

We Enrich Lives & Lifestyles

National Foods Limited
Annual Report 2022



National Foods Limited

Annual Report 2022

National Foods Limited

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About the Report

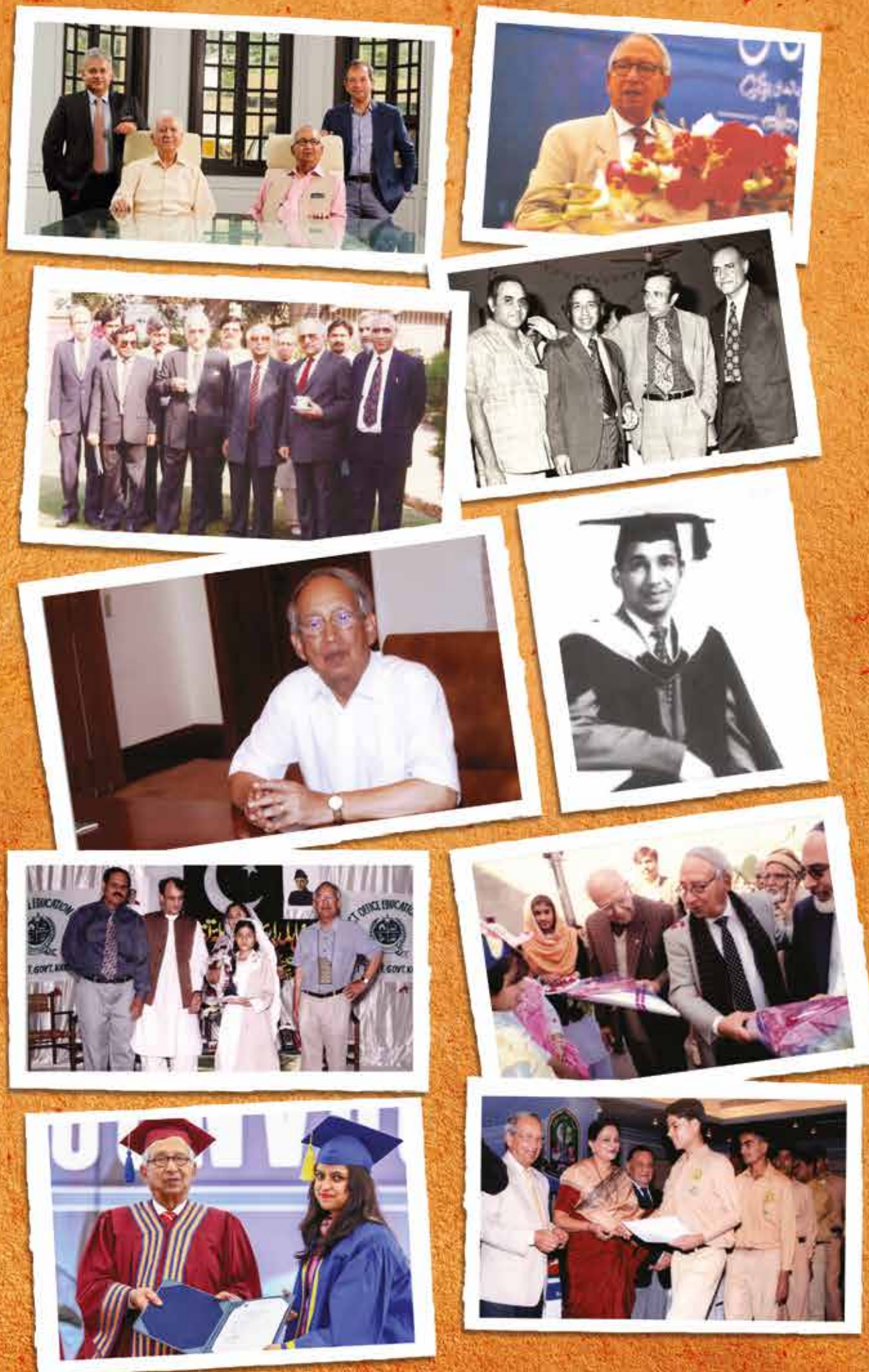
We are the leading foods company of Pakistan with products that are loved across boundaries and spread across different categories. Our vision is to create food that enriches the lives of people everywhere.

Our products are purpose-made for convenience and easy preparation to match contemporary lifestyles, retain our values, and traditional tastes which are so close to our hearts.

This report highlights our business, achievements, internal and external initiatives, innovations, current progress, performance, and future outlook.

With a history spanning over five decades, we have trudged through various challenges of economic booms/depressions, wars, globalization, changing consumer lifestyles, technological advancements and have successfully catered to the changing needs of our customers. And how did we manage this? Through our easy-to-prepare products that are tailor-made to bring warmth into your life and enhance your lifestyle.





In Loving Memory of Mr. Abdul Majeed

إِنَّا لِلّٰهِ وَإِنَّا إِلَيْهِ رَاجِعُونَ

This past year, we were fortunate to conduct our delayed 50th anniversary celebrations in the presence of one of our founders, Mr. Abdul Majeed. To celebrate this with him will be an eternal blessing for the National Foods family. On February 22nd, 2022, we bade our remaining founder farewell, as he departed this mortal plane to one of infinite peace.

Born in the village of Kalaske, around 15 kilometres west of Gujranwala, Punjab, on the 9th of September, 1933, Mr. Majeed inspired many with his passion and generosity of spirit, sharing his ambition and commitment to ethics, in combination with a constant focus on innovation and collaborative progression.

As a young teenager, he moved to Lahore, pursuing his higher education and living with his older brother. This was a formative period for Mr. Majeed. Not only was he exposed to the inspiring currents of Islamic intellectualism flowing at the time through his brother and his circle of friends and associates, he witnessed the founding of Pakistan, present at some pivotal moments in the birth of the nation, including two of Quaid-e-Azam's most important public addresses. This period thus ignited within him two fires that would burn brightly throughout the rest of his life: an extensive reading of Islamic thought and poetry from Allama Iqbal to the great Sufi poets, enabled by his ability to read in their original language; and a profound belief in Jinnah's vision of Pakistan, which he spent his life pursuing.

After graduating from F.C. College in Lahore and gaining work experience in textile mills in Multan and Thar, Mr. Majeed was awarded a scholarship from the British Council to study Textile Engineering at the University of Manchester. It was in his years studying in Manchester that he would meet Margaret Elizabeth Alexander, who would soon become Margaret Majeed. Upon finishing their respective undergraduate degrees (Margaret Majeed receiving hers from the London School of Economics), the couple were married in 1960. As their honeymoon, they drove a Volkswagen Buggy from Manchester to Karachi, where they lived from then onwards.

It was utilising Majeed Sahib's technical knowledge, and familiarity with European textile machinery, that – in collaboration with Mr. Waqar Hasan and his litany of talents – the pair were able to establish ATC Technology Consultants in 1964. Without the flourishing business as textile agents working between the machinery producers in Europe and textile producers in Pakistan, they would not have been able to acquire and fund the progression of their friend's ailing food start-up in 1970. Through the great toil and prescient vision of our founders, Waqar Hasan and Abdul Majeed, this failing business would become the National Foods as we know it today, over fifty years later.

Majeed Sahib was extremely passionate about research and innovation. His leadership and creativity ensured exponential growth in the business, and instilled a culture of professionalism, integrity and commitment to quality. The founders' business legacy is immense, leaving us to build on their vision, and to evolve, both as a Pakistani multinational food company, and as a group, with ATC Technology Consultants rapidly approaching its 60th year of continuous operations.

Given his own background, Majeed Sahib was a staunch supporter of equal opportunities and education's potential to empower. His service to education manifested itself through his establishment and support of many technical institutions, schools and the Adult Literacy Programme. He was a great believer in the strength of the human spirit to transform destiny through the power of education, especially for women. He approached this plethora of educational and philanthropic projects across Pakistan with profound optimism – for individuals and the nation itself, which he always believed could aspire to Jinnah's vision.

Rest In Peace Abdul Majeed (9th September 1933 – 22nd February 2022). You are loved and will be forever missed. Your spirit will live on and continue to inspire us.

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We Enrich Stories to Bring Us Together

About the Company





Our Story

National Foods continues to spread happiness by offering authentic flavors, and re-uniting people with their longstanding Pakistani heritage.

250

Products

12

Categories

HACCP

Certified

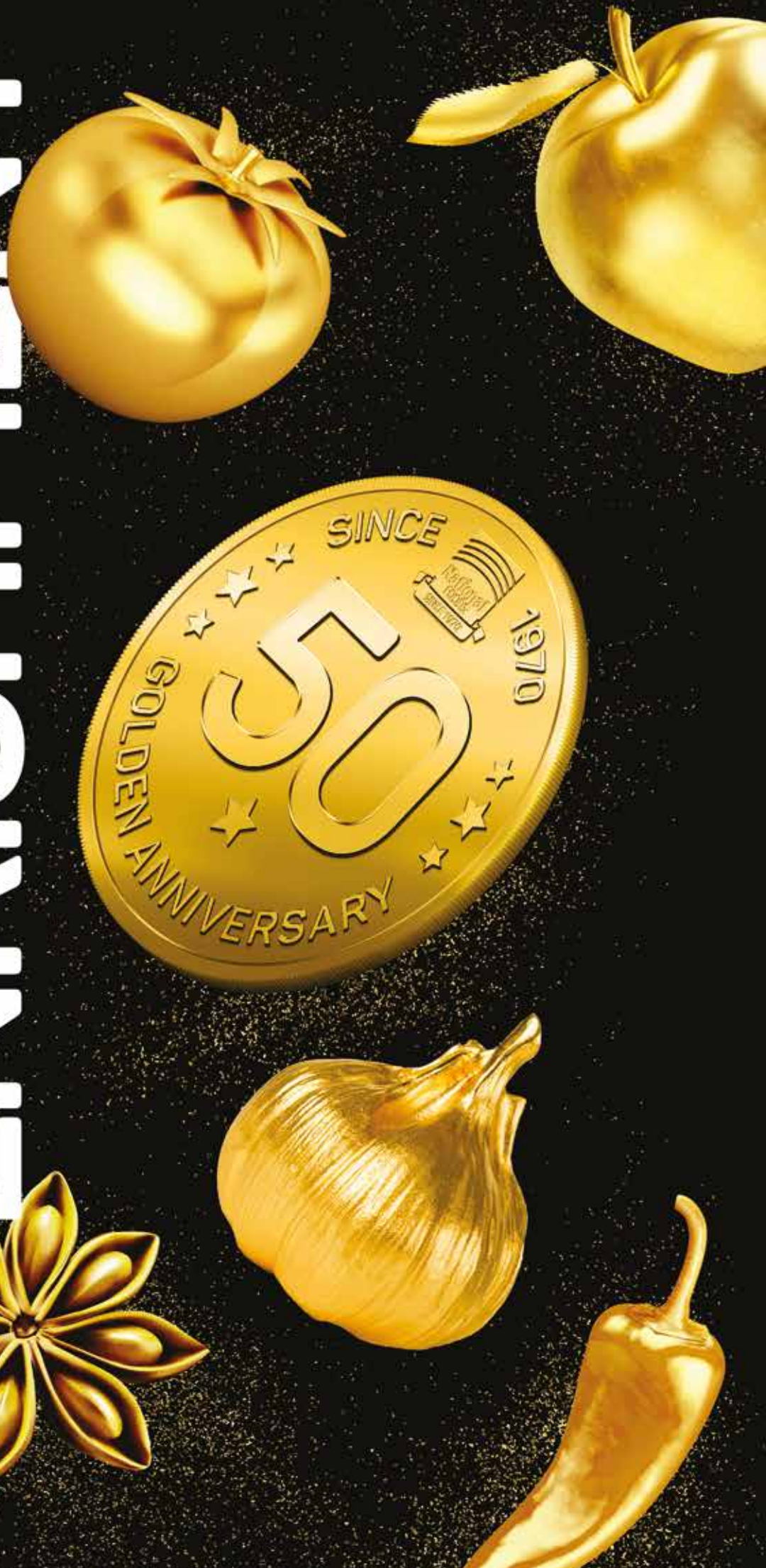
We began our journey in 1970 as a spices company with a product that brought the idea of clean and healthy foods to life. Since then, we resolved to make hygienic food, reduce time spent in the kitchens, and foster good health. And on a daily basis, we strive to elevate our communities and create a better lifestyle for those around us.

Since inception in 1970, National Foods has evolved into a leading multi-category food company that produces 250 different products across 13 categories. We hold ISO 9001, ISO 45001, ISO 22000 and HACCP certifications along with SAP Business Technologies to ensure that our customers receive the highest quality products. With a strong commitment to quality and operational excellence, we are integrating our systems with SAP S/4HANA, the latest ERP business suite for large conglomerates.

We constantly Inspire New Traditions and have already successfully expanded our global footprint across 40 countries in 5 continents. At National Foods, we're creating food that enriches the lives of people everywhere.



50 YEARS OF ENRICHMENT



Completing 50 Years of Enrichment

This Fiscal Year, we celebrated 50 years of enrichment with the NFL Family. The jubilation was shared with employees at every location as the feeling of pride and warmth swept over everyone who was a part of it.

This milestone was an excellent opportunity for the Company to not just share the happiness with employees but also share the renewed Vision of the company. The Vision has cascaded down to a new corporate identity for National Foods where the website has been refreshed with a completely new look.

The Employees were given a beautiful and memorable gold coin whereas a chic Coffee Table Book serves the purpose of gifting.

There's no looking back for National Foods now!

05

Days

07

Events

1000+

Employees



Head Office



Karachi Region



Islamabad Region



Lahore Region



Gujranwala Region



PQ Plant



Nooriabad Plant



Business Profile

National Foods Limited has successfully established itself as a multinational food company with an independent subsidiary, National Foods DMCC in Dubai, in 2013, catering to the Middle Eastern market.

This structure was further expanded with 2 more subsidiaries in Canada, (National Epicure Inc.) and United Kingdom, (National Foods Pakistan UK Limited) catering to the North American and European markets respectively.

During 2017, National Epicure Inc. acquired 60% interest in A-1 Bags and Supplies Inc., a company based in Ontario, Canada, engaged in distribution of restaurant, industrial, & retail supplies.

A1CASH+
CARRY

2017

PROFIT
500

CANADA'S
FASTEST-GROWING
COMPANIES

Founder

Amjad Parvaiz

Recognized by MCLEAN'S Magazine

as Canada's #238th Fastest Growing

Company in their Profit 500 Index.

On behalf of the City of Mississauga &
Members of my Council, it gives me great
pleasure to congratulate the entire team from


A1 Cash & Carry

On the joyous occasion of your

20th Anniversary

Presented Friday, January 11th, 2019

It is with great pleasure that I congratulate A1 Cash &
Carry on this monumental milestone. For twenty years
you have helped create good local jobs, serviced the needs
of Mississauga residents and generously supported our
local communities through many charitable initiatives. I
wish you many more years of continued growth and
success here in Mississauga.


Bonnie Crombie
Mayor, City of Mississauga



Geographical Presence



National Foods continues to spread happiness by offering authentic flavors, thereby re-uniting individuals with their longstanding Pakistani heritage.

04

Offices

05

Continents

40

Countries

Founders' Philosophy

- Through building a reliable brand, national foods must get itself recognized as a leader in Pakistan and abroad.
- National Foods must focus on customer needs and serve them with quality products that conform to international standards & local standards.
- We must strive to be leaders in all the brands that we produce.
- Our research must continuously produce new and well-researched, innovative products to promote health and nutrition.
- We must prove ourselves to be good corporate citizens, support charitable causes for betterment and focus on Triple Bottom Line for People, Planet and Profits.
- Projects to be identified and initiated that contribute to the economy of Pakistan positively.
- Reserves must be built, new factories created, sound profits made, and fair dividend should be paid to our stockholders.
- We must create an environment in our offices and factories where talent is groomed, and people have every opportunity to advance in their careers.
- With the help of Almighty Allah, the company can achieve its targets in times to come.



Vision & Mission

Vision

Creating food that enriches the lives of people everywhere.

Mission

We will achieve our vision by designing and manufacturing food and related products, conforming to international standards and guidelines for nutrition, health, wellness and quality, bringing joy and happiness to people everywhere.



Brand New Website

With our new vision steering us towards the future, we have completely revamped our website in line with the new vision, updating our look that feels truly National. The new website contains information about our legacy, our products, services, divisions, people, media, events, and growing global footprint.

Brand Story

We are crafters and creators, lenders and inventors, makers and innovators.

We're more than quantities, segments, and categories. We build legacies and connectivities, with the humanity that comes with love, warmth, and a healthy disposition.



Scan to visit our Corporate Website



Core Values



Go Above and Beyond

- We love what we do
- We have the courage to question the status quo
- We think big and create new possibilities
- We bring positive energy to everything we do
- We are driven by new challenges and learning opportunities



Prioritize Customer Experience (Internal & External)

- We continuously seek to understand and identify customer needs
- We focus on providing convenience and value to our customers
- We listen to our customers and treat them with respect
- We are clear and transparent in our communication
- We consider all customer touchpoints to offer the best possible solution



Trust Each Other and Achieve Together

- We work collaboratively across organizational boundaries on common objectives
- We respect each other's ideas and opinions
- We give constructive and candid feedback
- We share knowledge and experiences to help each other develop
- We celebrate the wins together



Lead, Commit and Deliver the Best

- We set a clear direction for our deliverables
- We make decisions which result in increased productivity and efficiencies
- We develop proactive solutions to overcome current or potential challenges
- We work on continuous performance improvement and learning
- We strive to consistently add value to the business and the environment



Own It and Deliver It

- We lead by example
- We are responsible for all our actions and decisions
- We empower ourselves and take initiatives to meet business needs
- We own our growth and development
- We are responsible for the safety and well-being of ourselves and our community



Code of Ethics & Business Practices

National Foods Limited believes in conducting its operations with strong ethical and moral standards. NFL's statement of code of conduct & business practices aim to provide guidance on carrying out its business-related decisions and activities.



