up	188,730,879	188,730,879	188,730,879	-
Short term borrowings	14,693,556,982	14,693,556,982	14,693,556,982	-
Unclaimed dividend	669,007	669,007	669,007	-
	28,789,453,173	28,813,204,981	28,514,335,658	298,869,323

39.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company is exposed to currency risk and interest rate risk only.

39.3.1 Currency risk

Currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to currency risk on foreign trade creditors that are denominated in a currency other than the respective functional currency of the Company, primarily U.S. Dollar. The Company's exposure to foreign currency risk is as follows:

	2022		2021	
	Rupees	US Dollars	Rupees	US Dollars
Financial liabilities				
Trade creditors - foreign	17,098,025,634	83,466,076	9,158,092,700	57,852,765

The following significant spot exchange rates were applicable at the end of the year:

	2022	2021
US Dollars (USD) to Pakistan Rupee	204.85	158.3

Sensitivity analysis

A 10 percent strengthening / weakening of the Pak Rupee against the US Dollar at June 30, 2022 would have decreased / increased the equity / profit after tax by Rs. 1,709.26 million (June 30, 2021: 915.81 million).

39.3.2 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

Financial assets and liabilities include balance of Rs. 5,848.77 million (June 30, 2021: Rs 5,244.99 million) and Rs. 16,451.65 million (June 30, 2021: 14,975.93 million) respectively, which are subject to interest rate risk. Applicable interest rates for financial assets have been indicated in respective notes.

As at June 30, 2022, if interest rates had been 100 basis points higher/ lower with all other variables held constant, profit after tax for the year would have been Rs. 106.03 million (2021: Rs. 97.31 million) lower/ higher, mainly as a result of lower/ higher interest expense/ income from these financial liabilities and assets.

39.3.3 Price risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company has no exposure to price risk except in short term investments held at fair value.

39.3.4 Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in the statement of financial position approximate their fair values.

39.3.5 Financial instruments by categories

Financial assets

Held at amortized cost

		2022	2021
(Rupees)			
Long term deposits	9	32,963,470	20,938,286
Long term loan	10	42,511,260	17,947,403
Trade debts	14	21,946,838,649	12,290,844,147
Advances and deposits	15	270,627,579	84,797,632
Other receivables	16	89,805,570	85,642,353
Short term investments	17	5,649,946,310	5,240,000,000
Bank balances	18	715,115,104	317,160,668
		<u>28,747,807,942</u>	<u>18,057,330,489</u>

Held at fair value

Short term investments	17	<u>4,574,891,235</u>	<u>1,618,985,954</u>
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Financial liabilities

Held at amortized cost

		2022	2021
		(Rupees)	
Long term financing	20	367,419,953	347,163,335
Diminshing musharika arrangement	21	2,206,071	-
Lease liabilities	22	84,772,546	205,776,292
Trade and other payables	24	20,458,136,244	13,353,556,678
Accrued mark-up	25	332,703,473	188,730,879
Short term borrowings	26	15,902,167,252	14,693,556,982
Unclaimed dividend		644,698	669,007
		<u>37,148,050,237</u>	<u>28,789,453,173</u>

40 REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive	Directors	Executives	Total
	2022			
	------(Rupees)-----			
Managerial remuneration	7,741,920	5,836,063	141,691,058	155,269,041
House rent	3,483,888	1,437,087	52,496,662	57,417,638
Medical	774,192	319,364	11,666,218	12,759,774
Retirement benefits	644,987	266,022	8,084,237	8,995,246
Director's meeting fee	1,550,000	9,760,000	-	11,310,000
	<u>14,194,987</u>	<u>17,618,536</u>	<u>213,938,175</u>	<u>245,751,698</u>
Number of persons	<u>1</u>	<u>6</u>	<u>59</u>	<u>66</u>
	Chief Executive	Directors	Executives	Total
	2021			
	------(Rupees)-----			
Managerial remuneration	-	-	133,277,000	133,277,000
House rent	-	-	37,045,695	37,045,695
Medical	-	-	8,232,341	8,232,341
Retirement benefits	-	-	5,865,553	5,865,553
Director's meeting fee	250,000	1,300,000	-	1,550,000
	<u>250,000</u>	<u>1,300,000</u>	<u>184,420,589</u>	<u>185,970,589</u>
Number of persons	<u>1</u>	<u>7</u>	<u>52</u>	<u>60</u>

40.1 No independent and non executive directors are provided with the remuneration or any other perquisites other than directors' meeting fees.

40.2 Chief executive officer has been provided with a company maintained vehicle.

41 TRANSACTIONS WITH RELATED PARTIES

41.1 Name of the related party Relationship and percentage of shareholding

Transactions involving related parties arising in the normal course of business are conducted at arm's length and at normal commercial rates unless otherwise specifically approved by the board of directors.

Wilmar Pakistan Holdings PTE Limited	Associated company incorporated in Singapore (holds 20.62% shares of the Company)
Wilmar Trading PTE Limited	Associated company incorporated in Singapore (member of same group in which Wilmar Pakistan Holdings PTE Limited is a member)
Sunridge Foods (Private) Limited	Wholly owned subsidiary by nature of hundred percent shareholding
Unity Feeds (Private) Limited	Associated company by nature of common directorship
Unity Packages (Pvt) Ltd.	
(formerly Reliance Exim (Pvt) Ltd.)	Associated company by nature of common directorship
Unity Enterprises (Pvt) Ltd.	Associated company by nature of common directorship
Unity Wilmar Foods (Pvt) Ltd.	Associated company by nature of common directorship

Unity Wilmar Packages (Pvt) Ltd.	Associated company by nature of common directorship
Unity Wilmar Agro (Pvt) Ltd.	Associated company by nature of common directorship
Kairos Resources (Pvt) Ltd.	Associated company by nature of common directorship
Emerald oil and fats (Pvt) Ltd	Associated company by nature of common directorship
Agro Allianz Ltd	Associated company by nature of common directorship
Unity Food Ltd staff provident fund	Post employment benefits
Mr. Sulaiman Sadruddin Mehdi	Director
Mr. Muhammad Farrukh	Director
Mr. Abdul Majeed Ghaziani	Director
Mr. Muneer S. Godil	Director
Ms. Lie Hong Hwa	Director
Ms. Tayyaba Rasheed	Director
Mr. Amir Shehzad	Director
Mr. Jalees Edhi	Key management personnel
Mr. Tariq Nabeel Jafri	Key management personnel
Mr. Waqas Shoukat	Key management personnel
Mr. Rana Muhammad Nouman	Key management personnel
Mr. Usama Ibrahim Jeewa	Key management personnel
Ms. Zarmina Khan	Key management personnel

Following are the related parties with whom the Company had entered into transaction otherwise stated elsewhere:

Transactions with related parties

<u>Transactions with related parties</u>			<u>For the year ended</u>	
<u>Name</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>2022</u>	<u>2021</u>
			<u>------(Rupees)-----</u>	
Sunridge Foods (Private) Limited	Subsidiary	Sales	<u>29,886,179</u>	<u>907,928,125</u>
		Purchases	<u>111,552,084</u>	<u>264,666,904</u>
		Sales proceeds	<u>-</u>	<u>907,928,125</u>
		Payments	<u>75,803,961</u>	<u>252,928,125</u>
Wilmar Trading Pte Limited	Associated company	Purchases	<u>35,855,961,652</u>	<u>17,218,768,467</u>
		Payments	<u>26,345,811,747</u>	<u>18,537,388,559</u>
Unity Feeds (Private) Limited	Associated company	Sales	<u>69,778,430</u>	<u>159,027,222</u>
		Sales proceeds	<u>140,697,124</u>	<u>88,108,529</u>
Provident fund	Staff retirement benefit fund	Contribution paid	<u>44,654,547</u>	<u>24,281,641</u>
Directors and executives	Key management personnel	Remuneration paid	<u>76,971,712</u>	<u>59,980,000</u>

42 CAPITAL RISK MANAGEMENT

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders or issue new shares. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company's objectives when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, to maximize return of shareholders and to optimize capital structure and to reduce the cost of capital.

In order to achieve the above objectives, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

The gearing ratio is as follows;

		2022	2021
		(Rupees)	
Long term financing	20	367,419,953	347,163,335
Diminshing musharika arrangement	21	2,206,071	-
Short term borrowings	26	15,902,167,252	14,693,556,982
Total debt		16,271,793,276	15,040,720,317
Cash and bank balances	18	(718,318,480)	(318,042,746)
Net debt		15,553,474,795	14,722,677,571
Share capital	19	11,940,500,000	9,940,500,000
Share premium		3,400,000,000	3,438,779,398
Unappropriated profit		5,816,047,814	13,379,279,398
Share capital and reserves		21,156,547,814	13,379,279,398
Gearing ratio (Net debt/(Net debt + Share capital and reserves))		42.37%	52.39%

43 MEASUREMENT OF FAIR VALUES

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

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

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

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Fair value measurement using quoted (unadjusted) in active markets for identical asset or liability.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2022, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value, except short term investment which is carried at fair value.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the unconsolidated financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

44 ANNUAL PRODUCTION CAPACITY

Production capacity as at year end was as follows:

	2022	2021
	(Metric Tonnes)	
Edible oil refinery	264,600	234,000
Solvent extraction plant	162,000	162,000
Soap plant	15,600	15,600
Feed Mill	302,400	302,400

The actual production for the year was:

Edible oil refinery	255,305	206,117
Solvent extraction plant	47,911	36,691
Soap plant	1,951	256
Feed Mill	266,382	273,824

The above production is carried out as per sales demand.

45 CORRESPONDING FIGURES

In addition, certain corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions, the effect of which is immaterial other than those stated below:

Nature	Financial statements line item		Amount (Rupees)
	2021	2022	
Exchange gain / loss	Other operating expenses	Exchange (loss) / gain	440,561,077
Employee loan	Advance, deposit and prepayments	Long term loan	17,947,403

46 SUBSEQUENT EVENTS

The Board of Directors of the Company in their meeting held on January 20, 2023 have not recommended any dividend at the board meeting.

47 NUMBER OF EMPLOYEES

	2022	2021
Total number of employees at the June 30	551	486
Average number of employees during the year	556	466

48 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue in the Board of Directors meeting held on January 20, 2023.

49 GENERAL

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



Director



Chief Executive



Chief Financial Officer



Independent Auditor's Report To the Members of Unity Foods Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Unity Foods Limited** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S. No	Key audit matter(s)	How the matter was addressed in our audit
01	<p>Property, Plant and Equipment</p> <p>As disclosed in note 6.1 and 6.4.1 to the consolidated financial statements, the Group has incurred substantial amount of capital expenditure in operating fixed assets (including transfers from capital work-in-progress) and under capital work-in-progress amounting to Rs. 2,497.37 million and Rs. 1,533.95 million respectively during the year for enhancement of production and operating capacity.</p> <p>We focused on capital expenditure incurred during the year as this represents a significant transaction for the year and involves certain judgemental areas, such as capitalization of elements of eligible components of cost as per the applicable financial reporting standards, therefore, we have identified this as a key audit matter.</p>	<p>Our audit procedures to assess the capitalization of property, plant and equipment, amongst others, included the following:</p> <ul style="list-style-type: none"> • understanding of the design and implementation of management controls over capitalization and testing control over authorization of capital expenditure and accuracy of its recording in the system and impaling policies consistently; • testing, on sample basis, the costs incurred on various items with supporting documentation and contracts; • assessing the nature of costs incurred for the capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the applicable accounting standards; • physical verification of the additions in fixed assets on sample basis and reviewed the relevant contracts and documents supporting various components of the capitalised cost; • inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including testing the calculation of related depreciation; and • Inspecting the title documents for the property wherever applicable.

<p>02</p>	<p>Stock in trade</p> <p>As disclosed in note 13 to the accompanying consolidated financial statements, the stock in trade constitutes 20.1% of total assets of the Group. The cost of raw material, work in process and finished goods is determined at weighted average cost including a proportion of production overheads.</p> <p>We focused on stock in trade as it is a significant portion of Group's total assets and it requires management judgement in determining an appropriate costing basis and assessing its total cost.</p>	<p>We performed a range of audit procedures with respect to inventory items including:</p> <ul style="list-style-type: none"> • attended physical inventory count performed by the Group on 16 December 2022 to gain comfort over the existence and condition of inventories as our appointment as auditors was subsequent to the year end; • worked back to ascertain the quantity of stock and reconciled the balances as on 30 June 2022; • carried out a quantitative reconciliation of the stock produced and sold during the year and balance of stock at the year end; • for a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets; • testing valuation methods and their appropriateness in accordance with the applicable accounting standards; • testing the calculations of per unit cost of finished goods and assessing the appropriateness of management's basis for the allocation of cost and production overheads; and • assessment of the adequacy of the disclosures made in respect of the accounting policies and the details of inventory balances held by the Group at the year end.
<p>03</p>	<p>Trade Debts</p> <p>Refer to note 13 to the consolidated financial statements.</p> <p>As at 30 June 2022, the Group's gross trade debtors were Rs. 22,577.25 million.</p> <p>We identified recoverability of trade debts as a key audit matter as it involves significant management judgement in determining the recoverable amount of trade debts.</p>	<p>Our audit procedures to assess the valuation of trade debts, amongst others, included the following:</p> <ul style="list-style-type: none"> • obtaining an understanding of and assessing the design and implementation of management's key internal controls relating to credit control process (including credit account application approvals and credit limit review), debt collections process and making allowance for ECLs;

		<ul style="list-style-type: none"> • obtained an understanding of the financial model used by the Group's management for the determination of ECL on trade receivables; • reviewed assessment of expected credit loss made by independent firm of accounting advisory compliance; • assessed the completeness and accuracy of the data used in the model to the underlying accounting records on sample basis; • checked the mathematical accuracy of the model by performing recalculations; • testing the accuracy of trade receivable aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to ensure the balances appearing in the ageing report were classified within appropriate ageing bracket; • circularizing direct confirmation to debtors on sample basis; and • assessing the historical accuracy of Credit loss if any under IFRS 9 by examining the utilization or release of previously recorded provisions for doubtful debts.
04	<p>Short term investment</p> <p>As disclosed in note 16 to the accompanying consolidated financial statements, the Group has made investments in Mutual Fund Units and Term Deposit Receipts amounting to Rs. 10,224.84 million which constitutes 16.2% of total assets of the Group.</p> <p>We focused on the investment made during the year as this represents a significant event occurred during the year.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • understanding the design and implementation of management controls and testing control over investment made and accuracy of its recording in the system and impaling policies consistently; • verifying the consideration paid and inspecting supporting documents and contracts and approval at appropriate level; • assessing the adequacy of the disclosures made in respect of the details of investments held by the Group at the year end; and • Checked that investment approval was obtained from the Board of Directors.

<p>05</p>	<p>Sales</p> <p>Refer note 30 to the consolidated financial statements which shows that revenue of the Group has substantially increased.</p> <p>Revenue is recognised when control of the underlying products is transferred to the customers. The Group recognized revenue of Rs. 87,713.01 million from the sale of goods to domestic as well as export customers during the year ended 30 June 2022 as compared to Rs. 68,831.30 million in the previous year.</p> <p>We identified recognition of sales as a key audit matter because sales are one of the key performance indicators of the Group and gives rise to a risk that revenue is recognized without transferring the risk and rewards.</p>	<p>Our audit procedures to assess recognition of sales, amongst others, included the following:</p> <ul style="list-style-type: none"> • obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • assessing the appropriateness of the Group's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; • assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; • comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents; • comparing a sample of sale transactions recorded around the year with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period; • comparing, on a sample basis, specific sale transactions recorded just before and after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; • scanning for any manual journal entries relating to sales raised during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation; • worked out party-wise sales and noticed concentration of large portion of sale with one party and undertaken audit procedures to confirm that the sales to this party have been made under normal commercial basis;
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		<ul style="list-style-type: none"> • Performed audit procedures to analyze variation in the price and quantity sold during the year; and • Assessed the adequacy of disclosures made in the consolidated financial statements related to sales.
06	<p>Borrowings and finance costs</p> <p>Refer notes 26 and 35 to the consolidated financial statements.</p> <p>The Group has obtained a range of financing facilities from different financial institutions amounting to Rs. 17,772.45 million, being 41.8% of total liabilities, as at 30 June 2022 with varying terms and tenure and incurred substantial cost.</p> <p>This was considered to be a key audit matter as these affects Group's gearing, liquidity and solvency. Further, compliance with debt covenants is a key requirement of these financing arrangements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • assessing the design and operating effectiveness of the Group's internal controls over recording the terms and conditions of borrowings from financial institutions, including their classification as either current or non-current and associated costs; • Reviewed loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management in order to verify finance costs, fair value determination and ensured that the borrowings have been approved at appropriate level; • obtaining confirmations of borrowings as at 30 June 2022 directly from the financial institutions; • testing the calculation of mark-up recognized as both an expense and capitalized during the year to assess whether these were accounted for in accordance with approved accounting standards as applicable in Pakistan; and • assessing the adequacy of the Group's compliance with the loan covenants and the disclosure in the consolidated financial statements.

<p>07</p>	<p>The Group's exposure to litigation risk</p> <p>On 24 May 2018 Unity Foods Limited (the Company) and its former directors received a notice from Habib Bank Limited relating to Suo Moto Notice of Supreme Court on Loan write off pertaining to the period 2007. The former management on their own behalf and on behalf of the Company have filed a statement on June 5, 2018 through their legal counsel whereby they have explained that the due amounts were paid by the then management to National bank of Pakistan and Habib Bank Limited. The case is yet to be decided. The current management believes that no liability or payment accrues against the Group. Accordingly, no provisioning has been provided in these consolidated financial statements.</p> <p>Due to the uncertainty involved in the outcome of this case we have identified this as key audit matter.</p>	<p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> • Obtaining and reviewing details of the significant pending legal case and discussed the same with Group's management; • Circulation of confirmations to the Group's external legal counsel for their views on open legal/tax matters; • Reviewing correspondence of the company with the relevant authorities; • Evaluation of rationale provided by the company and opinion of the external legal counsel; and • Reviewing the disclosures made in the consolidated financial statements in respect of such contingencies.
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Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the consolidated financial statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

Other Matter

The financial statements of the subsidiary for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who had expressed unmodified opinion vide their report dated November 05, 2021 on those statements.

The engagement partner on the audit resulting in this independent auditor's report is **Shah Naveed Saeed**.


Chartered Accountants

Islamabad

Date : January 20, 2023

UDIN : AR2022105965QAnXlra

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

As at June 30, 2022

	Note	2022	2021
		(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	6	11,109,577,349	8,663,518,820
Right-of-use assets	7	71,848,542	198,043,252
Intangible assets	8	356,855,592	290,842,478
Long term deposits	9	40,546,016	25,780,831
Long term loan	10	29,162,074	20,673,725
Deferred taxation - net	24	249,307,145	-
		11,857,296,718	9,198,859,106
Current assets			
Stock-in-trade	11	12,697,007,185	11,767,752,193
Stores and spares	12	40,716,330	38,402,176
Trade debts	13	22,499,672,826	12,508,420,427
Advances, deposits and prepayments	14	368,763,114	118,353,573
Other receivables	15	92,878,404	86,420,577
Sales tax receivable		268,521,824	400,635,324
Current portion of long-term loan	10	19,115,631	-
Taxation - net of provision		4,227,796,144	2,877,586,894
Short term investments	16	10,224,837,545	6,858,985,954
Cash and bank balances	17	916,422,050	330,464,916
		51,355,731,053	34,987,022,034
TOTAL ASSETS		63,213,027,771	44,185,881,140
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	18	11,940,500,000	9,940,500,000
Share premium		3,400,000,000	-
Unappropriated profit		5,370,498,272	3,247,910,090
		20,710,998,272	13,188,410,090
Non-current liabilities			
Long term financing	19	248,931,989	171,547,909
Diminishing musharika arrangement	20	1,965,454	-
Lease liabilities	21	36,245,376	113,215,439
Deferred government grants	22	55,768,577	11,172,954
Staff retirement benefit	23	16,046,084	8,012,071
Deferred taxation - net	24	-	1,110,446
		358,957,480	305,058,819
Current liabilities			
Current portion of long-term financing	19	126,677,589	199,367,074
Current portion of diminishing musharika arrangement	20	240,617	-
Current portion of lease liabilities	21	48,527,170	98,927,742
Current portion of deferred government grant	22	13,829,555	17,341,943
Trade and other payables	25	21,054,677,979	13,980,057,611
Contract Liabilities	26	2,774,286,832	45,171,820
Accrued mark-up	27	351,740,327	214,320,052
Short term borrowings	28	17,772,447,252	16,136,556,982
Unclaimed dividend		644,698	669,007
		42,143,072,019	30,692,412,231
TOTAL EQUITY AND LIABILITIES		63,213,027,771	44,185,881,140
Contingencies and commitments	29		

The annexed notes from 1 to 50 form an integral part of these annual audited consolidated financial statements.

Director

Chief Executive

Chief Financial Officer

Consolidated Statement of Profit or Loss

For the year ended June 30, 2022

		2022	2021
	Note	(Rupees)	
Net sales	30	87,713,010,270	68,831,301,040
Cost of sales	31	(79,475,327,120)	(63,180,175,227)
Gross profit		8,237,683,150	5,651,125,813
Selling and distribution expenses	32	(1,197,449,783)	(1,236,246,093)
Administrative expenses	33	(781,947,819)	(410,663,355)
Other operating expenses	34	(217,232,208)	(263,564,371)
Allowance for impairment of financial assets	13.2	(57,622,805)	-
Exchange (loss) / gain	35	(2,899,239,970)	441,489,722
		(5,153,492,585)	(1,468,984,097)
Other income	36	865,881,037	334,708,789
		3,950,071,602	4,516,850,505
Finance cost	37	(1,800,963,174)	(960,978,338)
Profit before taxation		2,149,108,428	3,555,872,167
Taxation	38	32,201,473	(217,679,236)
Profit after taxation		2,181,309,901	3,338,192,931
Profit attributable to:			
-Owners of the Holding Company		2,181,309,901	3,263,697,353
-Non-controlling interest		-	74,495,578
		2,181,309,901	3,338,192,931
Basic and diluted earnings per share	39	2.03	Restated 3.73

The annexed notes from 1 to 50 form an integral part of these annual audited consolidated financial statements.



Director



Chief Executive



Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2022

	2022	2021
	(Rupees)	
Profit after taxation	2,181,309,901	3,338,192,931
Other comprehensive income		
Items that will not be subsequently reclassified to consolidated statement of profit or loss		
Remeasurement gain on staff retirement benefits - net of tax	426,976	247,587
Total comprehensive income	<u>2,181,736,877</u>	<u>3,338,440,518</u>

The annexed notes from 1 to 50 form an integral part of these annual audited consolidated financial statements.



Director



Chief Executive



Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended June 30, 2022

Share capital	Reserves		Total	Non-controlling interest	Total equity
	Capital	Revenue			
	Share premium	Unappropriated profit			
----- (Rupees) -----					

Balance as at June 30, 2020 5,440,500,000 - 412,785,010 5,853,285,010 39,934,537 5,893,219,547

Transactions with owners recorded directly in equity

Allocation of profit to NCI at acquisition date - - - 74,572,330 74,572,330

Negative movement in equity - - (346,592,040) (346,592,040) (114,506,867) (461,098,907)

Issuance of right shares 4,500,000,000 - - 4,500,000,000 - 4,500,000,000

Transaction cost incurred on issuance of right shares - - (82,151,068) (82,151,068) - (82,151,068)
4,500,000,000 - (82,151,068) 4,417,848,932 - 4,417,848,932

Profit after taxation - - 3,263,697,353 3,263,697,353 - 3,263,697,353

Other comprehensive income for the year - - 170,835 170,835 - 170,835

Total comprehensive income for the year - - 3,263,868,188 3,263,868,188 - 3,263,868,188

Balance as at June 30, 2021 9,940,500,000 - 3,247,910,090 13,188,410,090 - 13,188,410,090

Transactions with owners recorded directly in equity

Issuance of right shares 2,000,000,000 3,400,000,000 - 5,400,000,000 - 5,400,000,000

Transaction cost incurred on issuance of right shares - - (59,148,695) (59,148,695) - (59,148,695)
2,000,000,000 3,400,000,000 (59,148,695) 5,340,851,305 - 5,340,851,305

Profit after taxation - - 2,181,309,901 2,181,309,901 - 2,181,309,901

Other comprehensive income for the year - - 426,976 426,976 - 426,976
- - 2,181,736,877 2,181,736,877 - 2,181,736,877

Balance as at June 30, 2022 11,940,500,000 3,400,000,000 5,370,498,272 20,710,998,272 - 20,710,998,272

The annexed notes from 1 to 50 form an integral part of these annual audited consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended June 30, 2022

		2022	2021
	Note	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operating activities	40	2,846,699,941	(2,171,395,229)
Taxes paid		(1,568,700,892)	(1,079,261,151)
Long term loan given		(8,488,349)	-
Long term deposits paid		(14,765,185)	(16,501,687)
Donations paid		(34,301,820)	(22,715,024)
Net cash generated from / (used in) operating activities		1,220,443,695	(3,289,873,091)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(2,786,815,685)	(5,247,120,422)
Proceeds from disposal of property, plant and equipment		3,270,234	20,271,579
Purchase of intangible assets		(68,865,461)	(946,827)
Investment in shares of the subsidiary		-	(461,098,904)
Short term investments		(3,411,412,930)	(6,850,000,000)
Profit received on short term investments		395,248,472	171,342,990
Net cash (used in) investing activities		(5,868,575,370)	(12,367,551,584)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment) / proceeds from short term borrowings - net		(2,450,004,742)	9,809,953,999
Advance against future issue of shares		-	(12,163,324)
Long term financing received - net		4,694,595	176,870,949
Rentals paid against right-of-use assets and diminishing musharika		(89,123,444)	(89,350,895)
Loan repaid to related party		-	(75,490,811)
Dividend paid		(24,309)	(78,605)
Finance cost paid		(1,658,199,609)	(757,980,875)
Proceeds from issuance of right shares		5,400,000,000	4,500,000,000
Transaction cost paid on issuance of right shares		(59,148,695)	(82,151,068)
Net cash generated from financing activities		1,148,193,796	13,469,609,370
Net decrease in cash and cash equivalents		(3,499,937,879)	(2,187,815,305)
Cash and cash equivalents at the beginning of the year		(2,369,375,196)	(181,559,891)
Cash and cash equivalents at the end of the year	40.1	(5,869,313,075)	(2,369,375,196)

The annexed notes from 1 to 50 form an integral part of these annual audited consolidated financial statements.




Chief Executive



Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

1 THE GROUP AND ITS OPERATIONS

1.1 The Group consists of Unity Foods Limited ("the Holding Company") and its subsidiary company namely Sunridge Foods (Private) Limited ("the Subsidiary Company"). Brief profiles of the Holding Company and the Subsidiary is as follows:

1.1.1 Unity Foods Limited

Unity Foods Limited was incorporated in Pakistan in 1991 as a private limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and subsequently converted into a Public Limited Company on June 16, 1991. Shares of the Holding Company are listed in Pakistan Stock Exchange since February 01, 1994. The principal business activity of the Holding Company has been changed from yarn manufacturing to edible oil extraction, refining and related businesses.

1.1.2 Sunridge Foods (Private) Limited

Sunridge Foods (Private) Limited was incorporated in Pakistan as a private limited company on March 16, 2015 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The principal activity of the Subsidiary Company is the processing of food items.

1.2 Geographical locations and addresses of business units including plants of the Company are as under:

Addresses	Purpose	In Use
Karachi, Sindh		
- Unity Tower, Plot No. 8-C, Block-6, P.E.C.H.S.	Registered Office of the Company	Unity Foods Limited
- Plot No. A-48, Industrial Zone, Port Qasim.	Oil Refinery	Unity Foods Limited
- Plot # D-51 & D-52, Industrial Zone, Port Qasim.	For Capacity Expansion	Unity Foods Limited
- Plot No. A-55 & 56, Industrial Zone, Port Qasim	Feed Mill	Unity Foods Limited
- Plot No. W2/1/67 & 68 Industrial Zone, Port Qasim	For Capacity Expansion	Unity Foods Limited
- C6, North west zone, Port Qasim	Registered office / Pesa flour plant	Sunridge Foods (Pvt.) Limited
- Industrial Plot no. H/14, SITE Super Highway, Phase II, Karachi	Flour mill	Sunridge Foods (Pvt.) Limited
Kotri, District Hyderabad, Sindh		
- Plot No. N 25, N-27/B & N37/A, SITE Area	Edible Oil Extraction Plant, Refinery and Pelletizing Mills	Unity Foods Limited
Hub, Balochistan		
- Plot No. C-375, C-376, C-377, C-382, C-383 and C-384 Hub Industrial Estate, Lasbella	Soap plant	Unity Foods Limited
Lahore, Punjab		
Muhammad Pura / Dhamkey, Tehsil Sharaqpur, District Sheikhpura	Flour and rice mill	Sunridge Foods (Pvt.) Limited

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

Right issue of share capital

During the year, the Holding Company issued further 200,000,000/- (Two Hundred Million) ordinary shares of the Company at Rs. 27/- per share, in proportion to the number of shares held by each shareholder (i.e. as right shares) in accordance with the provisions of Section 83 of the Companies Act, 2017 and all applicable laws, at a price of Rs. 27/- per share (i.e. at a premium of Rs. 17), in the ratio of approximately 20.12 right shares for every 100 previous existing ordinary share of Rs. 10/- each, against payment to the Company of the price of the shares subscribed.

3 BASIS OF PREPARATION AND CONSOLIDATION

3.1 Statement of compliance

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

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

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

BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Holding Company and the Subsidiary.

A company is a subsidiary, if the Holding Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiary is consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The consolidated financial statements of the Subsidiary is prepared for the same reporting period as the Holding Company, using consistent accounting policies. The accounting policies of the Subsidiary have been changed to conform with accounting policies of the Group, where required.

All intra-group balances, transactions and unrealised gains or losses resulting from intra-group transactions and dividends (if any) are eliminated in full.

Where the ownership of a subsidiary is less than hundred percent and therefore, (NCI) exists, the total comprehensive income of the period, even if that results in a deficit balance, is allocated to NCI according to it's share.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognised in other comprehensive income, and recognises fair value of consideration received, any investment retained, surplus or deficit in profit or loss, and reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss.

The assets, liabilities, income and expenses of the Subsidiary Company is consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary company's shareholders' equity in these consolidated financial statements.

3.2 Basis of measurement

These annual audited consolidated financial statements have been prepared;

- (i) under the historical cost convention except otherwise stated.
- (ii) following accrual basis of accounting except for cash flow information.

3.3 Functional and presentation currency

These annual audited consolidated financial statements are presented in Pakistan Rupees, which is the Company's functional currency.

3.4 Use of estimates and judgments

The preparation of these annual audited consolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amounts recognized in these annual audited consolidated financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in the next year are described in the following notes:

- Property, plant and equipment and depreciation (refer note 5.1)
- Right-of-use assets (refer note 5.3)
- Intangible assets and amortization (refer note 5.4)
- Stock-in-trade (refer note 5.6)
- Lease liabilities (refer note 5.14)
- Government grant (refer note 5.16)
- Provisions (refer note 5.17)
- Taxation (refer note 5.20)
- Contingent liabilities (refer note 5.21)
- Impairment (refer note 5.23)

4 ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant:

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 July 2021. However, these do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these consolidated financial statements.

4.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2022, however these do not have any significant impact on the Company's financial reporting:

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

4.2.6 Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies.
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

4.2.7 Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

4.2.8 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

4.2.9 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business 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.

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment and depreciation

Initial recognition

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the Company and the cost of such item can be measured reliably.

Recognition of the cost in the carrying amount of an item of plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Measurement

Property, plant and equipment (except land) are stated at cost less accumulated depreciation and impairment losses, if any. The costs of Property, plant and equipment include:

- a) Its purchase price including import duties, non-refundable purchase taxes after deducting trade discounts and rebates; and
- b) Any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- c) Borrowing costs, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure

Expenditure incurred to replace a significant component of an item of plant and equipment is capitalized and the asset so replaced is retired. Other subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the items can be measured reliably. All other expenditure (including repairs and normal maintenance) is charged in the consolidated statement of profit or loss as an expense when it is incurred.