We wish to achieve excellence in all spheres of our operations for which code of conduct form the basis. Any party entering any form of contract with NFL is bound to comply with the given guidelines. NFL's statement of code of conduct & business practices have the following seven guidelines:

1. Unfair Means

Any use of bribery, kickbacks or any form of payment in cash/kind to obtain any undue business related or otherwise gainful benefit for the company is strictly prohibited. Excessive business gifts and entertainment also hold the same meaning and NFL does not approve of such payments.

2. Unfair Behavior

We aim to operate in a manner that discourages discrimination, harassment and/or influence. Discrimination refers to favoritism based on a particular aspect of an individual's personality. Harassment includes gender harassment creating an intimidating, hostile or offensive work environment causing interference with work performance. Influence could be an abuse of authority or the wish to alter personal believes.

3. Conflict of Interest

NFL prohibits actions that are in conflict with the company business interests. This may include but is not limited to:

- i. Providing assistance to the competition or holding ownership interests in a customer, supplier, distributor or competitor
- ii. Making personal gains at company expense

4. Confidentiality

NFL believes in confidentiality of information related to company business activities.

The company expects employees not to disclose or divulge by any means the confidential and commercially sensitive information except to the authoritative employee requiring it. Furthermore, they should use their best endeavors to prevent the disclosure of such information by other people. The obligation of confidentiality shall survive the expiration or the cessation of employment contracts with National Foods Limited and is equally applicable to intellectual property

5. Statutory Compliance

NFL aims to comply with all the laws, rules and regulations laid down by governmental and regulatory bodies

6. Financial Integrity

NFL believes in complete compliance with the accepted accounting rules and procedures. This includes but is not limited to:

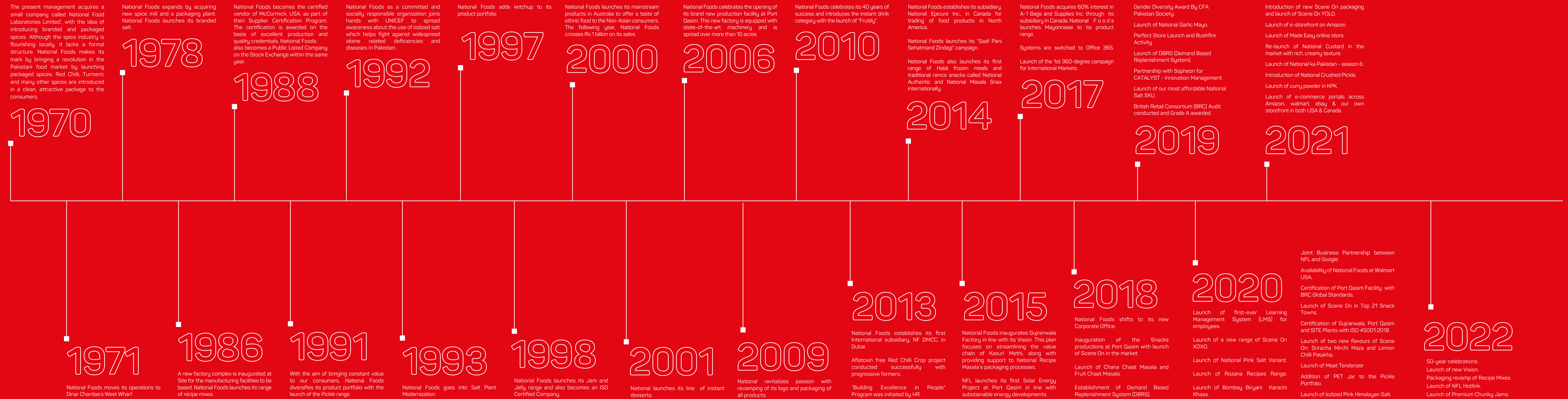
- i. **Transparency:** NFL discourages any illegal activity for the purpose of any benefit to the company or others. All information supplied to the stakeholders and/or auditors must be authentic & transparent
- ii. **Disclosure:** All transactions must be fully disclosed and must be for the purpose stated

7. Health, Safety and Community Responsibility

NFL is fully committed to safety, health and responsibility towards environment and community. All activities of NFL must portray responsibility towards the community and nation as a whole. NFL seeks to employ procedures that are safe, healthy and environment friendly.



Creating History



Awards & Certificates

BRC Certified – AA Grade

National Foods takes pride in empowering Food Safety & Quality Systems in our products & processes. It is imperative that we continue to make developments to meet and exceed industry standards.

We are delighted to announce that National Foods Port Qasim facility is now BRC Global standard certified with AA Grade of certificate. Which is the highest awarded grade against announced audit program of BRC.

The BRC Standard has become a benchmark for best practices and is recognized worldwide by brand owners and manufacturers in the Supply Chain domain. Congratulations to the team at Port Qasim! This BRC “AA” GRADE CERTIFICATE is a milestone in ensuring highest level of Global Food Safety that represents National Foods Limited!



Crushed Pickles & National Ketchup bring home the Effies

National Foods bagged two Effies this year! Bronze Effie for National Ketchup Factory in the category of Branded Content and Silver for National Crushed Pickles in the category of Marketing Innovation Solutions.



Best Corporate Report Award 2020

As an organization that has its roots in excellence and in going above and beyond to surpass the benchmarks of quality, we are proud to announce that National Foods has won the award for the Best Corporate Report 2020.

Every year, ICAP and ICMA choose winners for the best annual reports in multiple categories, and this year, National Foods is the only winner from the FMCG Category – a feat worthy of pride for all of us.

Congratulations to the entire National Foods family!



National Ketchup Factory gets featured at WARC (World Advertising & Research Center)

National Foods Limited (NFL), launched a fun and educational food series aimed at children in Pakistan, National Ketchup Factory, to increase sales and brand love. A unique digital show hosted by kids for kids that creates fun through the use of food + ology (a subject of study), focusing on distinct themes like science, arts and craft, music, marine biology, animals and wildlife, and above all, food. We are excited to announce that our branded content series, National

Ketchup Factory, a unique digital series hosted by Kids for kids has been globally recognized and featured on WARC as a case study.

The WARC is considered as one of the largest and most credible sources for Marketing, Advertising and Research. The case study is titled ‘National Foods Limited: National Ketchup Factory – how it added flavour to digital content for Pakistani kids.’



Nation Foods Limited wins Annual CSR Award 2022 by NFEH

For our contributions and efforts to enriching the lives of people in Pakistan through our CSR initiatives, we have won NFEH's Annual CSR Award 2022.

Based on our ongoing efforts to create and initiate positive social and environmental outcomes through education, the Governing Body of National Forum for Environment & Health (NFEH) and the CSR Club of Pakistan has awarded National Foods with this prestigious award in the category of



Education and Scholarship. As a part of NFL's golden jubilee celebrations and in line with UN SDG number 4, we launched 'Bawaqar Scholarship Policy'. The Bawaqar scholarship covers the cost of books and tuition fee of one school going child for a period of 1 year.

This is a testament to our purpose of elevating the lives of ordinary Pakistanis to achieve extraordinary results through education and learning.



Proficiency Testing

National Foods Ltd has been Accredited with ISO/IEC 17025, a general requirement for the competence of testing laboratories, from Pakistan National Accreditation Council (PNAC), Ministry of Science and Technology.

The Proficiency Testing is an important element of ISO/IEC 17025 Accreditation & Assurance. It ensures the validity of results through continuous assurance programs and validates quality of the analytical processes & results.

National Foods has taken this opportunity for constant improvement and competency development, enrolled to the numbers of International Proficiency testing providers including:

- FAPAS, Proficiency testing from Fera Science LTD UK
- LGC, AXIO Proficiency Testing Program USA
- CLPT, Department of Science Services Thailand
- APAC Asia Pacific Accreditation Cooperation



NFL receives Annual CSR Award by The Professionals Network

We are thrilled to announce that National Foods has won the 11th Annual Corporate Social Responsibility Award by The Professionals Network for responsibly handling the Covid-19 pandemic and initiating positive outcomes through education in Pakistan.

The awards have been bestowed in the following 2 categories:

- The last couple of years have been unprecedented due to the global pandemic. At National Foods, we are committed to our people and made numerous initiatives to counter the harsh realities of the pandemic. We are one of the few organizations who did not let go of employees during this time, started a special Covid allowance package for our field and plant staff, and conducted multiple ration drives along with our employees in multiple cities of Pakistan. For this, we have been awarded the Annual CSR Award in the category of Crisis Assistance.

- Pakistan's leading Governing Body of Responsible Business Excellence – The Professionals Network has bestowed another award in the category of Education Scholarship Program for our efforts to advance the cause of education. As part of our Golden Jubilee celebrations and in line with the United Nation's SDG# 4, we launched 'Bawaqar Scholarship Policy', which enabled 20 students to cover the cost of books and tuition fees.

At National Foods, we truly commit to enriching the lives of people everywhere.



SEDEX Membership

National Foods takes pride in empowering responsible Supply Chain in our business. It is imperative that we continue to make developments for positive change in our supply chain to serve both our buyers & suppliers in the best manner by focusing on their needs and Inspiring New Traditions.

To take our responsible supply chain to the next step, we are pleased to announce the SEDEX membership of Port Qasim & Nooriabad Plant.

Supplier Ethical Data Exchange, commonly known as SEDEX, has been favored by many large retailers and manufacturers, supermarkets, brands, suppliers and other organizations as they require farms, factories and manufacturers they work with to participate in the SEDEX Audit. In line with the requirement of relevant ethical standards, the results of the audit can be recognized and shared by all SEDEX members, so the supplier's acceptance of the SEDEX audit can save many duplicate audits from customers.

Our No.1 Recipe Mixes Gets a Makeover

National Foods Unveils New Packaging of Pakistan's No. 1 Recipe Mixes

National Foods is the manufacturer of Pakistan's No. 1 Recipe Mix brand - as per Foresight Household Panel '22. The company has launched the redesigned packaging of the Recipe Mixes category.

The pack communication is clean and easy to navigate, with ingredients always being the hero. The revamped design of recipe mixes range revolves around the concept of diverse and vibrant colors which depict the rich culture, tradition and the proud nation of Pakistan. Each category is marked with distinguishing colors; the rice range is marked with a beautiful mustard whereas the Salan (Curry) range is depicted via a gorgeous purple. Fried range is shocking pink whereas a deep maroon brings in vitality to the succulent BBQ range.

The crescent pattern of the Pakistani flag lies at the heart of the National Recipe Mixes design, uniting the elements on the pack. Every motif at the pack distinguishes the diverse range that this category has to offer; Rice, Fried, BBQ, Salan, Haleem and Stir-Fried (Bhunna) to name a few. While the Rice Range motif is shown via the traditional rice bowl, skewers and grills depict the mouth-watering BBQ range. Every Garnish is depicted like the star from Pakistan's flag.

Furthermore, a seamless and smooth customer journey has been ensured through multiple ways; preparation is explained in both English and Urdu with visual depiction of each step. A unique spice meter indicates the level of hotness in the recipe mix. The MadeEasy QR code transports the consumer to the website for more creative dishes while the Hotlink establishes a direct connection between the customers and National Foods.

This once-in-a-decade relaunch of the massive Recipe Mixes category is augmented by a clutter breaking, 360-degree approach via extensive digital platforms such as YouTube, Facebook, Instagram, TikTok, and debut on Spotify; creative and eye-catching OOH displays in 7 cities at prominent locations; PR efforts for multiple stakeholders and mainstream media including Print, TV and Radio were utilized in a constructive manner including media roadblocks.

The communication and approach to customers is eye catching and gives a breath of fresh air to the viewers.

With the new packaging launch, National Foods has once again set the bar high in terms of beautiful packaging and seamless customer experience.



Our People

NFL introduced a framework for maintaining Dignity at NFL, which outlines a mechanism for reporting, investigating, and remedying any misconduct.

Dignity at NFL

NFL believes in living a life in accordance with its values, thus complying with the Code of Ethics and Good Business practices along with maintaining an environment which is free from discrimination and harassment.

Earlier this year, NFL introduced a framework for maintaining Dignity at NFL, which outlines a mechanism for reporting, investigating, and remedying any misconduct. NFL has empowered employees to report misconduct anonymously through the NFL Integrity Line. This is a major step towards opening a reporting channel as well as providing a platform to the staff to flag non-compliance. The HR department aims to provide gender sensitization workshops along with training to the staff on the said portal.

Career Frameworks

National Foods understands the importance of developing its people as a key driver of success and considers innovation as the key towards sustainable growth. To build capabilities and a diverse workforce that can thrive under a high-performance culture, the journey of building Career Frameworks continued this year with development of Marketing and Finance Career Frameworks. These Career Frameworks enable us to lay out the experiences that will allow career development and continuous performance improvement. And alongside allow us to build organizational capability.

Trailblazers – Graduate Trainee Program

This year we relaunched our flagship graduate trainee program - Trailblazers Program with the aim of developing a pipeline of functional experts to enhance organizational capability. The program is specifically designed to provide fresh graduates with ingredients for learning and growth together with a recipe for success, while they take charge of driving their own careers. The Trailblazer Program will prepare fresh graduates to lead and create an impact in their chosen career stream. It offers a pathway to accelerate their career growth and develop wide range of capabilities.

The program began with selection of fresh graduates from universities all over Pakistan and abroad. Graduating students were also reached out by means of Social Media Campaign on LinkedIn, Facebook and Twitter. In addition to this, physical and virtual campus drives were held in which university alumni from business participated and shared their experiences with the graduating students. A highly competitive and rigorous selection process was designed to ensure that we hire the best talent with the right behavioral and cultural fit. Diversity in terms of gender, discipline and demographics was encouraged throughout the process without compromising on quality of the resources. Interested candidates went through online assessment, digital interview, assessment center and management interview to trail blaze their way through to National Foods.

Offsite Goal Setting & Business Review Session

To promote a collaborative and cohesive work culture, the Manufacturing, Supply Chain and Finance teams embarked on a four-day offsite session in the northern areas of Pakistan to discuss the business performance of the past year, align priorities for the upcoming fiscal year, recognize employees for their accomplishments and triumphs and to build synergies within the team.



National Foods Limited Apprenticeship Program 2022

NFL has collaborated with Technical Education & Vocational Training Authority (TEVTA) for a technical skills enhancement program for our plant operations. This collaboration has enabled us to induct Competency-Based, Trained & Qualified resources for our Human Resources requirements in manufacturing and will play a key role in strengthening our talent pipeline for our Faisalabad Plant. The program, named XCELERATE, is a two-year apprenticeship program designed to empower youth by providing them with an opportunity to gain hands-on experience at our manufacturing facilities.

The first batch of 17 DAE-qualified apprentices is being inducted at the Gujranwala plant as Phase One of this program. These apprentices will be provided extensive on and off-the-job training over two years to build and enhance skills and develop expertise in their respective areas.



Food Services Division

To deliver our corporate vision - Creating food that enriches the lives of people everywhere, one of the most important drivers will be our penetration & eventual success in all food consumption channels.

In Yr. 2019, we embarked on a journey to touch PKR 1B sales in Food services channel by introducing cost effective and value generating solutions,

building internal capabilities, strengthening our Route to Market, and delivering best in class, reliable service. This channel has now evolved to encompass the vision of providing best-in-class culinary solutions and forming meaningful, profitable partnerships with food providers in the spirit of innovation and quality in food.

The Perfect Products for all Chefs & Cuisines

We have the perfect range of Products from basic ingredients to specialized sauces and recipes. Our FSD Product Portfolio includes Ketchup, Mayonnaise, Basic Ingredients, Recipe Mixes, and

our newly launched Chicken Powder. Our products enable the talented chefs to do what they love the most - create quality food which ensures utmost satisfaction for their customers.



FSD joined the Billionaire's club

The Journey that began in 2019 was not an easy one. Covid'19 hit the world by a storm, spreading a cloud of uncertainty around. But the FSD Team remained steadfast and creative in coming up with solutions to tackle the uncertainties and convert them into opportunities. As a result, we crossed PKR 1 Billion in the first ten months of the year 2022, reaching PKR 1.2 Billion by year end.

Building Meaningful Partnerships Through Trainings & Events

We provide our customers with not just our products, but also Value-Added Services. We provide solutions for the issues faced by the food services industry. We facilitate our customers by giving them learning opportunities/trainings on Plating, Menu Design, Recipe Improvement, Wastage Reduction, overheads and customer footfall management. This ensures that along with excellent food, they have exemplary customer service and restaurant management.

To facilitate and engage with the caterers across the country, we conducted two Roadshows which were held in Sialkot & Faisalabad. Both the roadshows experienced a great turnout of catering company owners and chefs. National product usage was demonstrated, and recipe and menu development were discussed in lengths. We also had a discussion on the HACCP (Hazard Analysis and Critical Control Point) which revolved around how to fight the safety hazards present in the food businesses.



Chef's Day

The Food Services Division collaborated with COTHM to host the International Chef's Day. This event was an effort to celebrate the chefs who work day and night behind the scenes to get the best food to the customers and ultimately become the reason for a food provider's success. The event was attended by numerous chefs to promote the spirit of culinary excellence and the efforts that go behind getting the best food to the customers' tables. Many International chefs were also a part of Chef's Day Celebrations who helped make the event even more memorable.





Annual Culinary Awards- Lahore

To help recognize the talented and hardworking chefs of Pakistan, National Foods co-sponsored the Annual Culinary Awards 2022 which was a remarkable success, an event attended by almost all patrons of the culinary industry. It was attended by 500+ guests including well known executive

chefs from all over Pakistan, as well as some of the most notable personalities from the digital food community. National Foods representatives were present at the event to engage the captive audience with the brand.



Manufacturing Excellence

Port Qasim Plant

1 Quality & Compliance

National Foods has been winning the hearts of consumers with its High-Quality Standard and this is assured by embedding a systematic Quality Assurance approach in our culture. Some of the major achievements related to Quality and Compliance are as follows:

- **XRAY Inspection at Export Section:**

Production inspection through XRAY has been successfully implemented for all products of the Export Section. The XRAY offers inspection on products for not only metal contamination, but also plays a role in plastic, glass and ceramic detection. This inspection system will serve as a crucial CCP (Critical Control Point) ensuring that our customers get the safest and highest quality product.