Depreciation

Depreciation on all items except for free hold land is charged on straight line method at the rates specified in respective note to these annual audited consolidated financial statements and is generally charged in the consolidated statement of profit or loss.

Depreciation on addition is charged from the month the asset is available for use up to the month prior to disposal. Depreciation methods, useful lives and residual values of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each financial year end.

Gain or loss on disposal

Gain and loss on disposal of assets are charged in the consolidated statement of profit or loss, and the related revaluation surplus on property, plant and equipment, if any, is transferred directly to retained earnings.

5.2 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any and consists of expenditure incurred (including any borrowing cost, if applicable) and advances made in the course of their construction and installation. Transfers are made to relevant class of assets as and when assets are available for intended use.

5.3 Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as disclosed in note 7 to these annual audited consolidated financial statements.

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

5.4 Intangible assets and amortization

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure are charged in the consolidated statement of profit or loss as incurred.

Amortization is charged in the consolidated statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

5.5 Goodwill

Goodwill is initially measured as at the acquisition date, being the excess of (a) the aggregate of the consideration transferred; and (b) the net amount of the identifiable assets acquired and the liabilities assumed as at the date of acquisition.

In case the fair value attributable to the Group's interest in the identifiable net assets exceeds the fair value of consideration, the Group recognises the resulting gain in the consolidated statement of profit or loss on the acquisition date.

Goodwill acquired as a result of business combination is measured, subsequent to initial recognition, at cost less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating unit (CGU) (Wheat Production Unit) that are expected to benefit from the synergies of the operations irrespective of whether other assets or liabilities of the acquiree are assigned to these units or group of units.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on pro rata based on the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognised directly in the consolidated statement of profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

5.5 Trade debts, advances and other receivables

Trade debts, advances and other receivables are recognized initially at fair value and subsequently measured at amortized cost, as the case may be, less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Receivables considered irrecoverable are written-off.

5.6 Stock-in-trade

Stock-in-trade and stock-in-transit are stated at the lower of cost less impairment loss if any or net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of materials and appropriate portion of production overheads. Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses. Scrap stocks and by-products are valued at their estimated net realizable value

5.7 Stores and spares

Stores and spares are stated at cost less provision for slow moving and obsolete items. Cost is determined by using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

5.8 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flow, cash and cash equivalents includes cash in hand, balances with banks and short term borrowings (running finance) availed by the Company, which are repayable on demand and form an integral part of the Company's cash management.

5.9 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized costs.

5.10 Staff retirement benefits

Defined contribution plan

The Holding Company contributes to an approved contributory provident fund scheme for all its permanent employees. Equal monthly contributions, both by the Company and the employees are made to the fund, at the rate of 8.33% of the basic salary plus cost of living allowance. All regular employees are eligible for provident fund upon their confirmation. Obligation for contributions to defined contribution plan by the Company is recognized as an expense in the consolidated statement of profit or loss.

Unfunded gratuity scheme

The Subsidiary Company operates an unapproved and unfunded gratuity scheme covering of all its permanent employees who have completed the qualifying period under the scheme. The scheme is administered by the directors and contribution therein are made in the accordance with actuarial recommendations.

The valuation in this regard is carried using the Projected Unit Credit Method with actuarial valuation being carried out at the end of each annual reporting period. Remeasurement of the defined benefit liability, which comprises of actuarial gain and losses are recognized in other comprehensive income.

All the past service costs are recognised at the earlier of when the amendments or curtailment occurs and when the Company has recognised related restructuring or terminations benefits. Net interest expenses, current and past service costs relating to defined benefit scheme are recognised in the statement of profit or loss.

Compensated absences

The Subsidiary Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees. The unutilized leaves are accumulated. The unutilized accumulated leaves can be encashed at the time the employee leaves Company service. As the component of liability involved is not material, the Company does not carry out actuarial valuation for the said liability.

5.11 Borrowing cost

Borrowing cost and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs include exchange differences arising on foreign currency borrowings, obtained for acquisition, construction or production of qualifying assets, to the extent that they are regarded as an adjustment to interest cost are included in the cost of qualifying assets.

5.12 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in these annual audited consolidated financial statements only when the Company has currently legally enforceable right to set-off the recognized amounts and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

5.13 Foreign currency translation

Transactions in foreign currencies are converted into functional currency "Rupees" at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at the date of the statement of financial position. Exchange gains and losses are charged in the consolidated statement of profit or loss.

5.14 Lease liabilities

The Company assesses 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 applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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 reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. 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 lease payments or a change in the assessment of an option to purchase the underlying asset.

5.15 Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of regional sales offices and warehouses, (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 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.

5.16 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to income, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed out.

5.17 Provisions

A provision is recognised in consolidated statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre-tax rate, reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate

5.18 Revenue recognition

- Domestic sales are recognised as revenue when invoiced with the transfer of significant risks and rewards of ownership, which coincides with delivery.
- Export sales are recognised as revenue when invoiced with the transfer of significant risks and rewards of ownership, which coincides either with date of shipping bill or upon delivery to customer or its representative, based on terms of arrangement.
- Toll manufacturing / partial manufacturing income is recognised when related services are rendered.

5.19 Income on bank deposits and finance cost

The Company's finance income is included in other income and interest expense is included in finance cost. Interest income or expense is charged using the effective interest method.

5.20 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is charged in the consolidated statement of profit and loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case it is recognized in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

a) Current

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

Provisions for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability or alternate corporate tax as applicable, after taking into account tax credits and tax rebates available, if any.

b) Deferred

Deferred tax is recognized using balance sheet asset/ liability method, providing for deductible/ 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 provided 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 date of the consolidated statement of financial position.

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

5.21 Contingent liabilities

A contingent liability 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, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.22 Financial Instruments

(a) Classification and initial measurement

The Company classifies its financial assets in to following three categories;

- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL); and
- Measured at amortized cost.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

Financial assets at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Financial assets measured at amortized cost

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

- It is held within business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

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

(b) Subsequent measurement

Financial assets at FVOCI

These assets are measured at fair value, with gain or loss arising from changes in fair value recognized in the consolidated statement of other comprehensive income.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gain or loss, including any interest/ mark-up or dividend income, are recognized in the consolidated statement of profit or loss.

Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest/ mark-up income, foreign exchange gain or loss and impairment are recognized in the consolidated statement of profit or loss.

(c) Financial liabilities

Financial liabilities are classified as "measured at amortized cost" or "measured at fair value through profit or loss". A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gain or loss, including any interest expense, are recognized in the consolidated statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been subsequently modified.

5.23 Impairment

(a) Financial assets

The Company recognizes loss allowances for expected credit loss (ECL) in respect of financial assets measured at amortized cost.

The Company applies the simplified approach to recognize lifetime expected credit loss for trade debts. The Company assesses on a forward looking basis the expected credit loss associated with its financial assets.

The Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit loss. To make the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Allowances for ECL financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

An entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event of the Company.

An entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event of the Company.

(b) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. 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 assessments 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. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment loss are charged in the consolidated statement of profit or loss.

5.24 Proposed dividend and transfer between reserves

Dividend distributions to the group's shareholders are recognized as a liability in the period in which dividends are approved. Transfer between reserves made subsequent to the reporting date is considered as a non-adjusting event and is recognized in the period in which such transfers are made.

5.25 Earnings per share

The group presents earning per share (EPS) for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

6 PROPERTY, PLANT AND EQUIPMENT

		2022	2021
Note		(Rupees)	
Operating fixed assets	6.1	8,474,949,411	6,318,337,713
Capital work-in-progress (CWIP)	6.5	2,634,627,938	2,345,181,108
		11,109,577,349	8,663,518,821

6.1 Operating fixed assets

	COST					Depreciation Rate	ACCUMULATED DEPRECIATION					WRITTEN DOWN VALUE	
	As at July 01, 2021	Additions/ transfers	Effects of reclassification	Disposals	As at June 30, 2022		As at July 01, 2021	Depreciation for the year	Effects of reclassification	Disposals	As at June 30, 2021	As at June 30, 2022	
	(Rupees)						(Rupees)						
Owned						(%)							
Free hold land	20,815,016	234,950,999	-	-	255,766,015	-	-	-	-	-	-	255,766,015	
Building on lease/ free hold land	1,921,513,169	516,956,020	-	-	2,438,469,189	4%	(65,621,212)	(81,305,637)	-	-	(146,926,849)	2,291,542,340	
Plant and machinery	3,107,168,080	1,390,223,090	2,850,321	-	4,500,241,491	4%-10%	(245,010,516)	(164,410,255)	991,080	-	(408,429,691)	4,091,811,799	
Furniture, fixtures and office equipment	59,018,260	48,472,897	(7,142,017)	-	100,349,140	5%-33%	(20,648,484)	(22,051,393)	(3,297,940)	-	(45,997,817)	54,351,324	
Computer and auxiliary equipment	24,880,774	12,901,259	4,291,696	(414,000)	41,659,729	20-33%	(10,694,881)	(7,026,241)	2,306,860	80,500	(15,333,762)	26,325,967	
Vehicles	106,873,637	85,492,583		(2,802,806)	189,563,414	20%	(3,031,423)	(24,345,011)		1,024,918	(26,351,516)	163,211,898	
Leased													
Lease hold land	1,462,250,736	208,372,010		-	1,670,622,746	1.12 %- 3.7%	(39,175,443)	(39,507,234)	-	-	(78,682,677)	1,591,940,069	
	6,702,519,672	2,497,368,858	-	(3,216,806)	9,196,671,724		(384,181,959)	(338,645,771)	-	1,105,418	(721,722,312)	8,474,949,411	

	COST				Depreciation Rate	ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE	
	As at July 01, 2020	Additions/ transfers	Disposals	As at June 30, 2021		As at July 01, 2020	Depreciation for the year	Disposals	As at June 30, 2021	As at June 30, 2021	
	(Rupees)					(Rupees)					
Owned					(%)						
Free hold land	20,815,016	-	-	20,815,016	-	-	-	-	-	-	20,815,016
Building on lease/ free hold land	518,634,663	1,402,878,506	-	1,921,513,169	4%	(31,894,561)	(33,726,651)	-	(65,621,212)		1,855,891,957
Plant, machinery and equipment	1,885,582,744	1,227,782,586	(6,197,250)	3,107,168,080	4%-10%	(138,874,870)	(107,107,477)	971,831	(245,010,516)		2,862,157,564
Furniture, fixtures and office equipment	42,414,668	17,200,292	(596,700)	59,018,260	5%-33%	(10,155,591)	(10,711,683)	218,790	(20,648,484)		38,369,776
Computer and auxiliary equipment	9,989,923	14,890,851	-	24,880,774	20-33%	(4,562,345)	(6,132,536)	-	(10,694,881)		14,185,893
Vehicles	21,427,027	95,990,682	(10,544,072)	106,873,637	20%	(1,329,155)	(6,685,988)	4,983,720	(3,031,423)		103,842,214
Leased											
Lease hold land	716,580,606	745,670,130	-	1,462,250,736	1.12 %- 3.7%	(22,671,578)	(16,503,865)	-	(39,175,443)		1,423,075,293
	3,215,444,647	3,504,413,047	(17,338,022)	6,702,519,672		(209,488,100)	(180,868,200)	6,174,341	(384,181,959)		6,318,337,713

6.2 During the year the Subsidiary Company has purchased through an agreement dated February 16, 2022 flour mill and rice mill both located at Sharaqpur road, Dhamkey, Sheikhpura from Hanif Flour & General Mills (Private) Limited and Sharaqpur Rice Mills (Private) Limited respectively, with all their fixed assets consisting of land, buildings and plants and machinery installed therein along with all rights associated therewith, at a lump sum amount of Rs. 975,000,000. In order to get the proper allocation of costs to different assets purchased, the company executed and signed a corrigendum with the seller on May 27, 2022 to determine and segregate the value of immoveable property from plant, machinery and equipment. The cost of immoveable property on estimated market value has been determined at Rs. 229,000,000. The cost of land out of the total immoveable property has been taken at Rs. 141,000,000 whereas the cost of the buildings / constructions has been accounted for at Rs. 88,000,000.

Accordingly, the total cost of Rs. 975,000,000 paid for all fixed assets have been allocated in these financial statements as under:

	Rupees	
Free hold land	141,000,000	
Buildings / constructions	88,000,000	
Plant and machinery	746,000,000	
	975,000,000	
	2022	2021
Note	(Rupees)	

6.3 The depreciation charged for the year has been allocated as follows:

Cost of sales	31	307,205,566	167,819,003
Selling and distribution expenses	32	3,892,717	3,215,088
Administrative expenses	33	27,547,491	9,834,109
		338,645,774	180,868,200

6.4 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Particulars	Location	Total Area
Unity Foods Limited		
Lease hold land (Manufacturing plant)	Plot # N27/B & N37/A, SITE Area, Kotri, District Hyderabad.	38,429.60 Sq. Yd
Free hold land (Under construction)	Plot # N25, SITE Area, Kotri, District Hyderabad.	148,733.20 Sq. Yd
Lease hold land (Under construction)	Plot # D-51 & D-52, North Western Industrial Zone, Port Muhammad Bin Qasim, Karachi.	13,333.33 Sq. Yd
Lease hold land (Under construction)	Plot # W2/1/67 & 68, North Western Industrial Zone, Port Muhammad Bin Qasim, Karachi. *	6,222.22 Sq. Yd
Lease hold land (Manufacturing plant)	Plot # A-48, Eastern Industrial Zone, Port Muhammad Bin Qasim, Karachi.	24,200.00 Sq. Yd
Lease hold land (Manufacturing plant)	Plot No. C-375, C-376, C-377, C-382, C-383 and C-384 Hub Industrial Estate, Lasbella, Hub.	11,960.00 Sq. Yd
Office premises	Unity Tower, 8-C, Shahrah-e-Faisal, P.E.C.H.S., Block 6, Karachi.	600 Sq. Yd

Sunridge Foods (Private) Limited

Pesa flour plant	C-6 North West Zone - Port Qasim , Karachi.	14,520 Sq.Yd
Flour mill	Industrial plot H-14, SITE super highway phase II, Karachi.	4,307 Sq.Yd
Flour and rice mill	Muhammad Pura / Dhamkey, Tehsil Sharaqpur, District Sheikhpura.	38,127 Sq.Yd
Free hold land	63,9 off road, Dhamkey, Tehsil Sharaqpur, District Sheikhpura.	9,680 Sq.Yd
Leasehold land	Plot 18-C, Block 6 P.E.C.H.S., Karachi.	1,500 Sq.Yd

	2022	2021
Note	(Rupees)	

6.5 Capital work-in-progress (CWIP)

Land - leasehold	179,000,000	-
Building on lease/ free hold land	1,022,987,556	721,469,694
Plant and machinery	1,387,589,336	1,574,046,646
Furniture, fixtures and office equipment	14,334,846	20,192,860
Vehicles	30,716,200	29,471,908
	2,634,627,938	2,345,181,108

6.5.1 Movement in capital work-in-progress is as follows:

	2022	2021
Note	(Rupees)	
Balance at the beginning of the year	2,345,181,109	610,192,212
Additions during the year	1,533,949,007	5,074,677,739
Transfers to operating assets during the year	(1,244,502,180)	(3,339,688,843)
Balance at the end of the year	2,634,627,937	2,345,181,108

7 RIGHT-OF-USE ASSETS

Written down value (WDV) - opening	198,043,252	95,183,633
Net (disposal) / addition - net	(11,875,001)	150,592,220
Impact of lease re-measurement	(35,639,902)	-
Impact of lease modification	-	18,599,356
Depreciation charged during the year	(78,679,807)	(66,331,957)
Written down value (WDV) - closing	71,848,542	198,043,252

7.1 The annual rate of depreciation for the right-of-use assets ranges between 25% - 50%.

7.2 Depreciation for the year has been allocated as follows:

Cost of sales	31	72,494,719	55,838,333
Selling and distribution expenses	32	4,970,584	9,279,120
Administrative expenses	33	1,214,504	1,214,504
		78,679,807	66,331,957

8 INTANGIBLE ASSETS

Goodwill		281,249,256	281,249,256
Computer Software and ERP system	8.1	6,574,515	6,870,373
Systems under development	8.3	69,031,821	-
		356,855,592	288,119,629

8.1 Computer software and ERP system

Net carrying value basis

Net book value - opening	6,870,373	8,190,133
Additions / transfer - at cost	2,945,034	1,222,802
Amortization of software / ERP for the year	(3,240,892)	(2,542,562)
Net book value - closing	6,574,515	6,870,373

Gross carrying value basis

Cost	16,226,428	13,281,394
Accumulated amortization	(9,651,913)	(6,411,021)
Net book value	6,574,515	6,870,373

Useful Life (years)	5	5
Amortization rate (%)	20%	20%

			2022	2021
	Note		(Rupees)	
8.2	Amortization for the year has been allocated as follows:			

		2022	2021
		(Rupees)	
12	STORES & SPARE	40,716,330	38,402,176
13	TRADE DEBTS		
	Unsecured		
	Trade debts	22,577,254,860	12,528,379,656
	Allowance for impairment - expected credit loss	(77,582,034)	(19,959,229)
		22,499,672,826	12,508,420,427

13.1 The group company as per policy applies simplified approach in calculating expected credit losses. The assessment of expected credit loss has been independently made by a firm of accounting advisory compliance by establishing a provision matrix that is based on company's historical credit loss experience adjusted for forward looking factors specific to the trade receivables and the economic environment.

	2022	2021
	(Rupees)	
13.2	Movement of allowance for impairment:	
	Balance at the beginning of the year	19,959,229
	Amount charged during the year	57,622,805
	Balance at the end of the year	77,582,034
13.3	Related parties from whom trade debts are due are as under:	
	Unity Feeds (Private) Limited	-
		70,918,694

13.4 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs. 184.18 million (June 30, 2021: Rs. 718.62 million).

13.5 The aging of the trade debts from related parties as at the reporting date is as under:

	2022	2021
	(Rupees)	
	Not yet due	-
	Past due 1 - 180 days	-
	Total	-
		19,018,328
		51,900,366
		70,918,694

	2022	2021
	(Rupees)	
14	ADVANCES, DEPOSITS AND PREPAYMENTS	
	Advances - considered good	
	Suppliers	346,099,904
	Employees	595,593
	Security deposits	5,889,370
	Prepayments	16,178,247
		368,763,114
		91,238,285
		488,247
		11,602,458
		15,024,583
		118,353,573

14.1 These advances to suppliers are in an ordinary course of business and are non-interest bearing.

14.2 These deposits and prepayments are mainly against rent, utilities and insurance and are not considered doubtful. These do not carry any mark-up arrangements.

15 OTHER RECEIVABLES

- 15.1** This includes profit receivable by the Holding Company against investment in term deposit receipts (TDRs) amounting to Rs. 87.285 million (2021: Rs. 84.887 million).

16 SHORT TERM INVESTMENTS

At fair value through profit or loss

Mutual funds

At amortized cost

Term deposit receipts

		2022	2021
Note		(Rupees)	
16.1		4,574,891,235	1,618,985,954
16.2		5,649,946,310	5,240,000,000
		10,224,837,545	6,858,985,954

- 16.1** This represents HBL Cash Fund Units held by the Holding Company redeemable along with dividend units at closing price of previous day NAV. As at June 30, 2022, Rs. 4,574.89 million (June 30, 2021: 1,618.99) out of the total investment value was pledged as security for a Rs. 5,329.87 million (June 30, 2021: 2,370.69) loan from HBL.

16.1.1 The details of investment in mutual fund as on June 30, 2022 are as follows:

HBL Cash Funds

HBL Financial sector funds

	Number of Units	Rate/Unit
	5,627,996	101.31
	40,028,847	100.05

The details of investment in mutual fund as on June 30, 2021 are as follows:

HBL Cash Funds

HBL Financial sector funds

	Number of Units	Rate/Unit
	15,997,648	101.20
	-	-

- 16.2** This carries markup at 6.95% to 14.47% (June 30, 2021: 6.5%) having maturity upto one year.

17 CASH AND BANK BALANCES

Bank balances - conventional banking

Saving account - conventional bank

Current account - conventional bank

Bank balances - Islamic banking

Saving account - islamic Bank

Current account - islamic bank

Cash in hand

	2022	2021
	(Rupees)	
	196,092,823	3,207,498
	575,259,547	285,717,719
	771,352,370	288,925,217
	23,293,170	2,113,119
	115,057,055	37,495,690
	138,350,225	39,608,809
	6,719,456	1,930,890
	916,422,050	330,464,916

- 17.1** Profit on saving accounts ranges from 2.76% - 9.11% against islamic and from 5.5% to 12.25% against conventional (2021: from 2.5% to 3.15% against islamic and 4.5% to 6.8% against conventional) per annum.

18	SHARE CAPITAL	Note	2022	2021
			(Rupees)	
	Authorized share capital			
	1,200,000,000 (June 30, 2021: 1,000,000,000) ordinary shares of Rs. 10/- each		<u>12,000,000,000</u>	<u>10,000,000,000</u>
	Issued, subscribed and paid-up capital			
	1,194,050,000 (June 30, 2021: 994,050,000) ordinary shares of Rs. 10/- each fully paid in cash.			
	18.1 & 18.2		<u>11,940,500,000</u>	<u>9,940,500,000</u>
18.1	During the year, the parent company has issued further 200,000,000 (Two Hundred Million) ordinary shares of the Company at Rs. 27/- per share at a premium of Rs. 17/- per share. Share premium of Rs. 3,400,000,000 has been recognized accordingly. The purpose of the Right Issue was to meet the increased working capital requirements of the group.			
18.2	The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of cash, bonus and right shares, as the case may be, as and when declared by the group. All shares carry one vote per share without restriction.			
19	LONG TERM FINANCING	Note	2022	2021
			(Rupees)	
	Financing under SBP Scheme - non-shariah arrangements	19.1,19.2	<u>105,751,397</u>	305,281,664
	Financing under ITERF Scheme - shariah arrangement	19.3	<u>269,858,181</u>	65,633,319
			<u>375,609,578</u>	370,914,983
	Current portion shown under current liabilities		<u>(126,677,589)</u>	(199,367,074)
			<u>248,931,989</u>	<u>171,547,909</u>
19.1	The group obtained long term financing from JS Bank under a refinance scheme of the State Bank of Pakistan for the payment of salaries and wages. The financing carries flat mark-up at the rate of 3% per annum. However, the effective interest rate is calculated as 10.40% per annum and the loan has been recognised at the present value. The sanctioned facility amounts to Rs. 196.06 million. This loan is repayable in 8 equal quarterly installments. The differential mark-up has been recognised as government grant which is being amortised to other income over the period of the facility. The financing is secured against plant and machinery of the group (inclusive of 25% margin). These facilities are valid upto October 2022. These are repayable in quarterly installments of Rs. 32.70 million.			
19.2	The Holding Company obtained long term financing from Bank of Punjab under a refinance scheme of the State Bank of Pakistan for the payment of salaries and wages. The financing carries flat mark-up at the rate of 1% per annum. However, the effective interest rate is calculated as 10.40% per annum and the loan has been recognised at the present value. The sanctioned facility amounts to Rs. 196.89 million. This loan is repayable in 8 equal quarterly installments. The differential mark-up has been recognised as government grant which is being amortised to other income over the period of the facility. The financing is secured against hypothecation charge over current assets and plant and machinery of the Company (inclusive of 25% margin). These facilities are valid upto October 2022. These are repayable in quarterly installments of Rs. 24.612 million.			

19.3 The Holding Company has also obtained long term financing from Al baraka Bank (Pakistan) Limited under ITERF "Islamic Temporary Economic Refinance Facility" refinance scheme by State Bank of Pakistan, the facility is secured with exclusive charge over the imported machineries under the expansion projects with 25% margin and lien over bank account under ITERF. During the year additional tranche of Rs. 259.247 million was received under the facility. The facility carries mark-up at the rate of 5% per annum, while the effective interest rate is calculated at 9.75% to 10.75% per annum to recognize same at the present value. The sanctioned facility amounts to Rs. 920 million. The differential mark-up has been recognised as government grant which is being amortised to other income over the period of the facility. The facility is valid upto March 2032. These are repayable in quarterly installments of Rs. 11.99 million commencing from June 2023.

20 DIMINSHING MUSHARIKA ARRANGMENT

	Note	2022	2021
		(Rupees)	
Diminshing musharika	20.1	2,206,071	-
Less current portion		(240,617)	-
		<u>1,965,454</u>	<u>-</u>

20.1 The parent Company has obtained a diminishing musharika facility from a financial institution for a vehicle aggregating to Rs. 2.385 million for a period of 7 years. The rate of return used as discounting factor is Kibor plus 1.5%. Musharika units are to be purchased in 7 years in 84 monthly installments latest by September 2028 and are secured against title of the asset.

21 LEASE LIABILITIES

	Note	2022	2021
		(Rupees)	
Balance at the beginning of the year		212,143,181	106,571,190
Impact of lease re-measurement		(40,833,809)	-
Impact of lease modification		-	18,599,352
(Disposals) / additions during the year - net		(14,020,524)	136,767,576
Lease rentals paid		(88,414,515)	(75,526,247)
Accretion of interest charged in statement of profit or loss	37	15,898,213	25,731,310
Balance at the end of the year		84,772,546	212,143,181
Less current portion		(48,527,170)	(98,927,742)
Non current portion		<u>36,245,376</u>	<u>113,215,439</u>

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

	2022		
	Minimum lease payments	Finance charge	Present value of minimum lease payments
	Rupees		
Not later than one year	55,829,336	(7,302,166)	48,527,170
Later than one year but not later than five years	37,755,969	(1,510,593)	36,245,376
Total future minimum lease payments	<u>93,585,315</u>	<u>(8,812,759)</u>	<u>84,772,546</u>
	2021		
	Minimum lease payments	Finance charge	Present value of minimum lease payments
	Rupees		
Not later than one year	116,184,720	(17,256,978)	98,927,742
Later than one year but not later than five years	121,915,984	(8,700,545)	113,215,439
Total future minimum lease payments	<u>238,100,704</u>	<u>(25,957,523)</u>	<u>212,143,181</u>

22 DEFERRED GOVERNMENT GRANT

		2022	2021
	Note	(Rupees)	
Balance at the beginning of the year		28,514,897	19,493,109
Recognized during the year		63,466,875	36,217,640
Amortized during the year	36	(22,383,640)	(27,195,852)
Balance at the end of the year		69,598,132	28,514,897
Less current portion		(13,829,555)	(17,341,943)
Non-current portion		55,768,577	11,172,954

22.1 As mentioned in note 19.1 and 19.2, the purpose of the government grants so recognized is to facilitate the group in making timely payments of salaries and wages to its employees in light of the COVID-19 pandemic. The grants are conditional upon the fact that the group would not terminate any employee, due/ owing to cash flow limitations, for a period of three months from the date of receipt of the first tranche. The grants are being amortized at the rate ranging from 9.76% to 10.76% per annum.

22.2 As mentioned in note 19.3, the purpose of the government grant given under ITERF is to facilitate the Holding Company in making payments of imported and locally manufactured new plant and machinery to be used for setting-up of new projects. The grant is conditional upon the fact that the group would be required to contribute its equity share in an escrow account maintained with the Participating Islamic Banking Institution (PIBI). The proceeds in the said account shall be used by the group only for the purpose of setting up of the project/payment to the supplier etc, representing Company's equity share in the project. The grant is being amortized at the rate ranging from 9.76% to 10.76% per annum.

23 STAFF RETIREMENT BENEFITS

		2022	2021
	Note	(Rupees)	
Gratuity	23.1	9,891,854	5,513,100
Compensated absences	23.2	6,154,230	2,498,971
		16,046,084	8,012,071

23.1 Gratuity

The Subsidiary Company operates an unfunded gratuity scheme for its employees who have completed the employment period of one year. During the year the company got actuarial valuation of its gratuity scheme carried out by Consulting Actuaries on October 5, 2022 and the liability and obligations of the scheme has been actuarially determined as per IAS 19 and all the necessary disclosures as per this valuation has been made in these financial statements.

	2022	2021
	(Rupees)	
Present value of defined benefit obligation	9,495,854	5,493,100
Gratuity payable	396,000	20,000
	9,891,854	5,513,100

	2022	2021
	(Rupees)	
Movement in present value of defined benefit obligations		
Opening present value of defined benefit obligation	5,493,100	7,832,183
Current service cost	4,538,658	2,134,055
Past service cost (Credit)	836,619	-
Interest cost	486,431	470,453
Benefits paid / payable	(1,257,580)	(4,594,877)
Remeasurements:		
Actuarial gains from changes in financial assumptions	95,902	24,112
Experience adjustments	(697,276)	(372,826)
Closing present value of defined benefit obligation	9,495,854	5,493,100
Expenses recognised in the statement of profit or loss		
Current service cost	4,538,658	2,134,055
Past service cost (Credit)	836,619	-
Interest cost	486,431	470,453
	5,861,708	2,604,508
Remeasurements recognised in other comprehensive income		
Actuarial gains from changes in financial assumptions	95,902	24,112
Experience adjustments	(697,276)	(372,826)
	(601,374)	(348,714)
Movement in net liability recognised:		
Balance as at the beginning of the year	5,513,101	7,832,183
Expenses recognised in statement of profit or loss	5,861,708	2,604,508
Remeasurements chargeable in other comprehensive income	(601,374)	(348,714)
Benefits paid	(881,580)	(4,574,877)
Balance as at the end of the year	9,891,855	5,513,100
Significant actuarial assumptions		
- Discount rate used for interest cost	10.00%	8.50%
- Discount rate used for year end obligation	13.25%	10.00%
- Salary increase rate	13.25%	10.00%
- Mortality rates	SLIC 2001 - 2005 Setback 1 year Age 60	SLIC 2001 - 2005 Setback 1 year Age 60
- Retirement assumption		
Year end sensitivity analysis on staff retirement benefits:		
Discount rate + 100 bps	8,733,281	5,072,725
Discount rate - 100 bps	10,404,219	5,995,392
Salary increase + 100 bps	10,426,224	6,007,235
Salary increase -100 bps	8,699,023	5,053,876

Expected gratuity expense for the financial year 2023 will be Rs. 5.751 million.

- 23.2** As the component of liability involved is not material, the Subsidiary Company does not carry out actuarial valuation for the said liability.

24 DEFERRED TAXATION - NET

Note

2022

2021

(Rupees)

Deferred tax asset in respect of:

Brought forward losses	201,058,769	193,283,862
Allowance for impairment of financial assets	22,498,790	5,788,177
Unrealized loss on short term investment	13,212,788	-
Lease liabilities	24,584,038	4,088,980
Unrealized exchange loss	308,150,694	-
Staff retirement benefit	4,653,364	1,598,799
Minimum tax	13,109,995	-

Deferred tax liability in respect of:

Accelerated tax depreciation	(317,123,543)	(202,792,186)
Unrealized gain on short term investment	-	(2,605,927)
Right of use assets	(20,836,077)	-
Accelerated tax amortization	(1,673)	(472,151)

Deferred tax asset / (Liability)

249,307,145	(1,110,446)
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25 TRADE AND OTHER PAYABLES

Trade creditors	25.1	18,921,075,292	12,949,505,801
Advance from customer		-	5,239,176
Accrued liabilities	25.2	1,893,316,510	732,127,530
Withholding sales tax payable		3,752,301	3,653,466
Withholding income tax payable		51,513,492	19,727,247
Provident fund	25.3	1,985,462	2,239,746
Worker's welfare fund		47,271,689	72,568,820
Worker's profit participation fund	25.4	131,798,431	191,470,036
Others		3,964,802	3,525,789
		21,054,677,979	13,980,057,611

25.1 This amount includes the following balances with related party:

Wilmar Trading Pte Limited	15,058,218,124	5,548,068,219
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25.2 This includes a provision which comprises 50% of the value of amount that may be payable to Excise and Taxation Department of Government of Sindh as Sindh Development and Infrastructure Cess which was levied on goods entering or leaving the province through air or sea at prescribed rate under Sindh Finance Ordinance, 2001. Earlier, the levy was challenged by various companies in Sindh High Court (SHC). SHC through its interim order passed on May 31, 2011 ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure cess should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. Accordingly, the group, during the year, filed a petition CP No. 4090 of 2020 in the Honourable High Court of Sindh at Karachi whereby challenging the imposition of Infrastructure Cess and started paying 50% of the value whereas recorded a liability of Rs. 397.79 million remaining amount which is supported by bank guarantee. During the year 2021, the Sindh High Court had passed an order on June 4, 2021 for settlement of remainder of Infrastructure Cess against which the group has filed an appeal in Supreme Court.