- **BRC Re-certification:**

The British Retail Consortium (BRC) Global Standards specify safety, quality and operational criteria for food producers and suppliers. Used worldwide, the standards are recognized by the GFSI (Global Food Safety

Initiative) which aims to reduce the need for multiple supplier audits by harmonizing international food safety standards. BRC standards are accepted by many of the world's largest retail groups, manufacturers and food service organizations - providing an international mark of excellence for the certificate holder.



The Port Qasim Facility is now Re-certified with the highest AA Grade for BRC Certification which is an improvement from the previous A Grade. For National Foods, this certification is of great importance as it ensures the customers that the product being manufactured is of the highest standard and quality and allows us to do business with retailers and food service organizations who specify this certification as a mandatory requirement.

- **GMP Compliant Industrial Flooring upgradation in Pickle Section:**

The project involves NFL's drive towards continuous improvement of our manufacturing standards and exhibiting the highest standards of HSE (Health, Safety and Environment) and GMP (Good Manufacturing Practices). As such, the project was planned to improve new seamless industrial flooring. This is an upgradation from industrial tiling whereas Polyurethane floor is chemical/slip resistant and manages good hygiene conditions in a more efficient manner. The project was executed in a single phase after shifting production activities from the current location to an alternate location.



2 Operational Excellence

National Foods has always encouraged new Ideas which can improve process, reduce wastages, optimize manpower, increase productivity and reduce downtime; in short - Operational Excellence. This year, many projects were implemented in Port Qasim which contribute towards Operational Excellence, some of which are as follows:

• In-House Grinding:

The capability for In-house grinding of 15 outsource materials has been developed at Port Qasim Plant. This will lead us to self-reliance, ensuring capacity utilization curtailing food fraud and maintaining Product integrity.

• Recipe Packing:

Various Automation Projects have been developed and implemented in the Recipe Packing department such as:

- I. The Vento Outfeed Automation which automates the process of packet turning and stacking, which as a result has reduced the manpower requirement and has improved spatial management.

- II. The Twin-Feed machine Infeed Revamp Project, which rationalizes the manning requirement by half for Material infeed, reduces electricity consumption and improves floor space.



3 Business Continuity

To ensure our customers receive our products without any delay, it is important that the Manufacturing Plant runs smoothly without breakdown. Some Projects were delivered in Port Qasim to prevent down-time even in the most challenging situations which are listed below:



- Natural Gas is used in Port Qasim for Pickle Cooking, Snacks and Dehydration. Due to Unannounced Gas Shutdowns, Production was halted in some departments. To prevent this, Boiler Conversion on Dual Fuel has been successfully implemented with energy efficient modulating burner. It has the capability to run on gas as well as diesel with no compromise on efficiency and safety.

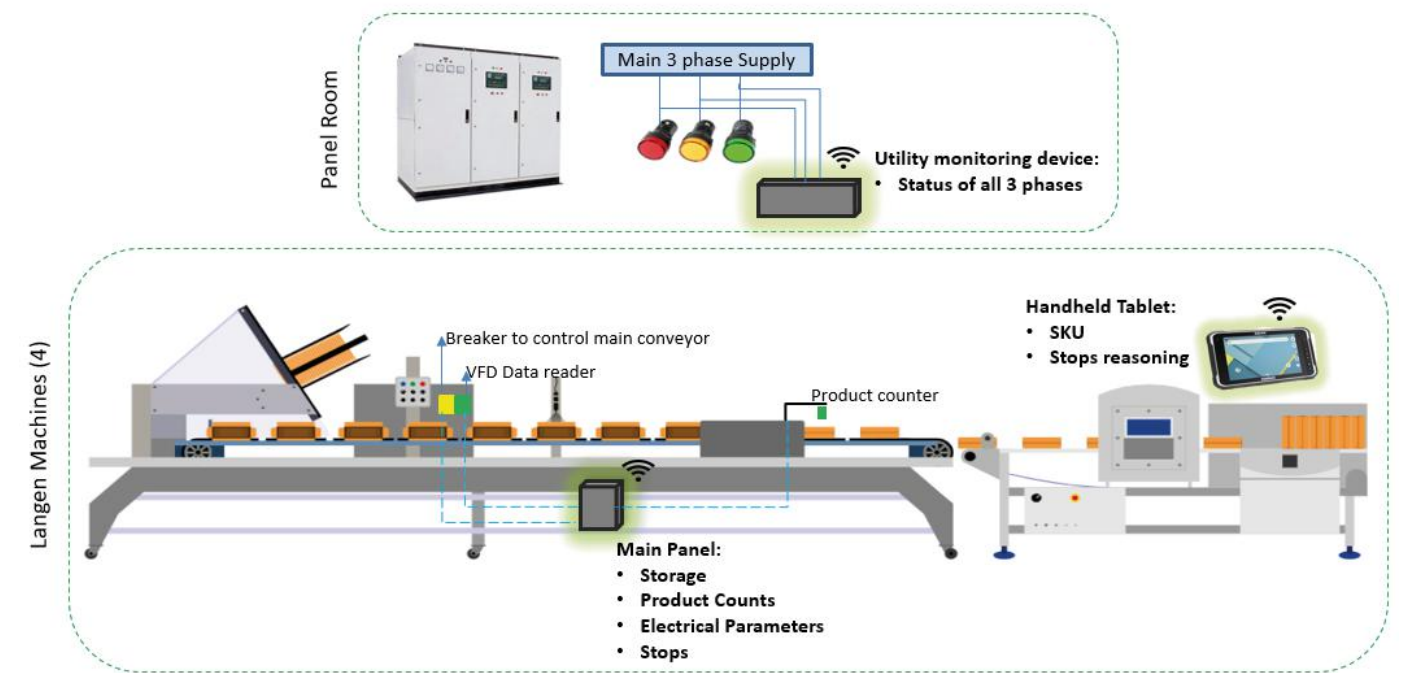
- Steam Generator & Diesel Tank was installed to serve as a backup source of the Boiler to compensate for steam generation during production for Pickle and Snacks as well as avoiding plant shutdown.

4 IIoT - Step Towards Digitalization

In the era of Industry 4.0, data is an asset for any organization. The data helps us identify issues and work on their improvement. We have implemented IIoT (Industrial Internet of Things) System in the Recipe Packing department of Port Qasim. This system has replaced the manual recording of machine data such as stops, production, SKUs, wastage etc. and manual entry of data into the dashboard. The whole process is automated by the

installation of various sensors and equipment which detect the stops/downtime and update them into the dashboard real time. The minute wise data for production, speed, electrical parameters, stoppages are available on the Dashboard to analyze and work on improvement areas.

The Dashboard is built on cloud which can be accessed from anywhere.



Gujranwala Plant

Launch of New Ketchup Packing Line

This year one of the major projects of Gujranwala plant was the capacity enhancement of Ketchup line to meet business growth requirements. This project scope covers installation of new packing machine, a cooking Kettle with upgradation in civil structure. This project will add 27.5 million Ketchup pouches on annualized capacity of plant.

NFL's aim has always been to acquire latest technology to get better quality and competitive edge, Hence NFL management has decided to acquire high speed Duplex Machine from Mespac Spain which is one of the top leading European brand, equipped with all international safety, food safety, and hygiene standards.

This project will be operational from October 2022.

Construction of New Recipe Weighing & Packing Hall

A new recipe weighing and packing hall is constructed in line with Food Safety & HSE standards in Gujranwala.

Smooth Production and Volume Growth on Plant

One of the biggest achievements of Gujranwala plant is smooth and timely supply of products to condiments and culinary business even during political sit-In and strikes in country.

Plant has shown significant volume growth of 14% Vs last year (YTD 22 Actual Volume 21,062 MT Vs LY Volume 18,441 MT). This volume increase on Gujranwala plant favors business in logistics savings and manufacturing overheads cost (MOH per Kg) decline by 6% from last year (YTD 22 Actual Rs. 14.7 Vs LS Rs15.7).

Capability Development of Workforce on HSE

National Foods Gujranwala plant works on enhancement of individual capability to help them in recognizing the unsafe conditions and devise effective control in order to provide safe system & place for work.

As technology advances and workplace strategies evolve, there comes a need to align with these changes in terms of knowledge and skills. At National Foods Gujranwala we provide employees with relevant and consistent safety trainings that helps in improving performance and efficiency in the workplace which results in less number of injuries & improved hazard closure rate.

Following training programs have been arranged for the team:

1 X Factor

X factor Training program series designed on 12 different vital safety topics was conducted by plant management to make it comprehensive for all workforce that safety is the top priority.

2 Basic Life Support

First aid training for employees is vital to ensure proactive safety measures are in place at National Foods. A safe workplace breeds better productivity and avoids preventable losses of manpower and vital man-hours.

A basic life support session has been organized with the help of Rescue 1122 at Gujranwala plant to ensure Emergency Response Team can provide immediate care to sick or injured patients until full medical help is available.



3 Road safety

A session of safe driving and road safety has been organized by HSE team at Gujranwala plant with the help of Motorway police through public private partnership.



Induction of Scissor Lift for Employee Safety

Working at height is one of the biggest causes of fatalities and major injuries across the world. Common cases include falls from ladders, through fragile surfaces and use of inappropriate equipment. Gujranwala plant has acquired a scissor lift to eliminate work at height hazards to their employees. Scissor lifts are an excellent alternative to ladders and manually propelled scaffolds. They provide a safe and stable work platform.



GMP Improvements on Plants

Good Manufacturing Practices (GMP) are the preliminary prerequisites in food safety management. These provide basics hygiene practices and conditions to maintain good hygienic environment to process safe food. Plant Team has taken number of initiatives to improve overall plant GMP conditions, few out of them are mentioned below. These initiatives have improved overall plants GMP score from 75% to 84%.

PU Flooring is done on Ketchup Cooking Area to improve floor GMP conditions.

Installed 6,000 Sft Shed to protect material from being exposed to direct sunlight and rains.

Installed 4500 Sft False ceiling in production hall to improve GMP compliance and aesthetics of area.

SITE Plant



Quality & HSE compliance:

Giving the highest priority to safety and quality, SITE plant team has achieved the re-certification of the following:

- ISO 9001:2015
- FSMS: ISO 22000
- ISO 45001:2018
- HSE Hazard elimination and successful inspection by government body on the transfer and installation of new boiler outside the manufacturing facility
- For GMP compliances, HVAC systems upgraded in various production areas.
- 5s culture implementation drive has led to resolving space shortages, material management and improving overall plant and floor GMP.
- Installation of New Cargo lift to meet HSE compliances.
- Performed PU flooring to abide with food safety compliances.



New Product Developments (NPDs):

The plant has successfully delivered the following new products as part of its portfolio:

- Chunky Jam
- Mayo-Chup & Red-Chili Mayonnaise
- Classic Mayonnaise 4kg
- 8 ml Tomato Ketchup Export
- Non-Preservative Sauces for the Gulf Market



Business Continuity:

Since the Site plant was generating electricity using diesel fuel and thus, incurring huge costs. To counter this we have moved our KE power upgradation from 256kW to 1MW through HT bulk supply.

Manufacturing Excellence:

SITE operations team has always been very committed to continuous improvement efforts with the aim of developing an operational excellence culture at the plant that leads to an environment of efficiency and productivity. Meanwhile, product supply has been smooth throughout the year without any supply loss.

- Volume production of 15,118-ton from 13,150-ton last year (13% increase).
- Global Efficiency (GE) of the plant was successfully sustained at 76%.
- SITE operations team has reduced overall wastages by 6.1%.
- Daily Direction Setting (DDS) meeting at shop floor has been initiated at the plant level to ensure that the KPI's of Safety, Quality, Productivity and Cost are discussed daily with an effort to resolve day-to-day issues promptly and effectively. This cultural change is bringing the values of ownership and leadership at the ground level among each participating system owner.

Nooriabad Plant

1 Health Safety & Environment

Health and safety are integral part of Nooriabad Plant. Whilst it is imperative that the wellbeing of our employees and all those associated with the company are highly

valued and protected for their own sake, ensuring that it makes perfect business sense too. Being health and safety compliant we have conducted different training sessions.



Successfully completed SEDEX surveillance audit, initiated campaign " Safety on the way" with the

help of National Motorways and Highway Police to provide awareness of how to drive safely.



Successfully achieved the milestone to keep TRIR at zero.



We have made firefighting and detection system fully operational as per National Fire Protection Association & Building Code of Pakistan standard

to fully protect our employees from any kind of fire incidents.



Nooriabad Team stands as a winner of "Safety Olympiad award"



2 Quality Management System

Nooriabad Plant has built a strong Quality Management System (QMS) in place to document the policies, business processes, and procedures necessary for an organization to create and deliver its products or services to its customers, and therefore increase customer satisfaction through high product quality.



Being devoted to make our QMS more effective we have initiated live reporting of critical parameters of our products. This initiative enables us to take immediate actions for adjustments.



Moreover, we also translated Consumer Related Quality Standards (CRQS) in Urdu language so that down the line team members have quick and clear understanding for day-to-day decisions making regarding product quality standards.

At Nooriabad plant online inspection and monitoring of Product and processes has also been initiated with SAP based application "FIORI". All of these drives helped us to achieve zero customer complains, 70% reduction in internal quality notifications, meet regulatory and consumer requirements, prevent errors, save money, continually improve our offerings and good manufacturing practices (GMP) compliance.

3 Manufacturing Excellence

We are committed towards continuous improvement of our operations to reduce wastages, improve productivity and gain a winning edge with quality and safety innovations. Keeping in view that devotion, we have initiated different safety and process improvement kaizens, achieved 100% conformance to production volumes and plans, completed carrot cutting activity to store highest-ever quantity of 62.2 million kilos with zero LTI, FAC and Injuries.



Salt powder production has been increased up to 35 Tons/day from 10 tons/day to full fill the requirements of Port Qasim plant and ensure business continuity.



We have continuously been placing our focus to improve the quality and safety of our products. Following that, we have installed state of the art metal detection systems at our NBD facility. Metal detectors have an ability to detect all types of metals in products, magnetic (steel, iron) or

non-magnetic (aluminum, brass, copper). The powerful technology can also spot elusive stainless steels.



Back support has been provided on 120 stools to improve sitting ergonomics of workers.

All rotatory parts of mango cutting machines have been covered to make our workplace safer.



Our Supply Chain

Strategic Sourcing of Materials

Material Costs, foreign exchange depreciation and freight increases remained a challenge for Supply Chain during the year. In order to support local supplier base and mitigate price increases from import sources of Tomato, we were able to source locally for 1,000,000 kgs of paste which saved PKR 85 M. Sugar too was sourced from local suppliers to mitigate the local commodity headwinds that resulted in cost saving of PKR 36M. Furthermore, with strong market intelligence and close working with our suppliers, Procurement team not only secured stocks during the year but also successfully mitigated PKR 670M of commodity headwinds in RM and PKR 30M in PM.

Supply Planning

A key risk highlighted was increase in Business Waste hence Supply Chain initiated a cross functional forum of SLOB (Slow Moving & Obsolete Materials) to highlight SKUs/Material with potential risk of expiries covering both local and export business. Due to high business complexity, SAP reports were created for speedy and accurate information. In second half of the year, SLOB forum was driving consumption of material before expiry, highlighting Financial RISK to Business, minimizing write off, resulting in avoiding business waste of PKR 60 M.

Sales & Operations Planning (S&OP)

In a volatile business environment, S&OP process remained a pivotal business process to ensure that forecast is aligned to business results. To ensure robustness, organizational design and processes changes were implemented such as monthly stock norms adjustments for season and consumer promotions. Demand Supply Reconciliation meeting was extended to sales and marketing teams for timely addressing risk and opportunities. In exports, weekly S&OP was led by leadership to review the order vs delivery for quick decision making.

Logistics

Major challenge for the year was inflationary pressures due to extraordinary fuel price increases resulting in service level risks. Collaboration with 3PLs on the bank of technology giving visibility of cost and service, agile solutions were explored to ensure that business performance is sustained at optimized costs. Inventory and batch accuracy improvements were pivotal with new vendors induction in warehousing and process improvements in current ones. In exports, container release orders (CROs) to North America from shipping companies was a challenge which increased the lead time to service. Different tactical initiatives such as 30 days challenge were implemented to reduce the service times to customers.



Customer Relationship Management

For Your Cooking Queries, Tips & Advice

Customers and customer service are at the heart of everything we do here at National Foods. For this, we've made it easier than ever for you - the amateur chef cooking dinner for your loved ones, and the professionals who want to create something special for their audience - to get in touch with our experts, ask your queries, and enrich your culinary experiences.

We have also made it easier for our customers to order products online. Customers can now pick up their phones, call our Hotlink, and order any of our products to be delivered to their doorsteps. This also means they can discuss their recipes with our experts and order the products accordingly. Not only that, but our customers can also give feedback on our products directly. This allows us to always stay up-to-date with what our customers need and how we can improve our products to their liking.

Customers can pick up their phones and complain about any issues they have had with our products and their orders via this Hotlink.

With our products, we were already in your kitchens. With our Hotlink, 111-111-NFL, we're closer than ever!



Brands & Campaigns

Recipe Mixes

For the first time, Recipe Mix launched an exciting ‘Flavors of Ramadan’ campaign with a dedicated DVC showing popular chefs and a live cooking show hosted on our social media pages every Sehri and Aftaar.

National Foods Recipe Mix enjoys a strong brand equity and has maintained its market leadership this year as well, despite growing external challenges on global economic front impacting costs and profitability.

The obstacles proved to be a driving wheel to bring some exciting news. For the first time, Recipe Mix launched an exciting ‘Flavors of Ramadan’ campaign with a dedicated DVC showing popular chefs and a live cooking show hosted on our social media pages every Sehri and Aftaar. A mix of popular chefs and celebrities like Wasim Akram, Hina Pirzada, Sadia Imam, and Marina Khan graced the show and engaged with the live audience creating massive hype and talkability.