This also includes provision of gas infrastructure development cess (GIDC) amounting to Rs. 26.132 million.

25.3 All investment out of provident fund have been made in accordance with the provision of section 218 of the Companies Act 2017 and the conditions specified thereunder.

		2022	2021
	Note	(Rupees)	
25.4 Worker's profit participation fund			
As at July 01	25.4.1	191,470,036	10,615,247
Interest	34	7,399,251	474,485
Allocation for the year	34	124,399,181	190,995,551
Paid during the year		(191,470,036)	(10,615,247)
As at June 30		131,798,431	191,470,036

25.4.1 Interest on the workers profit participation fund has been accrued at the rate 10.57% (June 30, 2021: 9.53%) per annum.

26 CONTRACT LIABILITIES

2,774,286,832 45,171,820

It mainly represents advances received by the Subsidiary Company as per contract for ration packets to be supplied under a program titled as 'Taqatwar Pakistan' initiated by the company during the financial year. This program was launched by the Company to support the efforts for countering the malnutrition in the country. Under this program the Company planned to supply at agreed rates 2 million ration packets per month consisting of essential food items for the affected families to be distributed through network of NGOs and the trial runs of this program started from August 14, 2021 and the same program was also run during the month of Ramzan for the affected families via Rizq Foundation.

Under the same program the Subsidiary Company received an order for supply of around 1 million ration packets from M/S Crystal Soap and Consumers Goods (Pvt) Limited (CSPL) main distributor of edible oil of its parent company and the Company entered into a contract with CSPL on February 9, 2022 and as per terms of the contract received payments amounting to Rs.2,730 million over a period from February 21, to June 23, 2022 as advance against supply of ration packets. However subsequently due to unprecedented flood in the country the supplies of essential food items were diverted to flood affected victims and the company was not in a position to supply the required ration packets to CSPL at the same time and the program had to be postponed. Accordingly, the entire amounts of advances received by the company were returned to CSPL subsequent to the year end.

		2022	2021
	Note	(Rupees)	
27 ACCRUED MARK-UP			
Markup accrued on running finance and short term loans	27.1	351,740,327	214,320,052

27.1 This includes mark-up accrued amounting to Rs. 152.16 million (2021: Rs. 108.34 million) on shariah arrangements.

		2022	2021
	Note	(Rupees)	
28 SHORT TERM BORROWINGS - SECURED			
Under conventional arrangements			
Finance against imported merchandise	28.1	4,423,498,639	6,897,862,544
Short term running finance	28.2	4,915,455,125	1,256,840,113
Under Islamic arrangements			
Short term finance	28.3 & 28.4	6,563,213,488	6,538,854,325
Short term running finance	28.5	1,870,280,000	1,443,000,000
		17,772,447,252	16,136,556,982

- 28.1** Post import facilities (i.e. finance against imported merchandise and finance against trust receipt) from commercial banks under mark-up arrangements amounted to Rs. 21,910 million (30 June 2021: Rs. 18,320 million). At year end the applicable mark-up rates ranged between 7.00% to 16.63% per annum. These facilities are valid upto 31 October 2022 and are from 3 months to 6 months.
- 28.2** Short term running finance available from various commercial banks under mark-up arrangements amounted to Rs. 8,700 million (30 June 2021: Rs. 7,000 million). At year-end the applicable mark-up rates ranged between 7.00% to 13.20% per annum.
- 28.3** Short term facilities (Istisna, Wakala & Murabaha) available from Islamic Banks amounted to Rs. 12,700 million (30 June, 2021: Rs. 11,400 million). At year end, the applicable mark-up rates ranged between 7.25% to 16.74% per annum. These facilities are valid upto 30 June, 2022.
- 28.4** Short term running musharakah available from Al Baraka Bank Limited under mark-up arrangements amounted to Rs. 2,000 million (30 June 2021: Rs. 2,000 million). Mark-up on these arrangements is three month KIBOR plus 1% (30 June 2021: three month KIBOR plus 1%). At year end, the applicable mark-up rate was 12.89%.
- 28.5** Represents Istisna finance obtained from a commercial bank, having a limit of Rs. 2,000 million (2021: Rs. 2,000 million) out of which Rs. 129.720 million (2021: Rs. 557 million) remains unutilised at the reporting date. The rate of profit is relevant KIBOR + spread range of (+1% to -1%) effectively 0.75%. These arrangements are secured against lien over cash / TDR of the Company and its Holding Company.
- 28.6** Above facilities are secured by way of hypothecation charge over current and fixed assets of the Company and pledge of imported goods amounting to Rs. 18,867 million. lien on term deposit and mutual funds of Rs. 10,224 million.
- 28.7** At the year-end group had no foreign currency borrowing and the available facility was Rs. 1,650 million.

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

- 29.1.1** During the period, in respect of the GIDC matter (as mentioned in note 25.2), the SCP in its judgment dated November 03, 2020, while dismissing all review petitions filed against its earlier judgement dated August 13, 2020, clearly stated that as the SCP held the Act to be intra-vires therefore all the sections are to be applied and that the question pertaining to the applicability of Section 8(2) and its proviso has not been agitated and its relief lies elsewhere and that the companies claiming any relief under GIDC Act, 2015 may approach the right forum. Further, SCP has permitted the Government to collect arrears of GIDC that have become due up to July 31, 2020 in 48 equal installments. Meanwhile, during the year 2021, the Company had filed petition CP No. 4090 of 2020 in the Honourable High Court of Sindh at Karachi whereby challenging the imposition of Infrastructure Cess. The Sindh High Court had passed an order on June 4, 2021 for settlement of remainder of Infrastructure Cess against which the Company has filed an appeal in SCP and SCP's order is awaited.
- 29.1.2** On May 24, 2018 the Company and the former directors received a notice from Habib Bank Limited relating to Suo Moto Notice of Supreme Court on loan write off pertaining to the period 2007. The former management for their own and on behalf of the Company have filed a statement on June 5, 2018 through their legal counsel whereby they have explained that due amounts were paid by the management to the National Bank of Pakistan and Habib Bank Limited. The case is yet to be decided. The current management, based on the opinion of its legal consultant, believes that no liability or payment accrues against the Company. Accordingly, no provisioning has been provided in these consolidated financial statements.
- 29.1.3** The increase in Gas Tariff through Notification dated October 23, 2020 was challenged by the Company whereby the Honorable High Court (HC) has granted interim relief through its order dated 30 November 2020 and directed the plaintiffs to keep paying the bills at a price of Rs. 1,021 per MMBTU and deposit security cheques of the disputed amount with the Nazir of the HC till further orders. The Company has deposited security cheques of the disputed amount Rs. 16.833 million accumulated till 30 June 2022.
- 29.1.4** A petition has been filed by the Company against SECP & others in the High Court of Sindh seeking declaration that the impugned order dated 27 December 2019 by SECP for the appointment of inspector(s) to conduct inspection on all aspects of the Company including the books of accounts for the period from 01 July 2017 to 30 June 2019 be declared illegal with a pray to set aside the investigation against the Company. The Court passed interim order suspending the operation of the impugned order to the extent of the appointment of inspectors, with the direction that, if any of the officer is authorized by the Commission, the Company shall co-operate by providing every document that is asked for by such authorized officer. The matter is at the stage of hearing of applications. The Company, including on the basis of the opinion of the legal advisors, believe that it has a good arguable case and there is no likelihood of unfavorable outcome of this litigation.

Tax related contingencies

29.1.5 The Additional Commissioner Inland Revenue (ADCIR) issued notice to amend the assessment for the tax year 2018 u/s 122 (9) of the Income Tax Ordinance, 2001 herein after referred to as "the Ordinance". The proceeding initiated u/s 122(5A) of the Ordinance culminated vide order dated 03 January 2022 whereby demand of tax amounting to Rs. 33.81 million on trading of cooking oil u/s 148A was raised and expenses of Rs. 39.82 million have been declared as inadmissible resulting in a decrease in taxable loss for the tax year. In addition, refundable income tax was reduced by Rs. 4.80 million. The Company has filed an appeal against the said order before the Commissioner Inland Revenue and the Company, including on the basis of the opinion of its tax advisor, expects a favourable outcome.

As a consequence of correspondence with the Assistant Commissioner Inland Revenue u/s 176 & 177(6), the Assistant Commissioner Inland Revenue issued a notice on 29 December 2021 to amend the assessment for the tax year 2019 u/s 122(9) of the Ordinance. The proceeding initiated u/s 177 & 122(9) of the Ordinance culminated vide order dated 13 January 2022 whereby demand of tax amounting to Rs. 79.82 million on trading of cooking oil u/s 148A was raised and expenses amounting to Rs. 36.65 million was declared as inadmissible resulting in a decrease of taxable loss for the tax year. In addition, refundable income tax was reduced by Rs. 4.34 million. The Company has filed an appeal against the said order before the Commissioner Inland Revenue and including on the basis of the view of the tax lawyer, expects a favourable outcome.

The Subsidiary Company

29.1.6 As of reporting date, there are no contingencies to report in these consolidated financial statements.

29.2 Commitments

29.2.1 Commitments under letter of credit for raw materials as at June 30, 2022 amounted to Rs. 5,723 million (June 30, 2021: Rs. 6,093.50 million).

29.2.2 Capital expenditure commitments outstanding as at June 30, 2022 amounted to Rs. 52.944 million (June 30, 2021: Nil).

29.2.3 Guarantee issued at the year end on behalf of the Company amounted to Rs. 880 million (June 30, 2021: Rs. 290 million). Above facility is the part of the borrowing limits.

30 NET SALES

	2022	2021
	(Rupees)	
Local	99,347,583,530	77,130,524,177
Toll manufacturing	-	950,033
Export	1,342,190,477	331,728,162
	100,689,774,007	77,463,202,372
Sales tax	(12,832,044,339)	(8,565,867,586)
Trade discount	(144,719,398)	(66,033,746)
	(12,976,763,737)	(8,631,901,332)
	87,713,010,270	68,831,301,040

30.1 In the following table, revenue is disaggregated by primarily geographical markets:

Primarily geographical markets:

	2022	2021
	(Rupees)	
Local	99,347,583,530	77,131,474,210
Srilanka	207,386,644	-
Malaysia	486,602,918	55,886,249
Vietnam	576,272,799	275,841,913
Thailand	71,928,116	-
	100,689,774,007	77,463,202,372

31 COST OF SALES

	Note	2022	2021
		(Rupees)	
Raw material consumed		77,017,984,468	62,482,672,408
Salaries, wages and benefits	31.1	731,676,495	604,131,079
Rent, rates and taxes		50,817,436	22,100,577
Fuel, power and electricity		552,840,695	345,298,237
Insurance		88,314,799	74,911,909
Security and janitorial		23,409,708	26,057,171
Postage, telephone and internet		3,992,019	3,265,709
Printing, stationery and office supplies		1,703,075	4,072,621
Vehicles, travelling and conveyance		10,578,107	10,870,358
Transport - freight		223,203,497	351,584,933
Toll manufacturing expenses		-	856,490
Depreciation on operating fixed assets	6.3	307,205,566	167,819,003
Depreciation to right-of-use assets	7.2	72,494,719	55,838,333
Amortization on intangible assets	8.2	973,875	765,989
Repair and maintenance		119,829,512	62,701,952
Factory canteen expenses		5,533,344	3,209,517
Cleaning expense		3,169,371	2,173,370
Others		8,562,621	8,835,589
		79,222,289,307	64,227,165,245
Add: opening stock of work-in-process		94,938,036	54,250,306
Less: closing stock of work-in-process	11	-	(94,938,036)
Cost of goods manufactured		79,317,227,343	64,186,477,515
Add: opening stock of finished goods and semi finished goods		2,042,514,627	1,036,212,339
Less: closing stock of finished goods and semi finished goods	11	(1,884,414,850)	(2,042,514,627)
		79,475,327,120	63,180,175,227

31.1 Salaries, wages and benefits include Rs. 10.837 million for the year ended June 30, 2022 (June 30, 2021: Rs. 5.07 million) in respect of staff retirement benefits. This also include wages of labor whose services are acquired on need basis.

32 SELLING AND DISTRIBUTION EXPENSES

	Note	2022	2021
		(Rupees)	
Salaries, wages and benefits	32.1	123,767,673	104,858,587
Security and janitorial		2,256,525	4,311,181
Freight and forwarding		616,026,300	535,675,284
Travelling, conveyance and entertainment		10,543,684	9,567,255
Depreciation of operating fixed assets	6.3	3,892,717	3,215,088
Depreciation to right-of-use assets	7.2	4,970,584	9,279,120
Amortization on intangible assets	8.2	606,586	507,592
Expected credit loss	13.2	-	2,756,325
Electricity, gas and water		1,232,288	966,977
Printing, stationery and office supplies		211,593	199,821
Repairs and maintenance		1,171,880	762,549
Distributor expenses		196,496,602	275,560,688
Rent, rates and taxes		173,240	239,291
Insurance		2,604,583	1,687,915
Fees and subscription		10,738,337	-
Postage, telephone and internet		624,309	1,542,136
Marketing and research cost		49,906,108	3,169,861
Advertising and sales promotion		171,241,207	280,777,534
Others		985,566	1,168,889
		1,197,449,783	1,236,246,093

32.1 Salaries, wages and benefits include Rs. 4.156 million for the year ended June 30, 2022 (June 30, 2021: Rs. 4.10 million) in respect of staff retirement benefits.

33 ADMINISTRATIVE EXPENSES

	Note	2022	2021
		(Rupees)	
Salaries, wages and benefits	33.1	347,020,719	182,072,182
Directors' remuneration		65,503,523	-
Rents, rates and taxes		3,080,044	2,115,761
Travelling, conveyance and entertainment		36,295,649	26,466,377
Electricity, gas and water		15,211,129	3,170,652
Postage, telephone and internet		23,289,065	8,938,103
Insurance		6,804,998	2,645,091
Repairs and maintenance		8,502,761	7,139,120
Advertising and sales promotion		40,352	854,537
Auditor's remuneration	33.2	12,340,500	8,428,050
Legal and professional		22,781,652	21,568,545
Consultancy services		32,803,739	42,365,399
Fees and subscription		127,206,366	51,326,155
Security and janitorial charges		7,385,592	5,903,244
Donations	33.3	34,301,820	18,140,148
Depreciation on operating fixed assets	6.3	27,547,491	9,834,109
Depreciation of right-of-use assets	8.2	1,214,504	1,214,504
Amortization on intangible assets		1,660,431	1,268,981
Printing, stationery and office supplies		5,635,034	3,565,416
Others		3,322,450	13,646,981
		781,947,819	410,663,355

33.1 Salaries, wages and benefits include Rs. 15.022 million for the year ended June 30, 2022 (June 30, 2021: Rs. 5.910 million) in respect of staff retirement benefits

33.2 Auditor's remuneration

Note

	2022	2021
	(Rupees)	
Audit fee	9,500,000	5,100,000
Half yearly review	1,750,000	1,350,000
Consolidation of Financial Statements with the Subsidiary	750,000	500,000
Review of Code of Corporate Governance	200,000	100,000
Out of pocket expenses	-	198,050
	12,200,000	7,248,050
Certifications for regulatory purposes	140,500	1,180,000
	12,340,500	8,428,050

33.3 The holding Company has paid donations to the following which exceeds 10% of total donations paid during the year or Rs.1 million, whichever is higher:

Name of Donee

	2022	2021
	(Rupees)	
Future Trust	-	10,000,000
Saylani Welfare Trust	19,981,463	7,022,361

During the year, no donations were paid to any donee / party in which any director of the Company is interested.