To further build onto Recipe Mix’s efforts in Karachi, National Food Recipe Mix partnered with District 19 and hosted a one-of-its kind ‘Suhoor Nights’ event where NFL was able to interact and engage with families and youngsters alike and create an aura of food and festivity like never before.

Keeping up the momentum, National Foods Recipe Mix launched an extensive packaging changeover embodying a more modern and consumer centric look;

- 1 Sleek, minimalistic design targeting modern and progressive imagery
- 2 Range-wise color blocking ensuring better visibility on shelves
- 3 Unique motif patterns for each range capturing cultural and food cues
- 4 Consumer friendly cues like easy-to-follow recipes, relevant icon, spice-meter etc.
- 5 QR code linked to Made Easy website, and NFL hotlink to engage with consumers and customers alike

The packaging change is supported by a holistic 360 degree marketing campaign activating multiple touchpoints TV, Digital, media integrations, PR, Print, Out of Home, and trade visibility. The TVC brings to life the iconic ‘Aaj rung hai’ kalam with a modern twist to it and is targeted to a wider set of audiences, especially younger, to build desirability and a premium image.

The campaign kicked off with a roadblock across 25 TV channels and all digital platforms to drive maximum impressions and create an impact. It was further amplified by premium inventory placement on Google Display Network and YouTube. For the first time, Recipe Mixes has gone live on Tik Tok and Spotify to amp up awareness and recall of Aaj Rung Hai.



National Salt

National Foods Limited has established its status as the pioneer and forerunner in the branded salt category. We cater to the diverse requirements of our customers, and have therefore expanded our range of salts, which now includes Refined Salt, Iodized Refined Salt, and Iodized Pink Salt. Last year, we also redesigned the complete range of our products to present branded salt as a superior alternate to the sub-standard counterfeit products, which are currently available in market with similar names and logos to deceive consumers.

We are also aiming to devise and execute a strategy to build awareness among the consumers that primarily highlights the benefits of using branded salt, while targeting these counterfeit products.

We have utilized promotional activities on trade for a better brand presence and recall with particular emphasis on iodized and iodized pink salt.



National Plain Spices

Last year, National Foods Limited focused on getting the consumers shifted from unbranded segment, which currently enjoys a huge chunk of the market. And with not sufficient players currently offering branded spices, this market segment remains untapped and thus offers enormous opportunities to create a market niche.

Through effective promotion on electronic and digital media, we highlighted the risks posed using

open and substandard spices, while promoting the health benefits using our branded spices developed from fresh & quality ingredients and packaged through a completely mechanized process in a hygienic environment.

These marketing tactics have and will keep resulting in ensuring an upward trajectory for the category while grabbing a substantial market share from the unbranded segment.



National Pickles

Pickle Please – PR Campaign

National Crushed Pickle was a revolutionary launch in the pickles category. With the perfectly balanced taste of crushed vegetables in each and every bite, the product stood out as a market disruptor and quickly won the hearts of consumers to become one of our top-selling products.

To reach maximum audience and create awareness of the newly launched product, a PR campaign was launched with the hashtag #PicklePlease. The campaign onboarded well-known food bloggers and social media influencers who promoted Crushed Pickle as a multi-use product that could be used in a variety of ways to provide a unique and mouthwatering flavor to a diverse range of dishes. Food bloggers were sent a DIY box and were asked to develop their own special recipes to inspire their followers to attempt similar appetizing dishes, the results of which were to be uploaded on Instagram using the hashtag #PicklePlease. The bloggers recommended National Crushed Pickle to their followers and encouraged them to try it. With total interaction of over 0.5 million, and total reach exceeding 2.3 million, the results clearly showed that the product was a hit among food enthusiasts. More than 3,650 entries of fusion recipes were uploaded on Instagram.

To further build on the talkability generated by the #PicklePlease campaign, the product was also promoted on social media. A competition was launched on popular Facebook food groups targeting different foodies. The participants were asked to use National Crushed Pickle to create their own unique and inventive combinations and post their entries online under the hashtag #PicklePlease. The overwhelming response in these food communities further served to establish the products credibility among the target audience.

ASMR Campaign

Autonomous sensory meridian response (ASMR) works by using triggers such as whispering, delicate hand movements, exaggerated sounds, and excessive focus on expressions while consuming food, to appeal to and enhance the audience's sensory experience. To supplement the #PicklePlease activity and capitalize on this recent social media trend, National Crushed Pickle set out with a unique but fun campaign. Popular celebrities like Iqra Aziz, Ushna Shah and Muneeb butt were brought in. The collaboration with well-known media personalities led to the creation of incredibly creative, lively, and engaging social media content that featured the use of Crushed Pickle in various ways; the use of beautiful hand motions, intensified sounds, and focus on facial expressions while eating food increased the viewers' interest in this activity. The campaign was an instant hit and garnered astounding results.

Bakra Eid Campaign 2021

To keep National Crushed Pickles at the top-of-mind of the consumer, a Bakra Eid plan was launched with the objective of staying relevant and engaging with the target audience on all occasions.

To produce tasty fusion meals using Crushed Pickle, we collaborated with 3 prominent YouTube chefs. Unique recipes were created especially for Bakra Eid and were posted on Made Easy, the official e-store of National Foods. For Facebook and Instagram, interesting content was created around the core idea: "Add a tangy twist to your Eid spread with National Crushed Pickle!"

As a part of our consumer promotion campaign, an Achari BBQ bundle was developed and promoted on social media, which was well received by the consumers.

Season Activations

To create incremental shopper interest and engagement, seasonal activations were carried out in top cities nationwide. Keeping in line with the festive and fun filled aura of the brand, colorfully dressed Dhol Walas paraded through different General Trade Clusters, captivating the shoppers to the delicious offer – Free Chatkharaydar Kachoris with National Crushed Pickle. Similarly for Modern Trade, Kachoris were sampled with the hero product. The last leg of the activations involved targeting shopping markets for the peak Eid shopping season during the last 2 weekends of Ramadan. The high consumer footfall coupled with the overwhelmingly positive response on the taste and efficacy of the product made the activity a huge success, leading to exceptional product visibility and shoppers' interest in the product.

The Crushed Pickle PR Plan 2022

National Crushed Pickle is an innovative product that has revolutionized the Pickle Category in Pakistan by successfully gaining popularity among

consumers. To keep the hero product of the pickles portfolio relevant as well as maintain top of mind awareness, a PR plan was launched around Bakra Eid in June '22. The first leg of the campaign involved engaging Chef/food bloggers and influencers to participate in a Chatkharaydar Eid Meat Battle to curate intriguing and exciting recipes with National Crushed Pickle. These were featured on social media platforms as short reels and will also be collated in the form of a Chatkharaydar Recipe book. The second leg of the campaign involved inviting food enthusiasts in popular and trending Facebook food groups to participate in an exciting competition where 6 top entries would win a Kenwood Food Factory worth Rs. 39,000. They were asked to recreate their favorite recipes or come up with creative and out-of-the-box dishes incorporating the Hero Ingredient: National Crushed Pickle. This would serve to register usage and consumption occasions for our consumers and generate hype and engagement around the product.



National Squeezy

It is the first of its kind format in Pakistan offering convenience, ease of handling and pourability via smart drip control technology.

The Introduction of National Squeezy: The First Premium Packaging Format in the Category

On a continuous journey of innovation, National Foods Limited aimed to drive differentiation and establish market dominance by introducing a new format; Squeezy! It is the first of its kind format in Pakistan offering convenience, ease of handling and pourability via smart drip control technology. The product was launched in the Ketchup and Mayonnaise range.

Squeezy Visibility & Engagement Drives:

National Squeezy was launched in August' 21 via a holistic marketing and sales launch plan. In-store visibility elements such as FSUs and podiums were deployed at key outlets. Additionally, carrefour was leveraged and customized podiums were placed at outlets across Karachi, Lahore and Islamabad. POSM was also deployed across all channels to amplify visibility of the new launch. Furthermore, to gain stakeholder support, a distributor breakfast was planned and successfully executed on a national level, alongside other efforts to maximize team engagement.

#ItsEasywithSqueezy – The Squeezy Communication

The Squeezy communication was launched on Digital in Sept'21 capitalizing on the hashtag '#itseasywithsqueezy' to increase awareness. Engaging consumers in an exciting journey, the copy focused on establishing the unique format

and its key benefits such as hassle free, convenience & easy pourability. An integrated Digital Campaign on YouTube, Google Display, Facebook and Instagram was launched with high reach and high impact strategy. The awareness and consideration phases yielded exceptional brand lift scores that have outperformed Industry Benchmarks.

The Squeezy Maze: In-store Activation & Sampling

Instore activations were carried out in the supermarkets of Karachi, Lahore, Islamabad, Multan and Faisalabad to promote the products via game and free sampling. The game generated tremendous results and positive feedback in the market.

The Squeezy Trio: E-commerce

Ecommerce is catching up fast and is rapidly taking over from the conventional ways of selling products. We collaborated with ecommerce platforms like Daraz, Bogo, PandaMart, Airlift and Made Easy Store to sell our products. Audience were targeted through ads and various promotions.



National Ketchup

National Chilli Garlic Sauce Zaroori!

For the first time ever, a functional copy for National Chilli Garlic Sauce was aired on TV and Digital. Short functional copies for Tomato Ketchup and Chilli Garlic Sauce were launched in the month of March'22 for brand recall and to drill the products in the minds of viewers. TV and Digital platforms were capitalized reaching 69 million+ impressions and 9 million+ reach.

Consumer Promotion

On the occasion of Eid-ul-Azha, a promotional campaign for National Ketchup was initiated along with National Recipe Mixes "Free Biryani Recipe pack with Ketchup 800g" to make consumers' preferred products part of the festive season. The offer was supported by digital posting and POSM deployment. Additionally, Saucy Deals was introduced, through which consumers were offered free Recipe Mix Pack on purchase of National Ketchup. This promotion helped us generate volumetric sales of Tomato Ketchup & Chilli Garlic Sauce.

Ramadan Season

The Ramadan promotional campaign was quite extensive. We celebrated the holy month by offering discounts: PKR 20 off on 800g SKU and PKR 10 off on 400g SKU with Limited edition packaging, featuring price off flashers. Brand visibility drive was carried out through POSM & FSUs deployment. To engage consumers digitally, a weekly recipe challenge was live which resulted in 500+ reactions, 163k+ reach and 123k+ view.

National Ketchup Factory

National Ketchup Factory is a unique platform which enables kids to learn various skills in an interactive and engaging manner. The show was widely acknowledged as a source of developing children's knowledge. This show also won an "Effie Award" in 2022 and gained local and international recognition in October 2020.

NKF Season 2 featured 8 episodes which were aired in June'22 to capitalize on the summer vacations, offering kids with interactive activities. To further build on it, #MommySquad was leveraged on social media, where influencers were on-boarded with their kids gaining attraction. National Ketchup Factory is also live with its website that has been dedicated and where kids can engage and build association with the season.



National Mayo

Consumer Promotion

To leverage winter season and to generate trial and penetration of National Mayo, a consumer promotion was launched in Oct'21 to leverage National Ketchup i.e. Free Mayo 40g LUP with Ketchup 225g and Free Mayo 200g with Ketchup 800g.

On-Ground Activities & Sampling

National Foods initiated WS activation and MT activation drives in the months of March and April on a mass scale. We targeted major cities such as Karachi, Lahore, Islamabad, Peshawar, Faisalabad, Gujranwala, Multan and Jhelum. The results that we obtained were hugely encouraging as we surpassed both the interception and trial targets.



Chunky Jams

National Chunky Jam was launched in August 2021 in modern trade channels, a product made with the finest ingredients, greater fruit content & real fruit chunks. The new product was launched with a new look and feel of transparent curvy bottle that makes it stand out on the shelves. National Chunky Jam was launched in 4 variants i.e., Strawberry Bliss, Mango Magic, Mixed Fruit Tango and Apple Delight.

Our premium Jam range was made available on all top Ecommerce platforms including Made Easy, Daraz, Cheetay, TCS Sentiments, Asanbuy, Airlift, The cart.pk and Panda mart. The availability on ecommerce platforms along with the traditional sales channel gave an extra mileage to the product to boost the awareness and sales. Along with the availability on top platforms, we also cashed upon the different campaigns on these platforms by providing different DIY kits, discounts, free of cost products etc.

To create awareness for the consumer, we developed a functional DVC which was aired in August'21 to promote 4 indulgent flavors, new transparent bottle, unique packaging design and different consumption occasions. The campaign was aired on Youtube, Facebook and Instagram along with other social media content to create awareness on the consumption occasions and usage versatility.

To make noise on ground, we did visibility podiums in all 7 Carrefours nationally and deployed 80 FSUs in top premium modern trade outlets. Brand Ambassadors were also deployed in all the premium outlets to educate consumers on the new product and to generate sales. In March' 22, experiential sampling was done in modern trade outlets to generate trials and to give consumer the product experience. All these activities proved to be a step in the right direction to generate awareness, trial and sales for this new launch.



National Custard

Custard was relaunched with new packaging and new formulation in March' 21. This year was aimed at generating trial for the consumers, retailers, wholesalers and internal team members. We conducted trial generation activity through a Custard on the Wheels brand activation cart which was placed on different food streets, shopping markets, malls, cluster markets and other consumer spots to generate trial of our creamy Vanilla, Strawberry, Mango and Banana Custard.

Custard DVC was activated on digital, social media and ecommerce platform to drive consideration and trial. The DVC was targeted on promoting the indulgent creamy range, new packaging, usage versatility and consumption occasion of Custard. We also targeted opportunities on Daraz, panda mart and Airlift to leverage different occasions like Mango Mania, Daraz 11.11 and other such occasions.



Jelly & Traditional Desserts

Crystal Jelly was relaunched with new formulation and packaging in January'22. The objective of the relaunch was to enhance the brand image and to convert consumers on National Jelly. Traditional Desserts including Vermicelli and Kheer Mix was also

relaunched in our portfolio with new look to build the image of the brand. The objective in traditional desserts segment is to increase penetration of branded traditional dessert category and to build credibility of National Dessert



E-commerce

To directly engage with retailers and increase our coverage, we have also onboarded several major B2B ecommerce platforms to connect with small-medium sized retailers shopping for stock online.

National Foods Limited is dedicated to reaching all consumers through multiple access points for engagement, interaction and transaction. With the tremendous boom of e-commerce in Pakistan that showed the rapidly changing buying preferences of consumers, National Foods has taken several important initiatives to adapt to online shopping.

Made Easy, which is our own Direct-to-Consumer channel, now sells products and promotional bundles nationwide along with easy-to-follow recipes. This allows our consumers to interact with us and build a direct relationship as we provide a complete food solution for them and their loved ones. Consumers can not only shop their favorite National products and search for recipes and hacks to help them become better and more confident

cooks, but they can also become part of the Made Easy community by submitting their own recipes. To further capture and grow in the online market, National Foods is also selling products to major e-commerce and quick commerce platforms in Pakistan. This ensures that we are always accessible and available for our consumers online-anytime and anywhere.

To directly engage with retailers and increase our coverage, we have also onboarded several major B2B e-commerce platforms to connect with small-medium sized retailers shopping for stock online. This enables us to further build strong relationships with our B2B customers and always stay at pace with the changing trends of our times.



Even our systems come
with enriched flavour.



Technological Developments

NFL IT's primary focus has always been to add value to its businesses and enrich the entire technology experience, right from basic connectivity to integrated business applications and analytics.

This past fiscal year, technology at NFL has embarked on a transformational journey with the destination being true strategic alignment between NFL's business technology goals and business processes that run in harmony with systems that are rooted in industry best-practices.

Some major initiatives as part of this transformational journey include:

Enterprise Business Process and Digital Transformation

Hand in hand with our vision to Enrich People's Lives, NFL IT is leading "Enrich with SAP" – NFL's SAP Transformational Program, moving to the latest S/4HANA Enterprise Suite through the "RISE with SAP" program that will enable us to expand our SAP landscape on the cloud and allow for hyper-scaling with SAP's cloud-based add-on applications like Integrated Business Planning, Ariba Procurement Solution & the Governance, Risk Management & Compliance suite to provide a convenient one-window solution to all our enterprise needs.

As a pre-requisite to our move to S/4HANA, we will conduct an extensive Business Process Reengineering exercise to streamline the way we work and optimize our processes as per industry best practices and standards.

With a dedicated in-house SAP core team and our implementation partners, this two-year journey will form the basis of our future business blueprint.

Cybersecurity

Enhanced cybersecurity measures have become the need of the hour and with the vision to go global, information security becomes a key compliance requirement. NFL IT is on a two-year journey to implement the CIS Cybersecurity Framework, consisting of 153 action items categorized under 18 controls, focused on improving data protection and security. We have achieved over 20% compliance so far and are working towards full compliance in all aspects of IT, from IT services management, Internet and connectivity, business applications and device management to name a few.

Strategy & Governance

At the heart of a strong IT-Business relationship lies an effective IT strategy. NFL's IT Strategy was developed and aims to align our strategic business goals and IT goals & initiatives for the next three years, focusing on Delivery Excellence, Customer Experience, Employee Experience, Operational Excellence and Corporate Growth.

With our businesses growing and expanding globally, it is imperative to ensure proper governance and structure when it comes to planning, executing, and sustaining technology related projects. IT Governance and PMO Frameworks have been developed at NFL to establish a lean yet supportive structure to ensure controls for IT projects, investments & processes to streamline & organize our IT Project Management process, respectively.

Quality, Innovations, Research and Development

Restructuring and Agri Business Division

In continuation from last year where we had split the Innovation Research & Development department into two distinct segments: Emerging Business and Core IRD Business; this year we added one more strategic wing to further our roots into the Agri-Business division.