34 OTHER OPERATING EXPENSES

Note

	2022	2021
	(Rupees)	
Worker's welfare fund	47,271,688	72,568,820
Loss on disposal of fixed assets	-	-
Unrealized loss on investment in mutual fund units	45,561,339	-
Worker's profit participation fund	124,399,181	190,995,551
	217,232,208	263,564,371

35 Exchange (loss) / gain

35.1 This includes unrealized exchange loss amounting to Rs. 1,062.588 million (June 2021: Rs 112.083 million).

36 OTHER INCOME

Note

	2022	2021
	(Rupees)	
Income/ return on financial instrument		
Income on bank deposits -under conventional banking	22,538,959	2,090,090
Income on TDRs	373,215,104	256,822,205
Unrealized gain on investment in mutual fund units	-	8,985,954
Income on PIBs	3,657,627	-
Profit realized on redemption of mutual fund units	411,827,295	133,669
Income on bank deposits - under Islamic banking	117,890	56,823
	811,356,875	268,088,741
Income from non-financial assets		
Scrap sales	23,426,707	21,285,745
Gain on disposal of operating fixed assets	1,158,846	1,648,469
Amortisation of deferred government grants	22,383,640	27,195,852
Gain on re-assessment of right of use assets	5,726,694	14,224,645
Gain on termination of lease	1,606,916	-
Others	221,359	2,265,337
	54,524,161	66,620,048
	865,881,037	334,708,789

37	FINANCE COST	Note	2022	2021
			(Rupees)	
	Interest on non-shariah arrangements		1,122,036,175	428,867,865
	Profit on shariah arrangements		623,637,362	465,186,021
	Interest on worker's profit participation fund	25.4	7,399,251	474,485
	Finance charge of lease liabilities	21	15,898,213	25,731,310
	Interest cost on staff retirement benefits		486,431	470,453
	Bank charges		31,505,742	17,874,204
	Transaction cost on debt financing		-	22,374,000
			<u>1,800,963,174</u>	<u>960,978,338</u>
38	TAXATION		2022	2021
			(Rupees)	
	Current		218,491,642	197,418,283
	Deferred		(250,693,115)	20,260,953
		38.2	<u>(32,201,473)</u>	<u>217,679,236</u>
38.1	The income tax assessment of the group are deemed to be finalized up to tax year 2021.			
38.2	Numerical reconciliation between tax expense and accounting profit:		2022	2021
			(Rupees)	
	Profit before taxation		<u>2,149,108,428</u>	<u>3,555,872,167</u>
	Tax at applicable rate 29% (2021:29%)		29%	29%
	Tax on accounting profit		623,241,444	1,031,202,928
	Effect of final tax regime		(47,462,923)	5,297,563
	Effect of minimum tax		-	35,059,278
	Effect of tax credit and unused tax losses		(604,934,795)	(934,531,950)
	Effects of difference in rates		(3,045,199)	-
	Deferred tax adjustment		-	49,216,495
	Others		-	31,434,922
			<u>(32,201,473)</u>	<u>217,679,236</u>
38.3	The group has opted for tax credit under section 65 (E) of the Income Tax Ordinance, 2001. Provision for current tax has been made in these consolidated financial statements on non-exempted activities of the Company.			
39	EARNINGS PER SHARE		2022	2021
			(Rupees)	
	Profit after taxation		<u>2,181,309,901</u>	<u>3,263,697,353</u>
			(Number)	
			Restated	
	Weighted average number of ordinary shares outstanding		<u>1,072,406,164</u>	<u>874,746,487</u>
			(Rupees)	
			Restated	
	Basic and diluted earnings per share		<u>2.03</u>	<u>3.73</u>

Note

2022

2021

(Rupees)

Profit before taxation

2,149,108,428

3,555,872,167

Adjustments for non-cash items:

Depreciation on operating fixed assets

6.3

338,645,774

180,868,201

Depreciation on right-of-use assets

7.2

78,679,807

66,331,957

Amortization on intangible assets

8.2

3,240,892

2,542,561

Amortization on deferred government grant

22

(22,383,640)

(27,195,852)

Exchange loss - unrealized

1,062,588,599

112,082,600

Loss / (gain) on revaluation of mutual fund units - unrealized

34

45,561,339

(8,985,954)

Provision for staff gratuity

9,516,967

2,604,508

Allowance for impairment of financial assets

13.2

57,622,805

2,756,325

Gain on disposal of property, plant and equipment

36

(1,158,846)

(1,599,419)

Gain on termination of lease

36

(22,383,640)

-

Liability written off

-

(418,558)

Profit on short term investment

(399,529,580)

(265,808,159)

Finance cost

37

1,800,963,174

960,978,338

5,100,472,079

4,580,028,715

Changes in working capital**(Increase) / decrease in current assets:**

Stock-in-trade

(929,254,992)

(6,405,350,784)

Stores and spares

(2,314,154)

26,068,107

Trade debts

(10,048,875,204)

(4,691,002,614)

Advances, deposits and prepayments

(250,409,541)

(49,607,606)

Sales tax receivable

132,113,500

(400,635,324)

Other receivables

(8,261,130)

18,805,953

(11,107,001,520)

(11,501,722,268)

Increase / (decrease) in current liabilities:

Trade and other payables

6,124,114,370

4,711,257,351

Contract Liabilities

2,729,115,012

40,236,369

Sales tax payable

-

(1,195,396)

8,853,229,382

4,750,298,324

Cash generated from / (used in) operating activities

2,846,699,941

(2,171,395,229)

40.1

Cash and cash equivalents comprise of:

Cash and bank balances

916,422,050

330,464,916

Short term borrowings - running finance (secured)

(6,785,735,125)

(2,699,840,112)

(5,869,313,075)

(2,369,375,196)

40.2

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

Description	Issued, subscribed and paid-up capital	Share Premium	Unappropriate d profit	Long term financing	Lease Liabilities	Diminishing Musharika	Short term borrowings	Accrued markup	Unclaimed dividend	Total
Balance as at July 1, 2021	9,940,500,000	-	3,247,910,090	370,914,983	212,143,181	-	16,136,556,982	214,320,052	669,007	28,815,175,893
Changes from financing cash flows										
Proceeds from issuance of right shares	2,000,000,000	3,400,000,000	-	-	-	-	-	-	-	5,400,000,000
Transaction cost paid on issuance of right shares	-	-	(59,148,695)	-	-	-	-	-	-	(59,148,695)
Long term financing received - net	-	-	-	4,694,596	-	-	-	-	-	4,694,596
Proceeds from short term finance facilities	-	-	-	-	-	-	(2,450,004,742)	-	-	(2,450,004,742)
Proceeds from running finance facilities shown as cash equivalents	-	-	-	-	-	-	4,085,895,012	-	-	4,085,895,012
Rentals paid against right-of-use assets	-	-	-	-	(88,414,515)	(708,929)	-	-	-	(89,123,444)
Finance cost paid	-	-	-	(19,137,710)	-	-	-	(1,608,631,137)	-	(1,627,768,846)
Dividend paid	-	-	-	-	-	-	-	-	(24,310)	(24,310)
	2,000,000,000	3,400,000,000	(59,148,695)	(14,443,114)	(88,414,515)	(708,929)	1,635,890,270	(1,608,631,136)	(24,310)	5,264,519,571
Other changes										
Interest expense	-	-	-	19,137,710	15,898,213	-	-	1,746,051,412	-	1,781,087,335
Additions/ reassessment/ termination of lease	-	-	-	-	(54,854,333)	2,915,000	-	-	-	(51,939,333)
Total comprehensive income for the year	-	-	2,181,736,877	-	-	-	-	-	-	2,181,736,877
	-	-	2,181,736,877	19,137,710	(38,956,120)	2,915,000	-	1,746,051,412	-	3,910,884,878
Balance as at June 30, 2022	11,940,500,000	3,400,000,000	5,370,498,272	375,609,579	84,772,546	2,206,071	17,772,447,252	351,740,327	644,697	39,298,418,744

41 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their role and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

41.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations without considering the fair value of the collateral available there against.

Exposure to credit risk

The carrying amount of respective financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

		2022	2021
	Note	(Rupees)	
Long term deposits	9	40,546,016	25,780,831
Long term loans	10	48,277,705	20,673,725
Trade debts	13	22,499,672,826	12,508,420,427
Advances and deposits	14	352,584,867	103,328,990
Other receivables	15	92,878,404	86,420,577
Short term investments	16	10,224,837,545	6,858,985,954
Bank balances	17	909,702,594	328,534,026
		<u>34,168,499,957</u>	<u>19,932,144,530</u>

Long term deposits

These represent security deposits provided to utility companies as per the contractual terms. The Company does not expect material loss against those deposits and retention money.

Long term loans

These represents loan given to executives and employees of the company in accordance with the Company's policy. The Company does not expect any material loss against these loans.

Trade debts

The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The Company establishes an allowance for expected credit loss that represents its estimate of incurred losses.

Analysis of gross amounts receivable from local trade debtors are as follows:

	2022	2021
	(Rupees)	
Domestic	<u>22,577,254,860</u>	<u>12,528,379,656</u>

The ageing of trade debts as at the date of the statement of financial position is:

Not past due	14,354,568,163	4,978,984,352
Past due 1 - 90 days	5,323,725,730	6,784,680,111
Past due 91 - 180 days	2,568,537,901	659,677,237
Past due 181 - 270 days	234,790,649	44,120,582
Past due 271 - 360 days	37,743,491	15,968,796
Past due above 360 days	57,888,926	44,948,579
	<u>22,577,254,860</u>	<u>12,528,379,656</u>

Advances and deposits

These represents advances to employees as per company policy and deposits placed with various suppliers as per the terms of securing availability of services. The management does not expect to incur credit loss there against.

Others receivables

These represent profit receivable against investment in TDRs and mutual fund units . The management does not expect to incur credit loss there against.

Short term investments

These represent investment in mutual fund units and TDRs. The management does not expect to incur credit loss there against.

Bank balances

The Company kept its surplus funds with banks having good credit rating. Currently the surplus funds are kept with banks having rating from AAA to A-.

Concentration of credit risk

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

41.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash to meet expected working capital requirements by having credit lines available.

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

	Carrying amount	Contractual maturities	Maturity up to one year	Maturity two to five years
As at June 30, 2022				
Non-derivative financial liabilities				
Long term financing	375,609,578	435,449,326	102,137,575	333,311,751
Diminshing musharika arrangement	2,206,071	2,206,071	259,858	1,946,213
Lease liabilities	84,772,546	93,585,308	55,829,336	37,755,972
Trade and other payables	20,820,342,067	20,820,342,067	20,820,342,067	-
Accrued mark-up	351,740,328	351,740,328	351,740,328	-
Short term borrowings	17,772,447,252	17,772,447,252	17,772,447,252	-
Unclaimed dividend	644,698	644,698	644,698	-
	39,407,762,540	39,476,415,050	39,103,401,114	373,013,936
Derivative financial liabilities	-	-	-	-
	39,407,762,540	39,476,415,050	39,103,401,114	373,013,936
As at June 30, 2021				
Non-derivative financial liabilities				
Long term financing	370,914,983	370,914,983	163,358,284	183,805,051
Lease liabilities	212,143,181	229,528,100	114,463,828	115,064,272
Trade and other payables	13,692,638,042	13,692,638,042	13,692,638,042	-
Accrued mark-up	214,320,052	214,320,052	214,320,052	-
Short term borrowings	16,136,556,982	16,136,556,982	16,136,556,982	-
Unclaimed dividend	669,007	669,007	669,007	-
	30,627,242,247	30,644,627,166	30,322,006,195	298,869,323
Derivative financial liabilities	-	-	-	-
	30,627,242,247	30,644,627,166	30,322,006,195	298,869,323

41.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company is exposed to currency risk and interest rate risk only.

41.3.1 Currency risk

Currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to currency risk on foreign trade creditors that are denominated in a currency other than the respective functional currency of the Company, primarily U.S. Dollar. The Company's exposure to foreign currency risk is as follows:

	2022		2021	
	Rupees	US Dollars	Rupees	US Dollars
Financial liabilities				
Trade creditors - foreign	<u>17,098,025,634</u>	<u>83,466,076</u>	<u>9,158,092,700</u>	<u>57,852,765</u>

The following significant spot exchange rates were applicable at the end of the year:

	2022	2021
	(Rupees)	
US Dollars (USD) to Pakistan Rupee	<u>204.85</u>	<u>158.3</u>

Sensitivity analysis

A 10 percent strengthening / weakening of the Pak Rupee against the US Dollar at June 30, 2022 would have decreased / increased the equity / profit after tax by Rs. 1,709.26 million (June 30, 2021: 915.81 million).

41.3.2 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

Financial assets and liabilities include balance of Rs. 5,869.332 million (June 30, 2021: Rs 5,245 million) and Rs. 18,325.05 million (June 30, 2021: 16,341 million) respectively, which are subject to interest rate risk. Applicable interest rates for financial assets have been indicated in respective notes.

As at June 30, 2022, if interest rates had been 100 basis points higher/ lower with all other variables held constant, profit after tax for the year would have been Rs. 123.657 million (2021: Rs. 111.86 million) lower/ higher, mainly as a result of lower/ higher interest expense/ income from these financial liabilities and assets.

41.3.3 Price risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company has no exposure to price risk except in short term investments held at fair value.

41.3.4 Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in the statement of financial position approximate their fair values.

41.3.5 Financial instruments by categories

Financial assets

Held at amortized cost

	Note	2022	2021
		(Rupees)	
Long term deposits	9	40,546,016	25,780,831
Long term loan	10	48,277,705	20,673,725
Trade debts	13	22,499,672,826	12,508,420,427
Advances and deposits	14	352,584,867	103,328,990
Other receivables	15	92,878,404	86,420,577
Short term investments	16	5,649,946,310	5,240,000,000
Bank balances	17	909,702,594	328,534,026
		<u>29,593,608,722</u>	<u>18,313,158,576</u>

Held at fair value

Short term investments	16	<u>4,574,891,235</u>	<u>1,618,985,954</u>
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Financial liabilities

Held at amortized cost

Long term financing	19	375,609,578	370,914,983
Diminshing musharika arrangement	20	2,206,071	-
Lease liabilities	21	84,772,546	212,143,181
Trade and other payables	24	20,820,342,067	13,692,638,042
Accrued mark-up	25	351,740,328	214,320,052
Short term borrowings	26	17,772,447,252	16,136,556,982
Unclaimed dividend		644,698	669,007
		<u>39,407,762,540</u>	<u>30,627,242,247</u>

42 REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive	Directors	Executives	Total
	2022			
	----- (Rupees) -----			
Managerial remuneration	15,612,880	28,416,663	155,910,696	199,940,239
House rent	5,612,928	13,856,487	58,726,928	78,196,343
Medical	774,192	319,364	11,666,218	12,759,774
Retirement benefits	644,987	266,022	8,459,237	9,370,246
Director's meeting fee	1,550,000	9,760,000	-	11,310,000
	<u>24,194,987</u>	<u>52,618,536</u>	<u>234,763,079</u>	<u>311,576,602</u>
Number of persons	<u>1</u>	<u>8</u>	<u>64</u>	<u>73</u>
	2021			
	----- (Rupees) -----			
Managerial remuneration	-	-	142,176,144	142,176,144
House rent	-	-	40,966,703	40,966,703
Medical	-	-	8,232,341	8,232,342
Retirement benefits	-	-	5,865,553	5,865,553
Director's meeting fee	250,000	1,300,000	-	1,550,000
	<u>250,000</u>	<u>1,300,000</u>	<u>197,240,742</u>	<u>198,790,742</u>
Number of persons	<u>1</u>	<u>7</u>	<u>56</u>	<u>64</u>

42.1 No independent and non executive directors are provided with the remuneration or any other perquisites other than directors' meeting fees.

42.2 Chief executive officer has been provided with a company maintained vehicle.

43 TRANSACTIONS WITH RELATED PARTIES

43.1 Name of the related party Relationship and percentage of shareholding

Related parties comprise of associated companies, directors, companies with common directorship, funds and key management personnel and their relatives. Transactions involving related parties arising in the normal course of business are conducted at arm's length and at normal commercial rates on the same terms, unless otherwise specifically approved by the board of directors.