Core raw materials of National Foods Limited are agriculture based i.e., red chili, mango, carrot, turmeric etc. and products being manufactured from these materials contributing 70% plus sales of the company. Pakistan's agriculture per hectare yield is low as compared to neighbouring countries like India & China and it is further dropping down due to techno-economic, natural, socio-economic and financial problem. Further, there is no concept of contract or patent seed farming in the commodities being used by NFL. Hence, no competitive advantage or unique selling point in terms of variety, quality and taste profile.

It was high time that NFL join hands with agriculture sector and work alongside with famers for mutual benefits hence a separate department for Agri-Business was commissioned this year.

Emerging Business segment will continue to work towards identification and facilitation of emerging trends globally into innovative products and portfolios.

For Core IRD business, the Culinary and Condiments team started reporting into the respective Businesses while the Packaging Innovations,

Scientific & Regulatory Affairs team will continue to operate in the Corporate and Shared Services structure.

Cost Optimization

IRD undertakes vigorous efforts to reduce ingredients costs by optimizing formulations, substituting costly ingredients with less expensive yet equally potent alternatives and developing cost optimized packaging structures in partnership with our approved pool of Vendors. Multiple projects are underway in different workstreams across the organization whereby IRD will be leading the Raw Material and Packaging Materials workstream for Condiments and Snacks division next year as these businesses struggle to keep their profitability intact.

Business Continuity

IRD Culinary Division has provided continued support to the Operations team at Port Qasim plant in grinding capability enhancement project. Raw materials for which processing was previously outsourced are being converted to in-house grinding after extensive production trial runs which were conducted at Port Qasim plant by IRD and Operations teams.

New Product Developments

The IRD team has continued to work extensively to drive rapid innovation by developing diverse, novel products across multi-categories that serve both national and international consumers.

Squeezy

This year, we launched a premium tabletop solution for Ketchup and Mayo category offering a wide range of SKUs such as Tomato Ketchup, Chilli Garlic Sauce in 400g and 800 sizes, Classic Mayo, Garlic Mayo, Real Mayo in the 370g and 700 g sizes. The special silicon valve insert in the flip-top cap supports drip-free technology which was locally manufactured with our supply partners.



Chunky Jams

The Jams category was hungry for some premium and value-added formats, hence a special line of chunky jams Apple, Mango, Mixed Fruit, Strawberry was developed and launched in a premium glass bottle design with deep neck caps and beautifully designed colorful labels. A special supply chain for fruit chunks had to be developed as we entered into this segment.



Masala Seasonings

National Foods has been offering some authentic South Asian Recipe mixes in the Export market for years. This year, we developed some interesting fusion grill seasonings for steaks, vegetables, chicken and burgers for our Export markets. The colourful blend of coarsely ground spices comes in a shaker top bottle for ease in sprinkling and offers a versatile array of applications suitable and validated for the North American palette.



Pink Salt

Pakistan is blessed with natural deposits of Pink Salt from the Himalayan range which is rich in trace minerals and popular throughout the world. It was high time for NFL to step into this segment to further our Salt business and offer value added attractive packaging formats to support this premium segment such as shakers, grinders, doy packs and bulk units for coarse and fine versions both.



Desserts Renovation

The Desserts category went through a renovation this year with some packaging design changes in the Crystal Jello segment with added flavours such as Mango. Vermicelli bag design changes and Custard sachet developments. This is to keep our lines fresh and attractive for our consumers to enjoy.



Rozana Range Line Extensions

Our Daal, Sabzi and Sabzi Gosht Masala rolled out successfully in the local market were extended to the international markets this year to offer a deeper penetration in our day to day cuisines.



GCC Sauces

Our Sauce range (Red Chilli, Green Chilli, Mango Chilli, Tangy Tamarind Chutney, Hot & Spicy and Chilli Garlic Sauce) was not available in the GCC markets. The products and labels were adapted with the GCC standards and market norms, registered with the SFDA, Dubai Municipality and other trade levels to extend our tasteful experiences to our consumers in the Middle East region as well.



FSD Range for A-One Cash & Carry

We have introduced our Ginger Garlic pastes and Pickles (Mango, Mixed, Crushed) in a 5lb size of PET containers to extend our bulk offerings. Similarly, a new recipe of Ketchup was developed for the catering segment in sachet format to compete with leading brands.



Recipe PET Jars North America

Our best sellers in Recipe (Tikka and Tandoori) are being re-introduced into the North American market in PET jars for the catering segment on consumer demand.



Recipe Mixes Packaging Rejuvenation

IRD Culinary Division team played an active role in the planning, execution and implementation of the biggest changeover at NFL in recent years. For the new design, Culinary Division collaborated with the Brand team to revamp the artwork text for the entire portfolio of Recipe Mixes category. This included the introduction of a “Spice Meter” – a visual representation of the level of hotness of the product on its packaging. For this hotness scale, the entire range of Recipe Mixes was categorised into 3 levels on the scale: Mild, Medium & Hot. This

was not only based on theoretical determination of spiciness levels of each product but was also validated by sensory evaluations.

In addition to the Spice Meter, the new recipe packs now have revised and improved cooking instructions for the ease of the consumer. The cooking methods have been reworded and presented in a more concise and easy-to-understand format. The revised cooking methods have also been validated through cooking application before finalisation.



Health, Safety & Environment

HSE is deeply embedded in our business culture as the group continues to evolve in this important area. Every individual of the company continues to contribute exceptionally well to foster a positive HSE culture in the organization. Top Management’s commitment, employee friendly HR policies, increased safety awareness, timely reporting of hazards & incidents and non-punitive approach towards those who come forward with information on hazards/Incidents have been the cornerstones of the overall success in this domain.

Excellence in Health & Safety is NFL’s ultimate target and every small stride in this direction will bring us closer to our objectives. With this in mind, NFL considers it rudimentary not only to implement conventional Occupational Health and Safety Management System but also intends to go at greater lengths to implement more robust and reliable Process Safety Management standards.

Several notable measures were taken throughout the year to augment the ever-improving safety measure. Few of which are highlighted herein:

Conduct of Hazop Study

The purpose of the Hazard and Operability - HAZOP Study is to investigate how the system or plant deviates from the design intent and creates risk for personnel and equipment. The process also ensures evaluation of operability problems. HAZOP studies were initially used with great success within chemical and petroleum industry to obtain safer, more efficient and more reliable plants. But now its application is growing wider into all kinds of industries. Hence, NFL whilst partnering with VELOSI- a renowned name in the process safety Management first updated Piping and Instrument

Diagrams of all the Plants and then conducted HAZOP study at Port Qasim Plant. Recommendations emanating out of the process are now being closely reviewed for actions to enhance the safety of the plant.

Total Recordable Incident Rate (TRIR)

TRIR is considered an important parameter to gauge the safety performance of any facility or company. NFL as a whole succeeded in achieving astounding TRIR of 0.08 against the target TRIR of 0.27. Couple of occurrences at PQ plant kept its TRIR at 0.14 whereas rest of the three plants at Nooriabad, SITE and Gujranwala managed to achieve ideal figure of 0.00 Rescue.

Trainings By Rescue 1122 & Motorway Police

As a classic example of partnership with the community and stakeholders, Rescue 1122 was engaged to conduct emergency response training session at Gujranwala Plant and Faisalabad project. Similarly, Motorway police was also engaged to conduct 7 sessions on Road Safety trainings at all NFL plants and corporate office with events named as “Safety on the Way”.

Safety Videos

Separate Safety videos for 4 plants and corporate office have been developed on different themes to create awareness and conduct safety induction of visitors, contractors, suppliers and new employees. These safety videos will help in educating the visitors understand the safety protocols and dynamics of the facility along with the measures to be taken during an event of an emergency event. These videos will not only help in portraying

company’s true image but will also enhance NFL reputation as safety compliant and law-abiding company.

Fire Detection & Suppression System

To cater for any fire emergency, NFPA compliant state-of-the-art addressable fire detection and alarm system accompanied by fire suppression system has been installed at Nooriabad Plant. The system also complies with provisions of Building code of Pakistan.

ISO 45001:2018 Certification Retained

It is a matter of immense pleasure and pride that all our plants retained the certification against the globally renowned International Management System Standard on Occupational Health & Safety i.e. ISO 45001:2018.

Other Important Highlights

- To enhance the health and safety of employees, visitors and contractors, Old Cargo lift at SITE plant has been replaced with new Cargo lift.
- Considering the high risk posed by the Boiler, electrical transformer and Medium Voltage switch gear rooms, these have been relocated from high occupancy area near/inside the plant



to an area away from the population.

- SEDEX Audits which mainly evaluate safety and social compliance.

Environmental Protection

National Foods Limited considers it as its sacred duty to cater for growing needs associated with sustainability and environmental protection. Every now and then NFL comes up with ways and means to augment the government efforts to build a better environment for future generations. This year, Rs. 220 Million Effluent Treatment Plant (ETP) based on Membrane Bioreactor (MBR) advance technology has been made fully operational at Port Qasim plant making it completely compliant to the provisions of Pakistan EPA/Sindh EPA.

Similarly, Strict Preventive Maintenance schedule is in place to ensure exhaust emission values meet the legal requirements. Environmental monitoring by independent labs is carried out on regular intervals to ensure compliance of all critical parameters i.e. ambient air, vehicle/exhaust emissions, noise, lux and drinking water. A proper waste management system is in place as hazardous and non-hazardous waste is managed as per legal requirement though EPA approved vendors.



National Foods DMCC

FY 22 was a year of adaptation and staying resilient in the face of this new normal whilst navigating through a tough global macro-economic environment. Whilst COVID-19 continued to pose as a great disruptor in many instances across the value chain particularly on the supply chain front, in many instances it continued to act as a great accelerant opening new opportunities, channels of business and driving digital transformation.

Our primary focuses this year were geared towards supply consistency, expanding our footprint, adapting to the changing consumer & retail dynamics, staying flexible and being aggressive with a greater responsiveness to strategic opportunities that presented themselves. This formed the core ethos of many key strategic decisions and initiatives that were undertaken this year.

Driving Supply Chain Efficiencies

Whilst COVID did keep supply chain under pressure particularly in the wake of global shipping challenges, it was instrumental to stay cognizant of the dynamic landscape to ensure gaps are highlighted early and quick corrective actions are taken to bring efficiencies into the system.

Improving the Distribution Footprint

Whilst FY 22 saw some disturbance in two of our large export markets of Saudi Arabia and Afghanistan, a key cornerstone was to continue strengthening and expanding our distribution footprint across key strategic markets to increase our reach and capitalize on demand and supply gaps that supply chains across the world grappled to fulfill.

We challenged ourselves to build reach by ramping up coverages across our focus markets and opening new markets altogether. In instances, we restructured ourselves by adding additional distributors to serve existing markets quicker and set the building blocks through key appointments in core markets to enter new retail streams and channels of business going forward.

New Categories, Portfolio Extensions & New Introductions

Key strategic rollouts on the Recipe Mixes portfolio in the UK were completed to drive penetration of the brand and facilitate trial by lowering the out-of-pocket expense for the consumer whilst we extended our core Sauces portfolio to the GCC region to cater to the general market gap and ensure consistency in our portfolio offerings between regions.

In parallel, as we look towards the future and target a newer, highly globalized TG in our export markets, two key categories were developed and launched to broaden our consumer base with new and relevant product propositions and open new channels of business.

Extensive working was also done in close coordination with our subsidiary, A1 Cash & Carry, to develop and rollout a new portfolio geared towards segments we currently were not operating in.

Brand Building & Consumer Conversion

The globalization of food and migration of people are introducing new food traditions to the world where consumers are increasingly in a state of taste

exploration & cultural curiosity - seeking flavors from across the world and pushing boundaries through food fusion. Building on this insight, last year, we launched National Ka Pakistan Made Easy (NKPME), our first multi layered digital platform built on food, culture & experience using Chefs from multiple ethnicities along with bloggers across North America to create delicious fusion meals with an eastern twist.

Building on that success, this year we dreamt bigger and made NKPME our most expansive digital execution yet by extending it across borders and ethnicities, taking consumers on a journey to 4 different regions - USA, Canada, UK and UAE with 5 Master Chefs and multiple influencers in each market. This platform was built to engage with our younger audiences and bring people together through dialogue around our shared love for food.

Customized plans leveraging our JBP with Google, cost-effective sampling units that helped us achieve trial at scale and participation in festivals across key inflection points were carried out by market to drive both the core portfolio and strategic new product rollouts that started from last year to drive & own subsegments within the larger categories we operate in.



E-commerce Expansion

Last year saw us building on one of the key trends that gained disproportionate momentum fueled by the Pandemic, by launching our International E-commerce channel and setting up digital storefronts across multiple platforms in North America.

This year, we built on that ecosystem by shifting our efforts to the Middle East with our product range being made available on Noon in KSA alongside Amazon & Talabat Mart in the UAE to further strengthen our presence and accessibility.

Exhibitions

Being proud patrons of Pakistan's heritage and culture, National had the pleasure of being a sponsor of the Pakistan Pavilion at Dubai Expo2020.

This year too, we participated in Gulfood 2022; where we were finally able to reconnect with our

respective business partners in-person. We constructed our first-ever double decker stall in this exhibition to showcase our portfolio, discuss opportunities with our business partners and meet new potential customers from different parts of the world.

As a first, National also participated in the International Food & Drinks Event (IFE) in the UK & Fancy Foods in the USA, where we showcased our portfolio to key customers that would help expand our reach as we look to the future through our new category introductions.

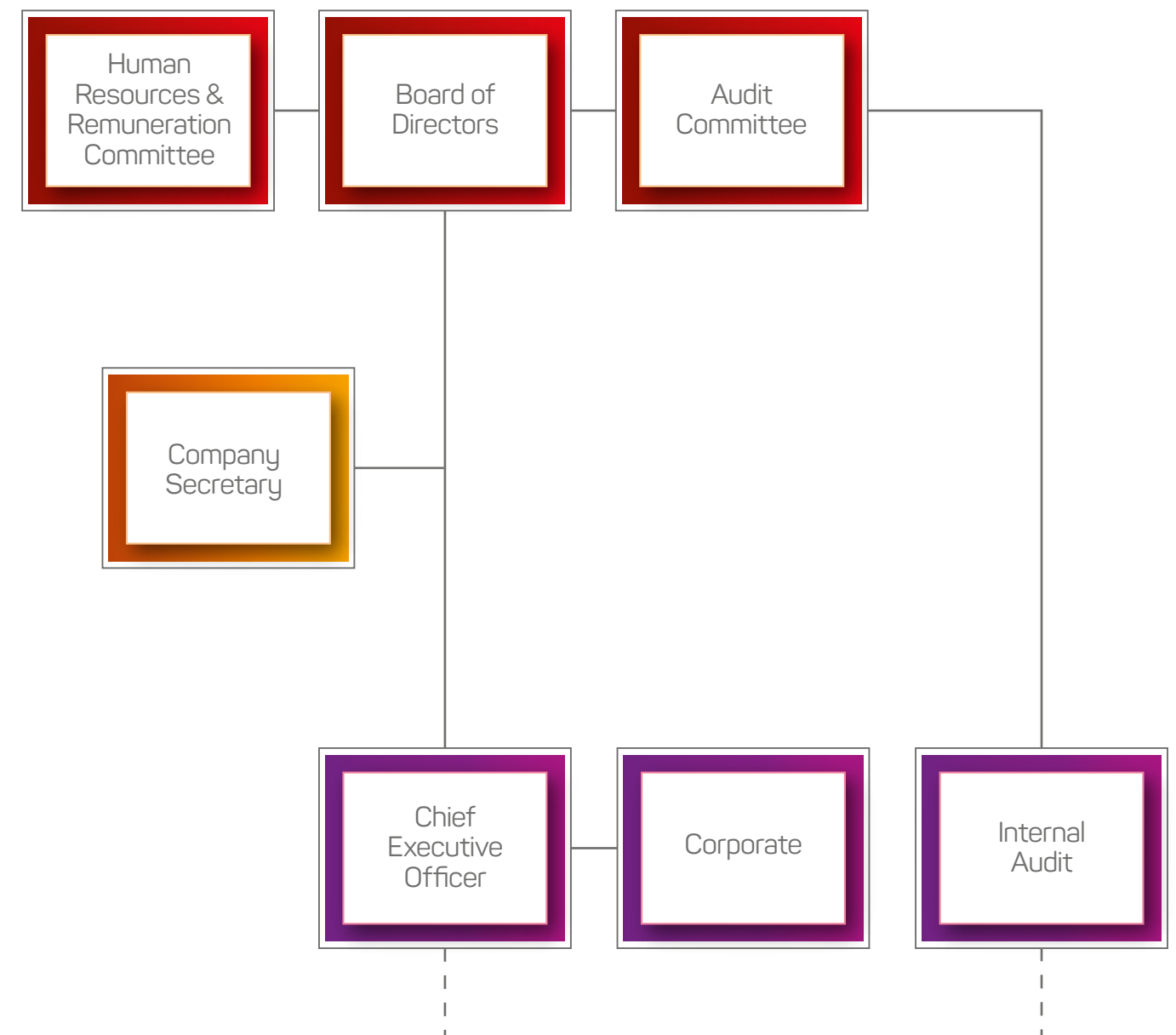


We Enrich Our Peoples' Skills and Abilities.