Wilmar Pakistan Holdings PTE Limited	Associated company incorporated in Singapore (holds 20.62% shares of the Holding Company)
Wilmar Trading PTE Limited	Associated company incorporated in Singapore (Member of same group in which Wilmar Pakistan Holdings PTE Limited is a member)
Unity Feeds (Private) Limited	Associated company by nature of common directorship
Unity Packages (Pvt) Ltd.	Associated company by nature of common directorship
(formerly Reliance Exim (Pvt) Ltd.)	Associated company by nature of common directorship
Unity Enterprises (Pvt) Ltd.	Associated company by nature of common directorship
Unity Wilmar Foods (Pvt) Ltd.	Associated company by nature of common directorship
Unity Wilmar Packages (Pvt) Ltd.	Associated company by nature of common directorship
Unity Wilmar Agro (Pvt) Ltd.	Associated company by nature of common directorship
Kairos Resources (Pvt) Ltd.	Associated company by nature of common directorship
Emerald oil and fats (Pvt) Ltd	Associated company by nature of common directorship
Agro Allianz Ltd	Associated company by nature of common directorship
Unity Food Ltd staff provident fund	Post employment benefits
Mr. Sulaiman Sadruddin Mehdi	Director
Mr. Muhammad Farrukh	Director
Mr. Abdul Majeed Ghaziani	Director
Mr. Muneer S. Godil	Director
Ms. Lie Hong Hwa	Director
Ms. Tayyaba Rasheed	Director
Mr. Amir Shehzad	Director
Mr. Safdar Sajjad	Director
Mr. Jalees Edhi	Director / Key management personnel
Mr. Muhammad Tabish	Key management personnel
Mr. Tariq Nabeel Jafri	Key management personnel
Mr. Rana Muhammad Nouman	Key management personnel
Mr. Usama Ibrahim Jeewa	Key management personnel
Ms. Zarmina Khan	Key management personnel

Following are the related parties with whom the Company had entered into transactions otherwise stated elsewhere:

Transactions with related parties

<u>Transactions with related parties</u>			<u>For the year ended</u>	
			<u>2022</u>	<u>2021</u>
<u>Name</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>----- (Rupees) -----</u>	
Wilmar Trading Pte Limited	Associated Company	Purchases	<u>35,855,961,652</u>	17,218,768,467
		Payments	<u>26,345,811,747</u>	18,537,388,559
Unity Feeds (Private) Limited	Associated Company	Sales	<u>69,778,430</u>	159,027,222
		Sales proceeds	<u>140,697,124</u>	88,108,529
Unity Enterprises (Private) Limited	Associated Company	Loan paid	<u>-</u>	75,490,811
Provident fund	Staff retirement benefit fund	Contribution paid	<u>44,654,547</u>	24,281,641
Directors and executives	Key management personnel	Remuneration paid	<u>142,796,616</u>	59,980,000

44 CAPITAL RISK MANAGEMENT

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders or issue new shares. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company's objectives when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, to maximize return of shareholders and to optimize capital structure and to reduce the cost of capital.

In order to achieve the above objectives, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

The gearing ratio is as follows;

		2022	2021
	Note	(Rupees)	
Long term financing	19	375,609,578	370,914,983
Diminshing musharika arrangement	20	2,206,071	-
Short term borrowings	28	17,772,447,252	16,136,556,982
Total debt		18,150,262,901	16,507,471,965
Cash and bank balances	17	(916,422,050)	(330,464,916)
Net debt		17,233,840,850	16,177,007,049
Share capital	18	11,940,500,000	9,940,500,000
Share premium		3,400,000,000	-
Unappropriated profit		5,370,498,272	3,247,910,090
Share capital and reserves		20,710,998,272	13,188,410,090
Gearing ratio (Net debt/(Net debt + Share capital and reserves))		45.42%	55.09%

45 MEASUREMENT OF FAIR VALUES

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

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

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

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Fair value measurement using quoted (unadjusted) in active markets for identical asset or liability.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2022, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value, except short term investment which is carried at fair value.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

46 ANNUAL PRODUCTION CAPACITY

Production capacity as at year end was as follows:

Edible oil refinery

Solvent extraction plant

Soap plant

Feed Mill

Flour plant

Rice plant

The actual production for the year was:

Edible oil refinery

Solvent extraction plant

Soap plant

Feed Mill

Flour plant

Rice plant

	2022	2021
	Metric Tonnes	
	264,600	234,000
	162,000	162,000
	15,600	15,600
	302,400	302,400
	167,100	101,400
	39,420	-
	255,305	206,117
	47,911	36,691
	1,951	256
	266,382	273,824
	68,277	60,064
	-	-

The above production is carried out as per sales demand.

47 CORRESPONDING FIGURES

In addition, certain corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions, the effect of which is immaterial other than those stated below:

Nature	<u>Financial statements line item</u>		Amount (Rupees)
	2021	2022	
Exchange gain / loss	Other operating expenses	Exchange (loss) / gain	<u>441,489,722</u>
Employee loan	Advance, deposit and prepayments	Long term loan	<u>17,947,403</u>

48 NUMBER OF EMPLOYEES

Total number of employees at the June 30
Average number of employees during the year

2022	2021
(Rupees)	
<u>696</u>	<u>632</u>
<u>702</u>	<u>564</u>

49 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue in the Board of Directors meeting held on January 20, 2023.

50 GENERAL

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




Chief Executive



UNITY FOODS LIMITED

Pattern Of Share Holding - Form "34"

Shareholders Statistics

As At June 30, 2022

Number of	Share Holding			Total Shares
Share Holders	From		To	Held
1046	1	-	100	50,684
2071	101	-	500	784,887
1857	501	-	1000	1,700,022
3734	1001	-	5000	10,402,196
1207	5001	-	10000	9,498,364
430	10001	-	15000	5,525,237
286	15001	-	20000	5,263,741
187	20001	-	25000	4,407,977
118	25001	-	30000	3,359,406
84	30001	-	35000	2,764,403
55	35001	-	40000	2,102,923
42	40001	-	45000	1,808,960
79	45001	-	50000	3,901,349
26	50001	-	55000	1,376,314
32	55001	-	60000	1,878,902
13	60001	-	65000	809,587
24	65001	-	70000	1,653,019
15	70001	-	75000	1,105,132
18	75001	-	80000	1,414,654
12	80001	-	85000	999,664
10	85001	-	90000	885,190
14	90001	-	95000	1,289,980
54	95001	-	100000	5,379,931
10	100001	-	105000	1,020,211
9	105001	-	110000	978,008
1	110001	-	115000	115,000
10	115001	-	120000	1,181,978
13	120001	-	125000	1,595,474
5	125001	-	130000	644,356
3	130001	-	135000	396,262
2	135001	-	140000	273,196
3	140001	-	145000	430,279
13	145001	-	150000	1,940,715
3	150001	-	155000	457,800
1	155001	-	160000	157,451
5	160001	-	165000	807,540
6	165001	-	170000	1,012,650
3	170001	-	175000	525,000
2	175001	-	180000	355,810
2	180001	-	185000	370,000
5	185001	-	190000	943,645
3	190001	-	195000	580,651
20	195001	-	200000	3,996,353

Number of	Share Holding			Total Shares
Share Holders	From		To	Held
5	200001	-	205000	1,016,976
3	205001	-	210000	624,304
2	215001	-	220000	433,510
1	220001	-	225000	222,057
1	225001	-	230000	227,500
1	230001	-	235000	233,000
3	235001	-	240000	712,123
5	240001	-	245000	1,211,939
13	245001	-	250000	3,247,000
3	250001	-	255000	758,520
3	255001	-	260000	775,202
1	260001	-	265000	261,966
3	265001	-	270000	799,183
1	270001	-	275000	275,000
1	275001	-	280000	278,500
4	280001	-	285000	1,137,846
3	285001	-	290000	862,873
1	290001	-	295000	291,457
8	295001	-	300000	2,395,500
5	300001	-	305000	1,513,444
1	305001	-	310000	310,000
1	310001	-	315000	312,186
1	320001	-	325000	321,000
1	325001	-	330000	330,000
1	330001	-	335000	330,654
1	340001	-	345000	345,000
2	345001	-	350000	695,900
2	350001	-	355000	707,494
1	355001	-	360000	356,700
2	360001	-	365000	722,727
2	365001	-	370000	738,195
1	370001	-	375000	375,000
1	380001	-	385000	384,200
1	390001	-	395000	395,000
2	395001	-	400000	800,000
1	400001	-	405000	405,000
3	415001	-	420000	1,255,834
1	430001	-	435000	432,500
1	435001	-	440000	437,500
1	440001	-	445000	440,054
1	445001	-	450000	448,816
1	460001	-	465000	460,371
1	475001	-	480000	480,000
1	490001	-	495000	495,000
7	495001	-	500000	3,499,489
1	500001	-	505000	504,080
1	510001	-	515000	513,000
1	515001	-	520000	516,000
1	535001	-	540000	537,870
1	545001	-	550000	550,000

Number of	Share Holding			Total Shares
Share Holders	From		To	Held
1	560001	-	565000	562,500
1	570001	-	575000	572,715
2	580001	-	585000	1,164,934
2	595001	-	600000	1,196,557
1	610001	-	615000	610,598
1	615001	-	620000	617,500
2	620001	-	625000	1,247,000
1	635001	-	640000	636,379
1	640001	-	645000	643,000
2	645001	-	650000	1,293,667
2	665001	-	670000	1,334,000
1	690001	-	695000	695,000
4	695001	-	700000	2,795,684
1	700001	-	705000	700,270
2	745001	-	750000	1,500,000
1	750001	-	755000	753,500
1	765001	-	770000	765,312
1	785001	-	790000	788,000
1	885001	-	890000	890,000
1	890001	-	895000	895,000
1	910001	-	915000	915,000
1	915001	-	920000	915,007
1	925001	-	930000	927,550
1	945001	-	950000	950,000
1	980001	-	985000	983,216
1	985001	-	990000	986,000
1	990001	-	995000	993,568
3	995001	-	1000000	3,000,000
1	1010001	-	1015000	1,010,305
1	1020001	-	1025000	1,024,239
1	1030001	-	1035000	1,035,000
1	1040001	-	1045000	1,042,557
1	1070001	-	1075000	1,075,000
2	1195001	-	1200000	2,400,000
1	1200001	-	1205000	1,205,000
1	1285001	-	1290000	1,287,337
1	1385001	-	1390000	1,385,670
1	1400001	-	1405000	1,401,000
1	1405001	-	1410000	1,407,000
1	1445001	-	1450000	1,450,000
1	1490001	-	1495000	1,492,499
1	1605001	-	1610000	1,609,303
1	1730001	-	1735000	1,734,552
1	1885001	-	1890000	1,888,641
2	1915001	-	1920000	3,837,565
1	1920001	-	1925000	1,924,500
1	1995001	-	2000000	2,000,000
1	2260001	-	2265000	2,263,204
1	2345001	-	2350000	2,350,000
1	2385001	-	2390000	2,388,007

Number of	Share Holding			Total Shares
Share Holders	From		To	Held
1	2440001	-	2445000	2,442,545
1	2495001	-	2500000	2,500,000
1	2500001	-	2505000	2,502,000
1	2895001	-	2900000	2,900,000
2	3000001	-	3005000	6,004,856
1	3315001	-	3320000	3,315,775
1	3575001	-	3580000	3,578,336
1	3620001	-	3625000	3,620,642
1	3685001	-	3690000	3,689,086
1	3865001	-	3870000	3,867,616
2	3995001	-	4000000	8,000,000
1	4430001	-	4435000	4,431,786
1	4815001	-	4820000	4,818,809
1	5045001	-	5050000	5,049,000
1	5075001	-	5080000	5,080,000
1	5915001	-	5920000	5,916,986
1	5995001	-	6000000	6,000,000
1	6335001	-	6340000	6,338,000
1	6340001	-	6345000	6,344,656
1	7125001	-	7130000	7,127,500
1	7395001	-	7400000	7,400,000
1	7455001	-	7460000	7,456,816
1	7995001	-	8000000	8,000,000
1	8330001	-	8335000	8,330,390
1	9995001	-	10000000	10,000,000
1	10950001	-	10955000	10,952,917
1	11990001	-	11995000	11,993,586
1	12495001	-	12500000	12,500,000
1	12780001	-	12785000	12,781,942
1	12810001	-	12815000	12,815,000
1	13495001	-	13500000	13,495,040
1	14250001	-	14255000	14,250,200
1	14495001	-	14500000	14,500,000
1	17495001	-	17500000	17,500,000
1	18080001	-	18085000	18,080,012
1	18830001	-	18835000	18,830,526
1	18885001	-	18890000	18,885,236
1	19995001	-	20000000	20,000,000
1	20695001	-	20700000	20,700,000
1	22630001	-	22635000	22,632,640
1	33135001	-	33140000	33,138,167
1	33265001	-	33270000	33,268,389
1	45950001	-	45955000	45,952,292
1	51495001	-	51500000	51,500,000
1	58140001	-	58145000	58,142,000
1	163165001	-	163170000	163,165,877
1	246185001	-	246190000	246,185,670
11,755				1,194,050,000

UNITY FOODS LIMITED

Pattern of Shareholders

As on June 30, 2022

Shareholder's Name	Holding	Total
Associated Companies, Undertakings and Related Parties		
Wilmar Pakistan Holdings Pte. Ltd.	246,185,670	
Unity Wilmar Agro (Private) Limited	163,165,877	409,351,547
Directors, Chief Executive Officer and their spouse(s) and Minor Children & Other Family members		
Mr. Muhammad Farrukh	70,749,503	
Mr. Abdul Majeed Ghaziani	61,030,390	
Mr. Sulaiman Sadruddin Mehdi	6,000,000	
Ms. Salma Majeed	3,689,086	
Ms. Tayyaba Rasheed	1,096	
Mr. Muneer S. Godil	3,530	
Mr. Amir Shehzad	100	141,473,705
Executive		
Mr. Jalees Edhi	5,879	5,879
Foreign Companies		
Aristea Sicav New Frontiers Equity Fund	986,000	
Spdr S&P Emerging Markets Small Cap Etf	646,122	
Azimut Pakistan Equity Fund (Oeic) Plc	345,900	
Noor Financial Invest Co. 23		1,978,045
Foreign Individules		
Syed Ali Raza Naqvi	753,500	
Zahoor Ahmad	120,000	
Zafar Alam	33,000	
Mohammad Zain Kukaswadia	10,000	
Bilal Amanullah Moti	10,000	
Asad Ahmed Mohiuddin	5,000	
Irshad Masayuki Ataka	4,600	
Gohar Bashir	4,500	
Ghazanfar Abbas Chughtai	2,000	
Muhammad Ashraf	2,000	
H.E. Sh. Ebrahim Khalifa Ali Al Khalifa	1,017	
Zafar Alam	1,000	
Chen Yuanxi	1,000	
Sabeen Sakina	200	947,817

UNITY FOODS LIMITED

Pattern of Shareholders

As on June 30, 2022

Modarabas and Mutual Funds

CDC - Trustee NIT Income Fund - Mt	3,578,336	
CDC - Trustee Faysal Mts Fund - Mt	2,263,204	
CDC - Trustee ABL Stock Fund	2,000,000	
CDC - Trustee NIT Islamic Equity Fund	1,917,565	
CDC - Trustee KSE Meezan Index Fund	1,609,303	
MCBFSL - Trustee ABL Islamic Stock Fund	1,200,000	
CDC - Trustee HBL Growth Fund	915,007	
CDC - Trustee Alfalah Ghp Stock Fund	765,312	
CDC - Trustee Alfalah Ghp Islamic Stock Fund	695,000	
CDC - Trustee HBL Equity Fund	636,379	
CDC - Trustee HBL Income Fund - Mt	580,148	
CDC - Trustee HBL Investment Fund	448,816	
MCBFSL Trustee ABL Islamic Dedicated Stock Fund	420,000	
CDC-Trustee HBL Islamic Stock Fund	415,834	
CDC - Trustee Meezan Islamic Fund	265,683	
CDC - Trustee HBL - Stock Fund	236,900	
CDC - Trustee Alfalah Ghp Alpha Fund	235,223	
CDC - Trustee NIT Asset Allocation Fund	200,000	
CDC - Trustee HBL Islamic Equity Fund	194,962	
First Equity Modaraba	193,841	
CDC - Trustee National Investment (UNIT) Trust	175,000	
CDC - Trustee Lakson Equity Fund	162,500	
CDC - Trustee Meezan Pakistan Exchange Traded Fund	161,583	
CDC - Trustee Hbl Islamic Asset Allocation Fund	147,899	
CDC - Trustee Alfalah Consumer Index Exchange Traded Fund	144,279	
CDC-Trustee Nitipf Equity Sub-Fund	132,131	
CDC - Trustee HBL Pf Equity Sub Fund	129,500	
CDC - Trustee HBL lpf Equity Sub Fund	128,500	
CDC-Trustee Nitpt Equity Sub-Fund	120,119	
CDC - Trustee AKD Index Tracker Fund	119,471	
CDC - Trustee Alfalah GHP Islamic Dedicated Equity Fund	101,247	
CDC - Trustee Lakson Islamic Tactical Fund	87,000	
CDC - Trustee HBL Multi - Asset Fund	67,500	
Trust Modaraba	52,000	
CDC - Trustee Alfalah GHP Value Fund	49,253	
CDC - Trustee First Capital Mutual Fund	40,000	
CDC - Trustee AWT Islamic Stock Fund	33,000	
CDC - Trustee HBL Financial Sector Income Fund Plan I - Mt	19,500	
CDC - Trustee Al-Ameen Shariah Stock Fund	17,629	
CDC - Trustee UBL Stock Advantage Fund	15,213	
First Elite Capital Modaraba	10,550	
CDC - Trustee AKD Aggressive Income Fund - Mt	1,000	
B.R.R. Guardian Modaraba	501	20,686,888

UNITY FOODS LIMITED

Pattern of Shareholders

As on June 30, 2022

Joint Stock Companies

NCC - Pre Settlement Delivery Account	14,250,200
Bulk Management Pakistan (Pvt.) Ltd.	12,781,942
Hamdard Laboratories (Waqf) Pakistan	12,500,000
DJM Securities Limited	11,993,586
Sumya Builders & Developers	8,000,000
Arif Habib Limited	5,049,000
Roomi Enterprises (Pvt) Limited.	4,431,786
Pak-Qatar Investment (Pvt.) Limited	4,000,000
Pebbles (Pvt) Limited	3,315,775
Bhayani Securities (Pvt) Ltd.	2,502,000
Siddiq Leather Works (Pvt) Limited	1,888,641
Westbury (Private) Ltd	1,492,499
Sofian Business Corporation (Private) Limited	1,385,670
Al Habib Capital Markets (Private) Limited - Mt	1,042,557
Pearl Securities Limited	993,568
Novatex Limited	950,000
Aba Ali Habib Securities (Pvt) Limited - Mt	927,550
Aba Ali Habib Securities (Pvt) Limited	895,000
Tariq Vohra Securities (Private) Limited	890,000
Mohammad Munir Mohammad Ahmed Khanani Securities Ltd. - Mf	700,270
Altaf Adam Securities (Pvt) Ltd.	666,500
Mra Securities Limited	647,545
Adam Securities Limited	643,000
JS Global Capital Limited	516,000
Dilsons (Private) Limited.	513,000
MRA Securities Limited - Mf	504,080
Ghani Halal Feed Mill (Private) Limited	500,000
Insight Securities (Pvt.) Ltd	460,371
JS Global Capital Limited - Mf	440,054
Gatlene Industries (Private) Limited	420,000
Seven Star Securities (Pvt.) Ltd.	405,000
Darson Securities Limited - Mf	384,200
Sign Source Limited	375,000
Steel Complex (Pvt) Limited	368,722
H. M. Idrees H. Adam (Private) Limited	360,297
Fawad Yusuf Securities (Private) Limited - Mf	352,494
Dr. Arslan Razaque Securities (Pvt.) Limited - Mt	302,172
Venus Securities (Pvt.) Limited	297,000
Saya Securities (Private) Limited	287,086
Growth Securities (Private) Limited - Mf	285,000
Mannoo Capital (Private) Ltd.	266,000
Cumberland (Pvt) Limited	261,966
ASDA Securities (Pvt.) Ltd.	257,000
Mayari Securities (Pvt) Limited	203,500
Dalal Securities (Pvt) Ltd.	185,000
Memon Securities (Pvt.) Limited	162,000
Abdoolally Ebrahim & Co. (HK) Ltd	150,300
Sherman Securities (Private) Limited	150,000
BMA Capital Management Ltd. - Mf	130,000
Spectrum Securities Limited	118,500
Growth Securities (Pvt) Ltd.	110,000

UNITY FOODS LIMITED

Pattern of Shareholders

As on June 30, 2022

Dawood Equities Ltd.	110,000
Ahsam Securities (Private) Limited	109,708
BIPL Securities Limited - Mf	100,290
Honeycomb (Private) Limited	100,000
Salim Sozer Securities (Private) Limited	100,000
Z. A Ghaffar Securities (Private) Limited	100,000
A. H. M. Securities (Private) Limited	100,000
Masood Spinning Mills Limited	84,000
Zahid Latif Khan Securities (Pvt) Ltd.	76,000
Al-Rahim Trading Company (Private) Limited	60,059
Al-Habib Capital Markets (Private) Limited - Mf	50,500
Ihsan Sons (Private) Limited	48,047
GPH Securities (Pvt.) Ltd.	45,500
Sitara Chemical Industries Limited	45,000
Bipl Securities Limited	42,000
Fdm Capital Securities (Pvt) Limited	30,000
Fair Edge Securities (Pvt.) Limited	25,000
UNITed Towel Exporters (Pvt.) Limited	25,000
Multiline Securities Limited - Mf	25,000
UNITed Towel Exporters (Pvt.) Limited	25,000
Stanley House Industries (Private) Limited.	24,023
Sage Consulting (Private) Limited	20,000
Sarmaaya Financials (Private) Limited	20,000
Hameed Shafi Holdings (Pvt) Ltd.	20,000
Shaffi Securities (Pvt) Limited	17,098
Rafi Securities (Private) Limited	16,509
Al-Ameen Trading Corporation (Private) Limited	16,000
Pearl Securities Limited - Mf	15,065
Paramount Commodities (Private) Limited	15,000
Rao Systems (Pvt.) Ltd.	15,000
Darson Securities Limited	15,000
N. U. A. Securities (Private) Limited - Mf	10,300
Oriental Securities (Private) Limited - Mf	10,000
UNITed Towel Exporters (Pvt.) Limited	10,000
Amer Cotton Mills (Pvt) Ltd	10,000
Trust Securities & Brokerage Limited - Mf	9,002
Arif Habib Limited - Mf	9,000
Gazipura Securities & Services (Private) Limited	8,500
Prudential Discount & Guarantee House Limited	8,000
M. F. Stocks (Private) Limited	8,000
Intermarket Securities Limited - Mf	8,000
Sajjad Textile Mills Ltd	6,800
Semaab Traders (Private) Limited	6,000
Franciscans Of St John The Baptist Pakistan	5,000
Eduljee Dinshaw Holding Company (Pvt) Ltd	5,000
Sea World (Smc-Pvt.) Limited	3,304
JS Global Capital Limited-Mm-Mzn-Etf	3,170
National Export Corporation (Pvt) Ltd	2,939
Sultanabad Model Ginning	2,500
High Land Securities (Pvt) Limited	1,882
Akhai Securities (Private) Limited	1,000
BRR Financial Services (Pvt.) Limited	1,000
Yaparvar (Private) Limited	1,000
Topline Securities Limited - Mt	500

UNITY FOODS LIMITED

Pattern of Shareholders

As on June 30, 2022

First National Equities Limited	452	
Adam Securities Limited-Mm-Mznp-Etf	357	
JS Global Capital Limited-Mm-Alfalah-Etf	282	
Intermarket Securities Limited	191	
AKD Securities Limited	159	
Azee Securities (Private) Limited	71	
TPS Pakistan (Private) Limited	27	
Maple Leaf Capital Limited	1	
Ktrade Securities Limited	1	102,339,068

Banks, DFIs, NBFCs, Insurance Companies and Takaful

Jubilee Life Insurance Company Limited	33,138,167	
Pak Qatar Family Takaful Limited	25,268,000	
Cyan Limited	17,500,000	
Meezan Bank Limited	4,818,809	
Bank Alfalah Limited	2,900,000	
EFU Life Assurance Limited	1,734,552	
Habib Bank Limited-Treasury Division	1,450,000	
The Bank Of Khyber	500,000	
Askari Bank Limited	300,000	
Dawood Family Takaful Limited	284,500	
Alfalah Insurance Company Limited	36,893	
Premier Insurance Limited	20,000	
Century Insurance Company Ltd.	12,000	
Dawood Family Takaful Limited	2,000	87,964,921

Others

Trustees Of Hamdard Laboratories (Waqf) Pakistan.	22,632,640	
LSE Financial Services Limited - MT	3,867,616	
Trustees Of Pakistan Mobile Communication Ltd-Provident Fund	240,239	
Trustee ABL Asset Management Co Ltd-Staff Provident Fund	70,000	
Trustees Of Hamid Adamjee Trust	50,000	
Avanceon Ltd. Employees Provident Fund	50,000	
CDC - Trustee Agipf Equity Sub-Fund	13,000	
Kiran Foundation	10,000	
Al-Zamin Mod. Management (Pvt.) Ltd.	8,000	
CDC - Trustee Agpf Equity Sub-Fund	7,200	
Trustees Arvabai&Fakhruddin Memorial Fdn	5,000	
ICI Pakistan Management Staf Provident Fund	711	
Engro Corporation Limited Provident Fund	316	
Hilal Group Employees Provident Fund	240	
Trustee Avari Hotels Limited Employees Provident Fund	5	26,954,967

Individuals (General Public)		402,347,163
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Total **1,194,050,000**

UNITY FOODS LIMITED

Categories of Shareholders

As at June 30, 2022

S.No.	Categories of Shareholders	No of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer their Spouse(s) and Minor Children.	7	141,473,705	11.85
2	Associated Companies, Undertakings and Related Parties.	2	409,351,547	34.28
3	Executive	1	5,879	0.00
4	Banks, DFIs, NBFCs, Insurance Companies and Takaful	14	87,964,921	7.37
6	Foreign Companies	4	1,978,045	0.17
7	Modarabas and Mutual Funds	43	20,686,888	1.73
8	General Public			
	a) Local	11,540	402,347,163	33.70
	b) Foreign	14	947,817	0.08
	Others			
	b) Joint Stock Companies	115	102,339,068	8.57
	c) Provident Funds, Pension Funds, Gratuity Funds and other entities	15	26,954,967	2.26
		11,755	1,194,050,000	100.00
Shareholders holding 10% Shares or more Voting Rights				
			Holding	%
	Wilmar Pakistan Holdings Pte. Ltd.	246,185,670	246,185,670	20.62
	Unity Wilmar Agro (Private) Limited	163,165,877	163,165,877	13.66

Note : As required under Rule Book of Pakistan Stock Exchange Limited, the threshold for Executives, set by the Board of Directors of the Company for the purpose of disclosure of trades in shares of the Company, means employees of the Company holding the designation of "Executive Director".

E- DIVIDEND MANDATE FORM (MANDATORY CREDIT OF DIVIDEND INTO BANK ACCOUNT)

To :F.D. Share Registrar Services (Pvt.) Ltd.
(Share Registrar of Unity Foods Limited)
17th Floor, Saima Trade Tower A, I.I. Chundrigar Road
Karachi.

Dear Sir / Madam,

The undersigned being member of UNITY FOODS LIMITED (the Company), hereby authorize the Company that all my cash dividend amounts declared by the Company, from time to time, be credited directly into my / our bank account as per following details:

SHAREHOLDER'S BANK DETAILS																							
Title of Bank Account: _____																							
Bank Account Number: _____																							
Bank's Name : _____																							
Branch Name and Address : _____																							
International Bank Account Number (IBAN) (24 digit)																							
P	K																						

It is stated that the above mentioned information is correct and I will intimate any change in the above mentioned information to the Company and the Concerned Share Registrar as soon as these occur.

Signature of the member / Shareholder
(Please affix company stamp in case of corporate entity)
Name of Shareholder(s): _____
Folio No. _____
Encl: Photocopy of valid CNIC
Passport no. (in case of Foreign Shareholder)

Note:

1. Please provide complete IBAN after consultation with your bank branch. In case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment.
2. In case of Physical shares, a duly filled-in-E-Dividend Mandate Form shall be submitted with the Company's Share Registrar. While for shares held in CDC, E- Dividend Mandate Form shall be submitted directly to member's broker / participant /CDC as required by the Central Depository Company of Pakistan Limited vide its Circular No. 16 of 2017 issued on August 31, 2017.

STANDARD REQUEST FORM FOR TRANSMISSION OF ANNUAL AUDITED ACCOUNTS AND NOTICES OF GENERAL MEETINGS AND OTHERS

F.D. Registrar Services (Pvt.) Ltd.
(Share Registrar of Unity Foods Limited)
17th Floor, Saima Trade Tower A,
I.I. Chundrigar Road, Karachi.
Email: info@fdregistrar.com , fdregistrar@yahoo.com
Phone No. 021-32271905 - 6
Fax No. 021-32621233

Dear Sir,

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan (SECP) through its SRO 787/(I)/2014 dated September 08, 2014 and SRO 470(I)/2016 dated May 31, 2016, I/We, Mr. / Ms. / Mrs. _____ S/o, D/o, W/o _____ being shareholder of Unity Foods Limited, desires and hereby consent to electronically receive the Annual Audited Accounts and Notices of the General Meetings and others, of Unity Foods Limited through e-mail on my following e-mail ID:

Name of Shareholder	
Folio / CDC Account Number of shareholder	
CNIC /Passport Number of shareholder	
E-mail Address	

I hereby confirm that the above-mentioned information is correct and in case of any change therein, I undertake to immediately intimate to the Company through revised Request Form.

Shareholder's Signature
Authorised Signature in case of Shareholder
Other Than Individual
(Please affix company stamp in case of corporate entity)

Date : _____

FORM OF PROXY

32nd ANNUAL GENERAL MEETING

The Company Secretary,
Unity Foods Limited,
8-C PECHS, Block 6,
Karachi.

I/We _____ S/o, D/o, W/o _____ shareholder(s) of
Unity Foods Limited (the Company) holding _____ ordinary shares, as per Share
Register Folio no. _____ and /or CDC Participant ID No. _____ and A/c
No. _____ (for _____ members who have shares in CDS) hereby appoint
Mr./Ms. _____ Folio # _____ of _____ or
failing him /her Mr./Ms. _____ Folio # _____ of
_____, who is also a shareholder of the Company, as my /our proxy in my /our
absence to attend, act and vote for me / us and on my /our behalf at the Annual General Meeting of the
Company to be held on **Wednesday, February 15, 2023, at 10:00 a.m.** and /or any adjournment thereof.

Signature across
Five Rupees
Revenue Stamp

(Signature should agree with the specimen signature registered with the Registrar).

As a witness my/our hand/seal this _____ day of _____, 2023.

1. Witness Signature _____ 2. Witness Signature _____

Name _____
CNIC _____
Address _____

Name _____
CNIC _____
Address _____

NOTE:

1. A member of the Company entitled to attend, and vote may appoint another member as his/her/ its/their proxy to attend and vote instead of him/her/them. To be appointed as proxy, a person has to be a member of the Company.
2. In the case of bank or company, the proxy form must be executed under its common seal and signed by its authorized person. The certified copy of the Board's resolution/ power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.
3. Proxy form duly completed and signed, must be received at the registered office of the Company at Unity Tower, Plot 8-C, Block-6, PECHS, Karachi at least 48 hours before the time of holding the meeting.
4. In case of CDC account holders:
 - i) Attested Copies of CNIC or Passport of the Beneficial Owners and the Proxy shall be furnished with the proxy form.
 - ii) The Proxy shall produce his/her original CNIC or original Passport at the time of meeting.

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UNITY TOWER

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