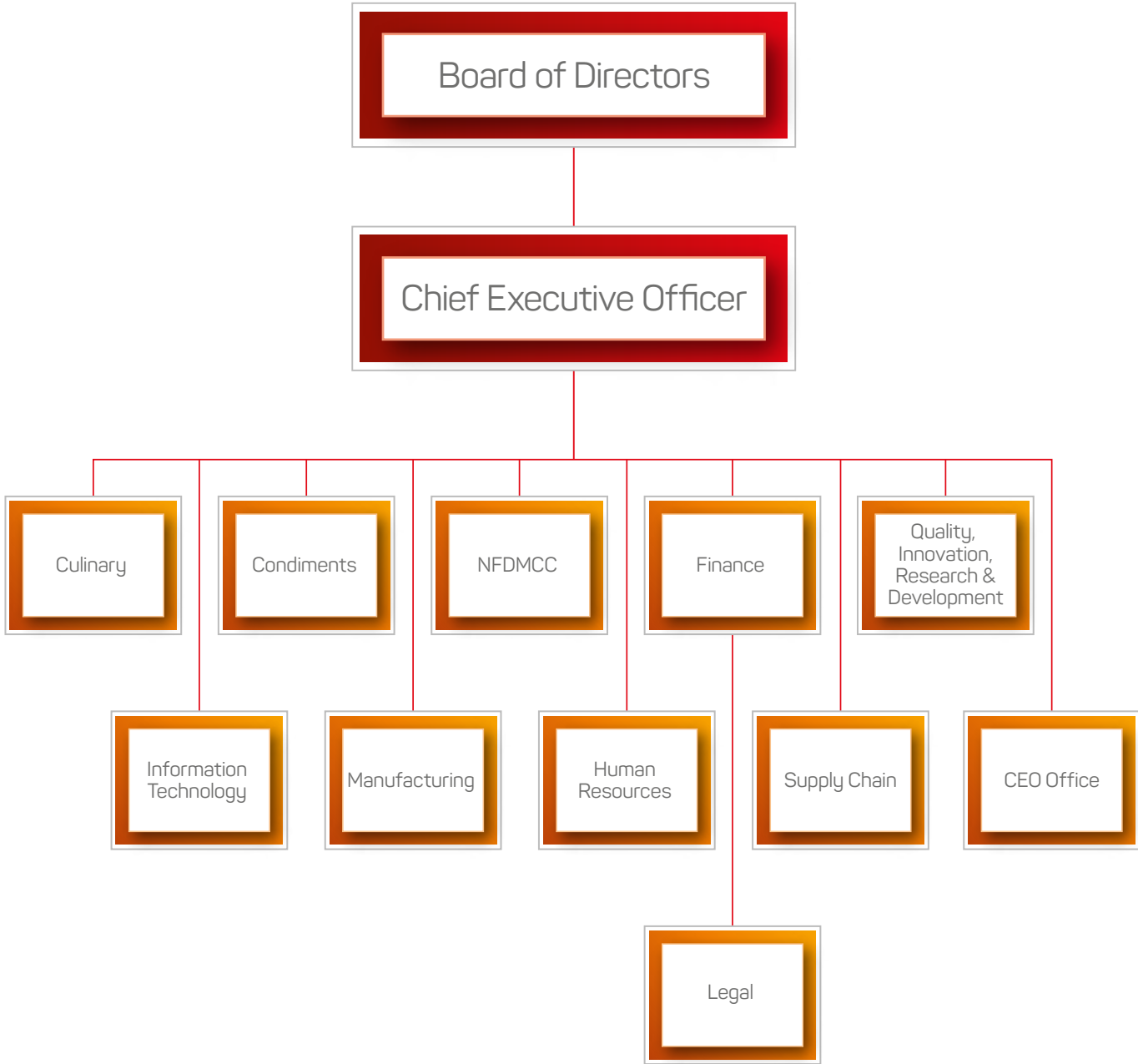
Stakeholders Information



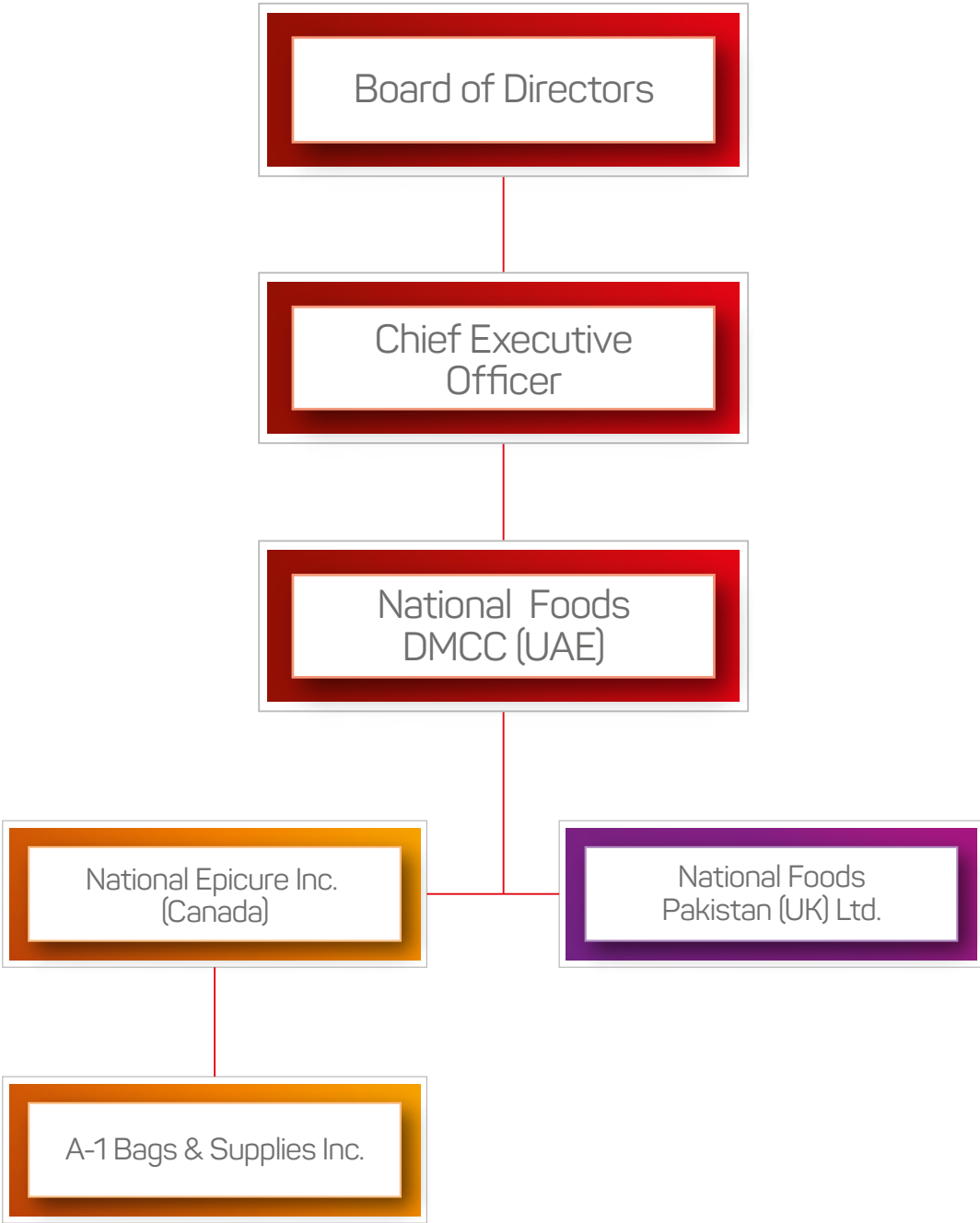
Corporate Organizational Chart



NFL Organizational Chart



NFL Subsidiaries Organizational Chart



Company Information

Board of Directors

Mr. Zahid Majeed	Chairman
Mr. Abrar Hasan	Chief Executive Officer
Mr. Ehsan Ali Malik	Director
Mr. Ali H. Shirazi	Director
Mr. Adam Fahy Majeed	Director
Mrs. Saadia Naveed	Director
Mrs. Noreen Hasan	Director

Audit Committee

Mr. Ehsan Ali Malik	Chairman
Mrs. Saadia Naveed	Member
Mrs. Noreen Hasan	Member

Human Resource and Remuneration Committee

Mr. Ali H. Shirazi	Chairman
Mrs. Noreen Hasan	Member
Mr. Ehsan Ali Malik	Member

Director Corporate Finance / Chief Financial Officer

Mr. Syed Farhan Ali Rizvi

Company Secretary

Mr. Fazal ur Rehman Hajano

Head Of Internal Audit and Secretary Audit Committee

Ms. Quratulain Mamsa

Internal Auditors

EY Ford Rhodes

Company Management

Mr. Abrar Hasan	Chief Executive Officer
Mr. Aejaaz Abbas Basrai	Chief Commercial Officer – Culinary
Mr. Ahmed Salman	Director Supply Chain
Dr. Fayyaz Ashraf	Director Quality, Research and Development
Mr. Hasan Sarwat	Chief Commercial Officer – Condiments
Mr. Saleem Khilji	Director Manufacturing
Mr. Shahid Saeed	Director Information Technology
Mr. Syed Farhan Ali Rizvi	Director Corporate Finance

Auditors

Messrs. KPMG Taseer Hadi & Co. Chartered Accountants	Shaikh Sultan Trust Building No. 2 Beaumont Road, Karachi.
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Share Registration Office

CDC Share Registrar Services Limited	CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400. Tel: (92-21) 111-111-500 Fax: (92-21) 34326031
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Company Banks

Bank Al Habib Limited	Meezan Bank Limited	Al Meezan Investments
Bank Alfalah Limited (Islamic Banking Group)	United Bank Limited	Faysal Bank Limited
National Bank of Pakistan	Habib Bank AG Zurich	Allied Bank Limited
Habib Bank Limited	MCB Dubai	Habib Bank Limited (UK)
Habib Metropolitan Bank Limited	Toronto Dominion Canada Trust Bank	
MCB Bank Limited	Bank of Montreal	
	Business Development Bank of Canada	

Registered Office

12/CL-6 Claremont Road, Civil Lines, Karachi-75530
Phone: (92-21) 38402022 & 36490029
Fax: (92-21) 35670996

SITE Plant

F-160/C, F-133, S.I.T.E., Karachi.
Phone: 021-3257-7707 – 10, Fax: 021-3257-2217
E-mail: info@nfoods.com

Port Qasim Plant

A-13, North Western Industrial Zone, Bin Qasim, Karachi.
Phone: 021-3475-0373 – 7

Gujranwala Plant

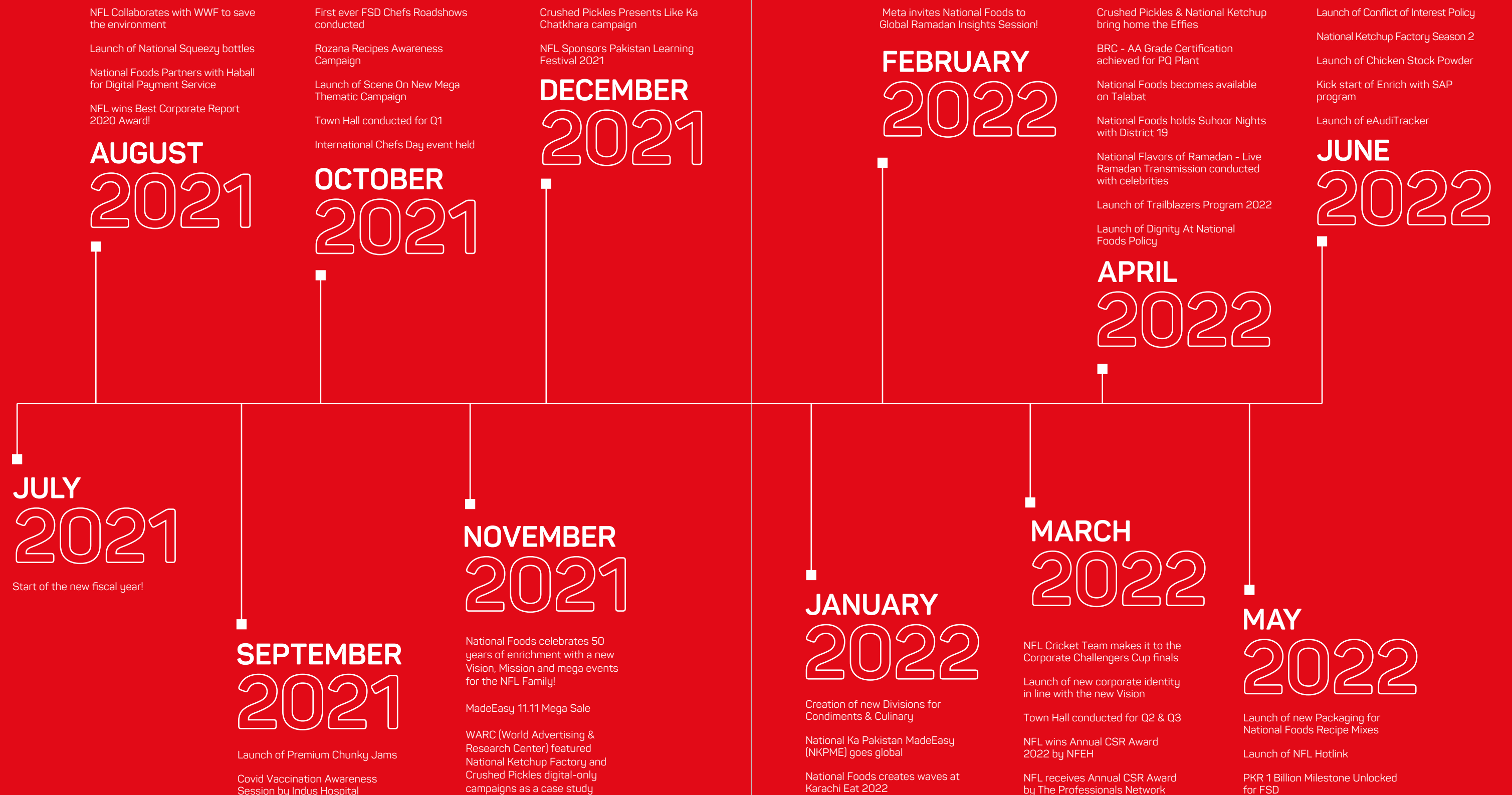
53-KM G.T. Road, Chainwala Mord Amanabad,
Gujranwala near Gujranwala Kamoki Tool Plaza.
Phone: 055-3409560, 3409660

Nooriabad Plant

A 393 Nooriabad Industrial Estate,
Nooriabad, Karachi.
Phone: 03000335287

Web Presence: Updated company information and the latest
Annual Report can be accessed at: www.nfoods.com

Calendar of Events





CEO Message

Dear Shareholders,

This past year has been filled with growth and achievement for National Foods Limited. Worldwide, many businesses and institutions had no choice but to change the way they operated. However, compared to other local and international organizations, we have steadily gained momentum after facing two years of uncertain challenges brought on from the unexpected COVID-19 pandemic.

Recent developments across the world have led to rising prices of oil, gas, and transportation. Many countries are going through recession or are facing the imminent risk of economic collapse. National Foods is prepared to withstand such challenges due to our strength as an organization guided by the company's vision, its core values, and our partnerships. Essentially the heart of the company are the people who lead and strive to create possibilities every step of the way. This is what gives National Foods the confidence in our ability as a company to steer the ship through turbulent waters.

50 Years of National & International Success

The vision of National Foods is to create food that enriches the lives of people everywhere. Our promise to our local and international customers is and will always be delivering food made from only the finest ingredients. This is to ensure a healthier lifestyle by consuming pure food which enriches consumer taste palettes, evoking a sense of contentment.

In the last decade, the company has shifted its focus towards international markets venturing into more than 40 countries across traditional and ecommerce channels where our products are

appreciated and consumed by millions – thus making our vision come to life with a new variety of flavors, re-uniting Pakistanis and introducing international consumers to great tasting Pakistani foods.

This fiscal year, we commemorated our 50 years in business with the new Vision & Mission rollout, celebrating our success and achievements over the past five decades. The jubilation comprised of 7 events in 5 days and was shared with employees and audiences at every location as the feeling of pride and warmth swept over those who took part.

This milestone was an excellent opportunity for National Foods to not just share the happiness with our employees but to also cascade the new brand story of the company. I am pleased to update you regarding the new website which has been rolled out for the company. The corporate website has been revamped, further highlighting our vision and our aim to continuously penetrate the global market.

To deploy our renewed direction with focus and agility, we have also organized National Foods into two independent business divisions. Effective 1st January 2022, the 2 Divisions initially formed are:

- Culinary – constituting Recipe Mixes, Spices, Ingredients, and Salt.
- Condiments – constituting Ketchups, Mayonnaise, Pickles, Deserts, Jams, Jellies, and Food Services.

These 2 Divisions have been formed with dedicated Sales, Marketing, HR, Customer Service and Finance Teams. Regardless of this separation, both divisions will remain as one business unit part of National Foods Limited.

Enrich with SAP

Another major milestone for the year was the launch of ‘Enrich with SAP’ Program. A transformational program helping NFL move to the latest ERP, SAP S/4HANA Enterprise Suite will make the company more agile in business operations.

SAP S/4 HANA Program will be a catalyst for National Foods by streamlining processes using

global best practices as well as improving controls and visibility. ‘Enrich with SAP’ is a 2-year implementation program which shall expand our SAP landscape to reduce time gathering information and focus more on growing the business using data in a meaningful way.

Performance for the Outgoing Year

Key financial numbers of the group for the fiscal year are summarized below:

	Group			Core Business			A1 Bags & Suppliers Inc.		
	FY22	FY21	Change	FY22	FY21	Change	FY22	FY21	Change
Net sales	45,526	34,588	32%	27,141	23,417	16%	18,386	11,171	65%
Gross profit	12,979	9,752	33%	9,267	7,354	29%	3,714	2,398	55%
Operating profit	3,717	2,942	26%	2,433	2,042	19%	1,289	900	43%
Net profit after tax	2,424	1,759	38%	2,216	1,573	41%	748	554	35%
Earnings per share (Rupees)	10.4	7.5	-	9.5	6.7	-	-	-	-
Gross profit	28.5%	28.2%	0.3%	34.1%	31.4%	2.7%	20.2%	21.5%	-1.3%
Operating profit	8.2%	8.5%	-0.3%	9.0%	8.7%	0.2%	7.0%	8.1%	-1.0%
Profit after tax	5.3%	5.1%	0.2%	8.2%	6.7%	1.4%	4.1%	5.0%	-0.9%

* This includes amortization of Rs. 15 million (2021: RS. 13 million) on intangible recognized on consolidation of A1 Bags & Suppliers Inc.

* Group PAT includes A1 at 60% and excludes intercompany dividend of 186M (2021: 140M)

New Channels of Growth

New Product Channels

The company has deployed new organization structure to realize the ecommerce potential which is growing at 5% CAGR in Pakistan. This

new channel has crossed Rs. 164 million in this fiscal year.

MadeEasy, our own Direct-to-Consumer channel, sells products and promotional bundles along with providing easy-to-follow recipes. This allows our consumers to directly interact with us and build a

relationship. To further capture and grow the online market, National Foods sells products to major ecommerce platforms in Pakistan. This ensures that we are always accessible and available for our consumers online, including both B2B and B2C platforms.

National Foods has also formed a partnership with Talabat, a food ordering company in the gulf region. This will further improve the availability of our products to our valued consumers in line with our ecommerce strategy.

The NFL Hotlink (111-111-NFL) which has been established this year has made it possible for the customers, home chefs as well as professionals to get in touch with our experts. Customers calling on the hotlink, locally or internationally will receive immediate assistance for their queries and provide valuable feedback and suggestions, enhancing customer satisfaction.

In 2018, we initiated the Food Services Division (FSD) with the goal of penetrating this segment and providing quality products to chefs and caterers. In March 2022, we surpassed the PKR 1 billion FSD milestone. The industry was challenged due to COVID-19 pandemic however as the situation improved, the team picked up pace to realize its goals and achieved 4x growth in 4 years. Furthermore, keeping in line with our 5-year FSD strategy and backed by our tradition to introduce best quality products, we launched National Chicken Stock Powder; a superior product to elevate the taste, aroma and flavor of every dish. Specialized products like these help us in advancing in the HoReCa market.

The Condiments division has released two innovative products, National Chunky Jams which is a new premium variant consisting of an improved texture with added fruit content. National Squeezy bottles have also been produced for seamless use by consumers.

New products have also been developed to cater to the international markets. This includes interesting fusion grill seasonings for steaks, vegetables, chicken, and burgers for our export markets. The seasonings give a delicious kick to various food items.

Business Expansion

A1 Cash and Carry has opened another outlet in Kitchener, Ontario. This outlet caters to both other businesses as well as direct consumers for their kitchen related needs. Through the A1 Cash & Carry distribution system, National Foods Limited is also venturing into Food Services Division on an international level by offering customized products for the HoReCa channel.

Brand Enhancement

National Foods Limited being Pakistan’s No. 1 Recipe Mix brand (Foresight Household Panel ’22) has launched redesigned packaging of its Recipe Mixes category this year. The revamped design of recipe mixes range revolves around the concept of diverse and vibrant colors which depict the rich culture, tradition, and national pride. The launch has been supplemented by a holistic marketing campaign consisting of online, print and out-of-home mediums.

National Ka Pakistan Made Easy (NKPME) went global collaborating with a diverse range of international Chefs to create food fusions with National products. This created a platform, for chefs to gather and experiment with food across borders.

Flavors of Ramadan, a live program showcased on digital platforms was conducted to augment seasonal activities. It consisted of renowned chefs and celebrities connecting with the audience and preparing flavorful food dishes.

As proud patrons of Pakistan’s heritage and culture, National Foods had the pleasure of being a sponsor of the Pakistan Pavilion at Dubai Expo2020. We also participated in Gulfood 2022; where we were

able to reconnect with our respective business partners in-person. The NFL double decker stall stood out in the exhibition showcasing our diverse portfolio and helping us meet potential customers from different parts of the world.

Awards & Accolades

In the last year, our hard work, resilience, and resolve resulted in a number of awards and accolades that gained us recognition for our commitment to quality and excellence.

National Foods won the Effie's Award for two of its brand campaigns, Bronze Effie for National Ketchup Factory in the category of Branded Content and Silver for National Crushed Pickles in the category of Marketing Innovation Solutions.

Furthermore, we received another BRC - AA Grade Certification for our Port Qasim plant, the highest awarded grade against the BRC audit. This certification is internationally recognized and benchmarked against Global Food Safety International (GFSI), reducing time, cost, and providing protection to our brand and customers. The company is committed to excellence in all its endeavors.

Environmental Stewardship, Social Responsibility and Corporate Governance (ESG)

National Foods being a socially responsible organization has taken various initiatives towards environmental sustainability. Due to climate change and the ever-increasing attention towards global warming, the company has collaborated with the World Wildlife Fund (WWF) by planting thousands of mangrove saplings. This is critical for not only the conservation of marine life but the livelihood of dependent locals who live along Pakistan's coastal areas.

We are committed to protecting and empowering employees, customers and stakeholders associated with the company's value chain. The

Dignity at Work/NFL policy has been implemented along with a Non-Compliance Reporting System. This system provides a dedicated communication channel to report concerns. Complete confidentiality is ensured which creates space for a professional and transparent code of conduct. This newly established system holds as a reminder that all employee concerns and their wellbeing is a priority at National Foods.

Future Outlook

Building on our growth and performance inertia from past year we are focused on actively responding to changing consumer behaviors, capitalizing on new opportunities, and continuing to sustainably grow our purpose driven organization.

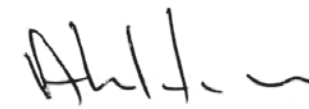
The geo-political situation and post-pandemic recovery has created economic and inflationary pressures worldwide. Amidst all these challenges, the company has shown growth and has plans to further expand the business. NFL has invested in a state-of-the-art facility located in Faisalabad. This investment builds capacity for the future and paves the road towards achieving operational excellence. This factory will provide job opportunities to locals and professionals around the country.

National Foods realizes the importance of curbing imports and promoting exports. The company has increased its efforts in boosting exports by taking initiatives to expand company's global footprint by making our products available for a diverse range of consumers. Globally, we aim to be a brand that customers can confidently place their trust in.

Much of the population has been vaccinated against the COVID-19 virus hence most businesses have resumed operating at their full capacity. During the pandemic, many companies including National Foods have realized the high potential of the digital market. As a result, we are now also conducting business online by investing

in developing robust digital platforms where customers can buy our products, share their feedback, and interact with our professionals at the click of a button.

With this spirit, we pledge to keep scaling new heights and exceeding our consumers' expectations for the future years to come through a renewed vision.



Abrar Hasan

Chief Executive Officer

We Enrich Our Strategies for Growth & Success

Corporate Governance





Directors' Profile



MR. ZAHID MAJEED
Chairman

Mr. Zahid Majeed joined National Foods Limited in 1987 and pioneered its transformation from a small food enterprise into a leading food brand in Pakistan.

Since then he has served in various capacities at NFL from heading the Corporate Marketing function to most recently establishing the International Business subsidiary, National Foods DMCC. He also introduced the concept of sustainability by establishing a Corporate Social Responsibility (CSR) platform here at NFL. Mr. Zahid Majeed played a significant role in initiating a Public-Private Partnership with UNICEF to launch the first Iodized Salt in the mid 1990's under the CSR umbrella along with various other education, health and nutrition initiatives with focused efforts to address women empowerment.

Mr. Zahid Majeed also heads the Textile, Energy, Environment Business and Investment Divisions with in the Associated Technology Consultants Private Limited (ATC). Mr. Zahid Majeed studied Philosophy, Politics and Economics at Magdalen College, Oxford University and later acquired a Masters Degree in Textile Technology at University of New South Wales, Australia. Recently, Mr. Zahid Majeed also qualified for the Certificate in Company Direction from the Institute of Directors (IOD), London, an International Certification that proves his commitment to the highest standards of Corporate Governance.





MR. ABRAR HASAN

Chief Executive Officer

Abrar Hasan is the Chief Executive Officer of National Foods Limited, the leading multi-category food company in Pakistan producing over 250 different products, marketed both in Pakistan and exported to 40 countries worldwide. Under his leadership, NFL has become a Rs. 50 billion conglomerate, with ISO: 9001, ISO: 22000, HACCP & BRC certifications along with numerous industry awards.

Mr. Hasan joined NFL as Plant Director in 1993 and held that position for 4 years. He was elected Deputy Managing Director in 1997 and then as Chief Executive shortly thereafter. In 1996, he led the development of a comprehensive Human Resource Management System which was the first of its kind for any national company in the country. He also led the development of an international marketing infrastructure starting in 1999.

As the Chief Executive, Mr. Hasan is providing direction and leadership to the Company by setting a clear vision for future growth, which aims to create food that enriches the lives of people every where; not just geographically but through multiple customer touchpoints. The Company is set to deliver its long-term goals by focusing on top brands, growing customer base and aggressive international expansion.

Mr. Hasan has actively pursued new market opportunities and delivered successful strategies to drive NFL's vision, focusing on continuous innovation, highest standards of quality and superior consumer value. He has steered the company to deliver steady sales growth year on year, clearly evident from the dramatic expansion in sales, from only Rs. 200 million in 1993 to Rs. 50 billion today; an enviable growth rate, ranging from 20% to 30% each year; despite tough economic conditions. This is a result of foresightedness into providing dedicated focus to each category and a customer-centric approach.

Recognizing the vital role of Information Technology in business development, Mr. Hasan brought about an IT revolution in the Company. In February 2003, NFL became the first local food company to put in an ERP system (Scala) which was subsequently upgraded to SAP ERP system, in a record 6 months deployment. Currently, National Foods is in the process of incorporating SAP S/4HANA which is the latest ERP by SAP and enables to take quicker and more accurate business decisions.

Through the platform of the Pakistan Advertisers Society (PAS), Mr. Hasan was part of the team which launched TAM Peoplesmeter in Pakistan in September 2007 and the MEMRB Consumer 14 insight Survey, in August 2008, both first of their kind tools in Pakistan. He has also pushed for regulating advertisement ethics via PAS. As past Chairperson, Anti-counterfeit and Infringement Forum (ACIF), Mr. Hasan strongly supports creating awareness about counterfeit and IP infringement among consumers and other stakeholders.

Mr. Hasan is a staunch supporter of Corporate Social Responsibility; an Adult Literacy Program for women was started at NFL as early as the year 2000. In 2007, he spearheaded the development of a Sustainability Strategy, which is guiding all business functions across the board till today and focuses on Responsible Business Practices and Triple Bottom Line.

As a visionary and marketing leader, Mr. Hasan has addressed audiences of a diverse section of marketing organizations, conferences, seminars, educational institutions, and various publications. He has appeared on several business TV talk shows discussing the business environment and economy in general. He has been the recipient of numerous accolades, including Marketing Excellence Award 2008 from the Marketing Association of Pakistan (MAP).

Mr. Hasan has also played a leading role in the establishment and working of Pakistan's first Collateral Management company, Naymat Collateral Management Company, that will bring formal credit to the farmers through financial institutions. He currently is the Chairman of the Board.

His local and national activities include:

Board Memberships

- National Foods Limited (Public Listed)
- National Foods DMCC UAE (Private)
- National Epicure International, Canada (Private)
- A1 Cash and Carry, Canada (Private)
- ATC Holdings Ltd (Private)
- ATC Technology Consultants Ltd (Private)
- Associated Energy and Environment Solutions Ltd (Private)
- Cherat Cement Ltd (Public Listed)
- Friesland Campina Engro Pakistan Ltd (Public Listed)
- Chairman, Naymat Collateral Management Company (Private)
- Pakistan Business Council (Section 42)

Other Associations

- (Past) Chairperson, Anti Counterfeit and Infringement Forum
- (Past) President, Pakistan Advertisers Society
- (Past) Member, The Health Foundation
- Member, Management Association of Pakistan
- Member, Marketing Association of Pakistan, and
- Founder member, Editorial Advisory Board, Triple Bottom Line magazine.

Mr. Hasan resides in Karachi, Pakistan, and is a graduate of the Krannert School of Management at the Purdue University in Indiana.



MRS. NOREEN HASAN

Non-Executive Director

Mrs. Noreen Hasan graduated in 1991 after completing her Bachelor's Degree with HONS in "Medieval and Modern World History" from the University of Birmingham, UK.

Mrs. Hasan being awarded with two First classes for her dissertation on "The Guatemalan Crisis of 1956 and Anglo American Relations", it was published by the University.

Mrs. Hasan's experience is well focused on CSR and philanthropic activities. Her present involvement includes activities for the "Children's Cancer Foundation Pakistan Trust". She has actively organized and raised funds on a continuous basis for the Trust which is now affiliated with the Indus Hospital to increase sustainability and awareness. On a smaller scale, Mrs. Hasan has also been involved in various other charity groups some of which include financially supporting the Education and Children's Health Organization (Echo) Foundations in Ghara and sponsoring underprivileged children for a school in Rashidabad.



MRS. SAADIA NAVEED

Non-Executive Director

Having an experience of almost two decades working at a senior executive position at English Biscuit Manufacturers Pvt. Ltd. (EBM), Saadia Naveed being the Director and Shareholder in the Company, is currently the Deputy Managing Director of EBM.

Mrs. Saadia Naveed, after her graduation, moved to the field of Chartered Accountancy and was associated with A.F Ferguson & Co. for over four years, conducting and supervising audits in various national and multinational organizations.

Saadia held the challenging position of Director Operations in the year 2002, prior to her appointment as Deputy Managing Director in 2008. Under her stewardship, EBM has witnessed remarkable achievements like exponential volume growth, enhancement of Production capabilities and Technical

Advancements such as Oracle based ERP system in 2003-04 enabling the team to adapt quickly and be more responsive to the current and future challenges leading to the successful implementation of SAP along with its business intelligence and other value-added models. Saadia is a true team leader who works closely with Departmental Heads to further improve organizational systems, processes and policies. It is her contribution and sound knowledge of finance that made EBM a self-sufficient and debt-free organisation.

Saadia also represents the Boards of Shield Corporation, Employers Federation of Pakistan (EFP), Education Fund for Sindh (EFS) and Management Association of Pakistan (MAP). She was the first ever female President of MAP from June 2013 till March 2015. As President of MAP, she contributed significantly to raise the profile of what is already one of the most acclaimed management organisations in the country. She focused on creating greater awareness of good management practices, and promoted the recognition of companies who actively engaged in them.

Saadia is a great example of a dynamic leader and an inspiration for Pakistani women aspiring to take leadership roles. In 2012, she received Marketing Excellence & Wonder Women of the Year awards for her contributions to business excellence in Pakistan. Soft-spoken, a true friend and deeply interested in uplifting the lives of those around her, she is a keen supporter of various philanthropic initiatives in addition to her professional role. She is also an active member of several professional organizations including Employers' Federation of Pakistan (EFP), Institute of Directors (IOD) London, National Academy of Performing Arts (NAPA), Korangi Association of Trade & Industry (KATI), Karachi Chamber of Commerce & Industry (KCCI), Arts Council of Pakistan and Executive Committee Member of Management Association of Pakistan (MAP) since 2006. Saadia was also the President of MAP, the first ever female President, from June 2013 to March 2015.



MR. EHSAN ALI MALIK

Independent Director

Ehsan Ali Malik is the Chief Executive Officer of Pakistan Business Council (PBC), a research-based business advocacy body representing the leading businesses in Pakistan, including 34 multinational companies from 14 countries.

PBC's objective is to lobby for the transformation of policies and operating environment to achieve sustainable growth, employment and exports. Prior to joining PBC in January 2016, Ehsan was the Chief Executive Officer of Unilever Pakistan for nine years, a period in which the business quadrupled in size. In a 24 years' career with Unilever, Ehsan served as CEO of Unilever Sri Lanka, led the consolidation of Unilever's regional businesses in Egypt, Lebanon, Jordan and Syria and spent several years in the head office in the UK. Before joining Unilever in 1991, Ehsan worked for a Pakistani conglomerate with interests in media, pharmaceuticals, hotels, tractor assembly and oil lubricants in partnership with Wyeth Laboratories, Intercontinental Hotel Corporation, Ford and Gulf Oil. Ehsan is Member of the Board of Directors of Abbott Laboratories Pakistan Limited, Gul Ahmed Textiles Limited and Standard Chartered Bank Pakistan Limited. A fellow of the Institute of Chartered Accountants of England and Wales, Ehsan is alumni of the Wharton and Harvard Business School.



MR. ALI H. SHIRAZI

Independent Director

Mr. Ali H. Shirazi graduated with a BA from Yale University, U.S.A. in 2000 and thereafter completed his Masters in Law from Bristol University, U.K. in 2005.

He has worked with the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He is Group Director Financial Services and President/Chief Executive of Atlas Battery Limited. He is on the Board of Atlas Asset Management Limited, Atlas Insurance Limited, National Management Foundation (sponsoring body of LUMS), National Foods Limited, Cherat Packaging Limited, Pakistan Cables Limited and Pakistan Society for Training and Development (President). Previously, he has also served on the Board of National Clearing Company of Pakistan Limited (NCCPL).

He is a 'Certified Director' from the Pakistan Institute of Corporate Governance and in 2018 completed the Owner/President Management Program (OPM) from Harvard Business School.





MR. ADAM FAHY MAJEED

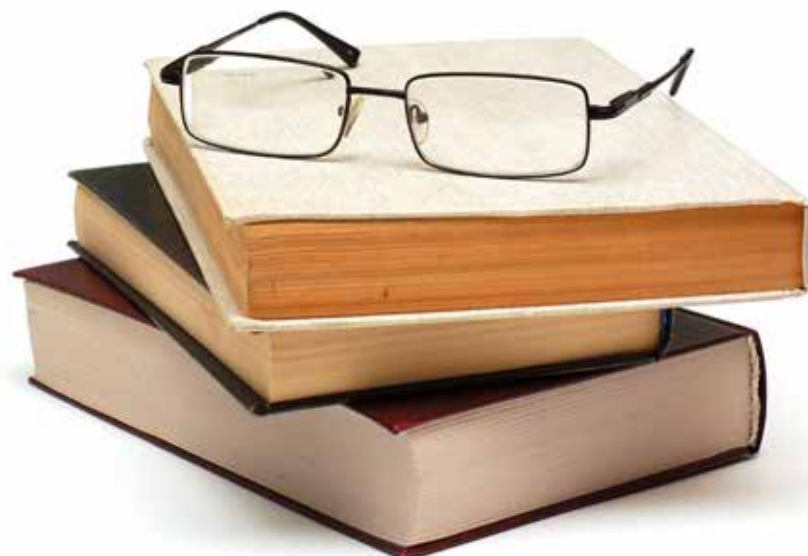
Non-Executive Director

Adam Fahy-Majeed received his Master's degree in Modern and Contemporary Art History, from the School of the Art Institute of Chicago in 2021.

Mr. Adam Fahy-Majeed graduated from the University of Leeds in 2019, receiving a first class Joint Honours BA in History of Art and Italian.

Adam has been involved in a wide variety of artistic projects relating to his field of academic expertise, including: the first Karachi Biennale in 2017 (curatorial team member); Amin Gulgee's 7 and 7.7 solo-exhibitions, Rome, 2018 (assistant curator); The Trojan Donkey, 2020 (curator); Healing II, Karachi, 2020 (curator); The Q Rickshaw Project, Karachi, 2022 (curator). He was the curator of Amin Gulgee's most recent solo-exhibition, The Spider Speaketh in Tongues, at the South Asia Institute, Chicago, 2022. His writing has been published in numerous catalogues, as well as in the form of feature-length articles for The Friday Times.

Adam is the Chief Growth Officer of ATC Holdings, a role which allows him to traverse all aspects of the group in the endeavour of maximising growth opportunities and expanding the business locally and internationally. This includes innovations, international expansion, new product development, and the pursual of new business ventures.



Board Committees

Audit Committee

The Committee assists the Board in the effective discharge of its responsibilities for corporate governance and financial reporting. The Audit Committee comprises of one Independent and two Non-Executive Directors. The Chairman of the audit committee is an Independent Director. The brief terms of reference of the audit committee are as follows:

- Review quarterly, half yearly and annual financial statements of the company prior to their approval by the Board of Directors;
- Review preliminary announcements of results prior to publication;
- Review and approve annual internal audit plan;
- Review the internal auditors' proposed audit scope and approach;
- At least once a year, meeting external auditors without Director Corporate Finance and Internal Auditors;
- At least once a year, meeting Internal Auditors without Director Corporate Finance and External Auditors;

- Recommend the appointment of external auditors to the Board of Directors and consider any questions of resignation or removal of external auditors, if any, audit fees and provision by external auditors of any service in addition to audit of financial statements;
- Review management letter issued by the external auditors and management response thereto;
- Determination of appropriate measures to safeguard the Company's assets;
- Review company's risk management approach including the identification of Corporate Risks and related mitigation/response plans and compliance reports; and
- Ensure the board is aware of matters that may significantly impact on the financial condition or affairs of the business.
- Consideration of any other issue or matter as may be assigned to the Committee by the Board of Directors;

Name of Director	Status in Audit Committee	Status as a Director
Mr. Ehsan Ali Malik	Chairman	Independent Director (Non-Executive)
Mrs. Saadia Naveed	Member	Non-Executive Director
Mrs. Noreen Hasan	Member	Non-Executive Director

Human Resource and Remuneration Committee

The committee consists of two Independent and one Non-Executive Directors. The committee is responsible for dealing with matters relating to human resource policies including training, remuneration, performance evaluation and succession planning. The brief terms of reference of the Human Resource and Remuneration Committee are as follows:

- Recommending Human Resources Management policies to the board;
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer;
- Sending the selection, evaluation and compensation (including retirement benefits) of Director Corporate Finance, Company Secretary and Head of Internal Audit to the Board for ratification of HRRC's review.

Name of Director	Status in HR&RC Committee	Status as a Director
Mr. Ali H. Shirazi	Chairman	Independent Director (Non-Executive)
Mr. Ehsan Ali Malik	Member	Independent Director (Non-Executive)
Mrs. Noreen Hasan	Member	Non-Executive Director



Corporate Governance

Our ability to deliver our vision and create long-term value and benefit for our shareholders and stakeholders emanates from our governance structure operated by the Board across the Company.

Exceeding Legal Requirements

The Company strives to operate transparently, consistently, and timely comply with all prevailing laws and regulations of Pakistan. We take pride in proactively complying with many additional legal requirements which were not mandatory.

In addition to all the mandatory requirements of the laws and regulations of Pakistan, some examples are given below:

- a. The Listed Companies (Code of Corporate Governance) Regulations, 2019 encourage all directors to obtain directors' training certifications. Six (06) directors of the Company have already acquired certifications. However, the newly appointed director's training is due within this financial year.
- b. The Company has defined standards and guidance to the best of its ability that act as security measures to protect employees, operations, property and information against the threat of attacks, intrusions, loss, injury, damage or abuse including unauthorized disclosure or access to information. Further as per OHSAS 18000, the Company committed to prevent injury, ill health and continual improvement in Occupational Health & Safety (OH&S) management and Occupational Health & Safety performance
- c. The Board of Directors of the Company comprises of two female Directors.

Reporting and investigating concerns

We encourage people to speak up if they have any concerns relating to illegal or unethical conduct or behavior that is inconsistent with our values. Anyone within the Company can raise concerns or speak to the Whistleblowing Officer confidentially. We take every reported concern seriously and review each one to understand whether a formal investigation is warranted. If our investigations show that an employee has breached our policies, we take appropriate disciplinary action. The Dignity at NFL portal also helps in anonymous reporting in case of a breach of code of conduct.

Inside Information Register

In compliance with the regulatory requirements, the Company ensures that it maintains Insider Information Register, which is updated on a regular basis.

Conflict of Interest Among Board Members

As per Code of Corporate Governance, every Director is required to bring to the attention of the Board complete details regarding any material transaction which has a conflict of interest for prior approval of the Board. The interested Directors neither participate in discussions nor vote on such matters. Further, complete details of all transactions with related parties are submitted to the Audit Committee which recommends them to the Board for approval in each quarter. These transactions are also fully disclosed in the annual financial statements of the company.

Our Directors are reminded of insider trading and avoid in the dealing of shares during the closed period. The Company's Board has been constituted in compliance with the provisions of the Companies Act, 2017. The members of the Board, including Non-Executive and Independent Directors exercise full independence and highlight and recuse themselves in case of any possible conflict of interest as is expected from their role. All observations / suggestions of Board members during their proceedings are accordingly recorded.

Safeguarding of records

The Company effectively ensures the safety of its records which are retained as required to meet legal, administrative, operational and other requirements of the Company.

Whistle Blowing Policy

The Company is committed to conducting the business with honesty and integrity. All members of staff are expected to maintain high standards in accordance with applicable laws, regulations and the Company Code of Conduct and are encouraged to promptly raise concerns of possible misconduct, potential conflicts, or known breaches with the Company's Code of Conduct, and other company policies and procedures. In such instances, employees are encouraged to report any nonconformity through their respective HRBPs or Line Managers. In some cases, the transgression is also reported directly to the Whistleblowing Officer or Chairman Audit Committee. Action is then taken by the Company accordingly.

Protection for Whistleblower

The Company does not tolerate retaliation against whistle blowers in any way and concerns can be reported without fear of detrimental treatment. If the whistle blower raises concerns in good faith, he or she will not be subject to any detrimental treatment including dismissal, disciplinary action, threats or other unfavorable treatment.

The Company treats all questions and issues confidentially, where possible, while investigating fairly, cooperating with governments, and complying with legal obligations.

Corporate Briefing Session

NFL's Investor briefing was held on 15 October 2021, Friday on MS Teams/video conferencing.

Investors attending the event displayed great interest in the affairs of the Company. The presentation was followed by a Q&A session which was well addressed to the satisfaction of the audience.

The presentation from the Corporate Briefing Session can be viewed on the Company's website under "Investors" section.

Redressal of Investors' Complaints

The Company aims to provide its shareholders, potential shareholders and other stakeholders with all relevant financial and similar information as effectively and as timely as possible, in order to provide more insight into the Company and the sector. Further, the Company is committed to ensure that grievances notified by the shareholders are handled and resolved efficiently at an appropriate level.

Any complaints/reservations received from the investors are considered, discussed, resolved and communicated in due course by appropriate level of authority in the Company.

Shareholders can submit a complaint through email i.e. (corporate.secretary@nfoods.com) which is also available on the Company's website in line with directives of SECP. The grievances can also be notified through phone call or post to the Company.

The Company adheres to the practice of responding to shareholders' complaints within prescribed time from the receipt thereof. A letter/email in this regard

is sent to the shareholders with intimation to the Shares Registrar/SECP/Stock Exchange duly signed by the Company Secretary.

Investors' Section on Website

In order to provide ease of access to our shareholders and stakeholders, the Company's latest information for investors is available on our website, under the "Investor Relations" (<http://nfoods.com/>). This page is updated regularly in order to provide transparent, adequate and up to date information.

CEO Performance Review

The CEO provides an overview of the Company's performance to the Board and addresses any specific questions of the Board members. The performance of the CEO is assessed through the evaluation system set by National Foods Limited. The principle factors of evaluation include financial performance, business processes, compliance, business excellence and people management.

Role of Chairman

The Chairman provides leadership and governance to the Board. The Chairman has the responsibility to monitor and ensure the effective functioning of the Board. The Chairman ensures that the Board as a whole plays a full and constructive part in the development and determination of the organization's strategies and policies. Furthermore, the Chairman also ensures that the organization's strategies are being fully implemented effectively. The Chairman conducts the Board meetings and ensures that all Directors fully participate in the decision-making procedure of the Board.

Role of Chief Executive Officer

The CEO leads the management in the day-to-day running of the organization's business in accordance with the business plans and within the budgets approved by the Board. The CEO is also responsible for oversight of the directions of the Board, in accordance with the Companies Act. It is the responsibility of the CEO to ensure that the organization's resources are allocated efficiently.



Management Commitee



From Bottom Left:

Mr. Saleem Rafi Khilji
Director Manufacturing

Mr. Abrar Hasan
Chief Executive Officer

Mr. Syed Farhan Ali Rizvi
Director Corporate Finance

From top left:

Mr. Hasan Sarwat
Chief Commercial Officer –
Condiments

Dr. Fayyaz Ashraf
Director Quality,
Research & Development

Mr. Aejaaz Abbas Basrai
Chief Commercial Officer – Culinary

Mr. Ahmed Salman
Director Supply Chain

Mr. Shahid Saeed
Director Information
Technology

We Enrich People, the Environment & You

Environment, Social Responsibility
& Governance (ESG)



Environment, Social Responsibility & Governance (ESG)



4

Quality
Education

As part of commitment to community, NFL endeavors to increase focus on education. We believe that the key to a better Pakistan is a literate Pakistan.

Bawaqar Scholarship

As part of commitment to community, NFL endeavors to increase focus on education.

We believe that preparing students for the world is pertinent in improving their chances of making a mark for themselves. With this in mind, as part of our golden jubilee celebrations, the Company awarded 20 scholarships to the employees' school-going children. The scholarship covers tuition fees and the cost of books for a year. Half of the children receiving the scholarship are girls.

The policy is applicable for one school-going child of the selected individual via e-balloting. Eligibility covers one child per employee that is currently enrolled in a school (from class 1 to class 10).

This is just one of the initiatives to create a literate and empowered Pakistan.

Children's Learning Festival

In our effort to increase literacy in the country, National Foods partnered with CLF to spread the message of education and inculcate reading habits amongst the youth of Pakistan. It was a three-day event held to celebrate the 73rd anniversary of Pakistan.





National Foods is committed to empowering women and ensuring their equal participation in the economy. The company is committed to raising the bar industry-wide for better equality practices.

Behbud Welfare Organization

National Foods has been supporting Behbud (which means "Advancement") a non profit organization in Karachi for a number of years. Behbud's main focus is on community development by providing quality education, subsidized healthcare programs, and specialized vocational training and income generation programs in marginalized communities. Behbud is managed entirely by female volunteer staff.

In March 2022, National Foods partly sponsored the Behbud Spring Fiesta, a popular bazaar held annually where artisans and vendors promote and sell their wares. Proceeds from the event help finance their community development programs.



Partnership with Ubuntu Care for NFL Daycare

The company joined hands with Ubuntu Care, experts in daycare services centered on the Finnish Model of Early Childhood Development (ECD). In late 2019, the company joined hands with Ubuntu Care - experts in daycare services centered on the Finnish Model of Early Childhood Development (ECD), to re-model and manage the in-house NFL daycare. Ubuntu and NFL worked together to design a space that is not only developmentally appropriate for children, but also keeps safety in high consideration. Unfortunately, the new NFL daycare remained non-operational for 18 months due to the emergence of COVID-19 pandemic, however, it resumed its operations in the new space with a new management in September 2021 along with new SOPs related to the spread of COVID.

The space encourages learning through play and has ample learning materials that encourage multiple areas of intelligence, such as reading, cognition, music, art, and has equipment for developing fine and gross motor skills. The daycare provides an opportunity to those children born during the pandemic to learn and practice social skills with their teachers, caregivers, and peers while balancing the need for independence.





6

Clean Water & Sanitation

Pakistan has changed from being a water abundant to a water scarce country. NFL, being truly National, is working to address this concern by working on drinking water and treatment of waste water.

Mineral Water Facility at SITE Plant

In November 2011, National Foods set up a mineral water plant to facilitate drinking water needs of all of its facilities in Karachi. The plant has the production capacity of 3000 gallons per day and has been providing clean drinking water to its staff for household use. The quality of the mineral water is benchmarked against the top bottled manufacturers in the country.

In 2015 the decision was made to provide mineral water free of cost to all its non-management staff relieving them of the challenge of acquiring clean drinking water for themselves and their families.

Over the last few decades, Pakistan has drastically changed from being a water-abundant to a water stressed country, with majority population facing severe water scarcity. Citizens face problems of erratic supply of water which is frequently not fit for consumption.

This year, the mineral water plant at SITE has refined 235,000 gallons of water. This program is our small contribution towards helping families gain access to safe and affordable drinking water.



Effluent Treatment Plant

National Foods Limited considers it as its sacred duty to cater for growing needs associated with sustainability and environmental protection. Every now and then, NFL comes up with ways and means to augment the government efforts to build a better environment for future generations.

This year, Rs. 220 Million worth Effluent Treatment Plant (ETP) based on Membrane Bioreactor (MBR) advance technology has been made fully operational at Port Qasim plant making it

EPA/Sindh EPA compliant. The treatment plant aims to improve water quality by reducing pollution, thereby eliminating release of untreated wastewater.

Similarly, a Strict Preventive Maintenance schedule is in place to ensure exhaust emission values meet the legal requirements. Environmental monitoring by independent labs is carried out on regular intervals to ensure compliance of all critical parameters i.e. ambient air, vehicle/exhaust emissions, noise, lux and drinking water.





13

Climate Action

As part of NFL's Eco-Friendly Campaign, the initiative involves reducing up to 25% paper usage in packaging of Recipe Mixes.

Plantation Drive with World Wildlife Fund (WWF)

With ever-increasing focus on Global Warming and Climate Change, we all need to do our part in making this planet greener for generations to come. As part of NFL's Eco-Friendly Campaign, the initiative involves reducing up to 25% paper usage in packaging of Recipe Mixes.

This initiative will in turn result in reduced tree felling of hundreds of trees. This is a big milestone towards Responsible Business Practices. To further augment the campaign, National Foods Limited (NFL) has collaborated with World Wildlife Fund (WWF) in Pakistan to protect the environment by encouraging tree plantation and reforestation. Through this resourceful collaboration for NFL's #LetsPlantOurFuture campaign, thousands of mangrove saplings have been planted, which are critical to the conservation of marine life and those dependent on it along Pakistan's coastal areas.



We Enrich the Environment for a Better Tomorrow

Business Review





Chairman's Review

My fellow Shareholders,

A Historic Year for National Foods

The year 2021 -22 was a historic year for us . We celebrated our Golden Jubilee across the company in all locations and regions and symbolically we crossed the major milestone of over PKR 50 billion in revenue while generating a record profit of over PKR 2.4 billion.

Financial Highlights of the Company

The Financial year has been another year of high performance and growth for the company which generated PKR 58.9 billion in revenue , a massive year on year growth of 26%. This impressive growth was driven by 16% growth in local sales and record breaking 56% growth in our International Business which now contributes 46% of our Net sales.

On behalf of the Board of Directors I would like to appreciate A-1 Bags & Supplies, in particular for their extraordinary performance.

These strong results reflect the strength of your Company in terms of diversity of business and product categories as well as geographies. Indeed, we now have developed into a true MNC in terms of having more than 40% of our turnover outside Pakistan. This will serve your Company well in future given the local and global challenges the world is facing.

Investing in our Vision for Tomorrow

In line with the new Vision & Mission and strategy announced by our CEO last year of "Creating food that enriches the lives of people everywhere" we continue to invest for tomorrow both locally and internationally. Our new 30-acre production facility based in FIEDMEC is progressing efficiently and on schedule despite the well know supply chain

problems being faced globally. In addition, we continue our expansion thrust internationally. Most critically we are investing in the capabilities of our people to make this vision a reality.

Board's Overview & Performance

The new Board and its committees have been performing their role of Corporate Governance and providing the Company with excellent strategic direction in these unpredictable times with great pragmatism, business acumen and diligence.

The primary objectives of ensuring the long-term business success and enhancing shareholders' value continue to drive the Board's ethos.

Appreciation

The Board acknowledges with gratitude the outstanding efforts of our management, employees, and stakeholders in contributing to face the challenging economic situation with resilience, determination, and agility.

In this very special year for the Company, we also remember and thank our Founders and all those who have played their historical roles in the growth of your Company into a Pakistani MNC that we can all be proud of.

Flood Relief Fund

Following the catastrophic floods that have submerged much of the country, the Company has established a Relief Fund and is working on delivering Nutrition, Medicine and Shelter to the dispossessed.

Zahid Majeed

Zahid Majeed
Chairman

Directors’ Report

Fellow Shareholders,

The Directors of National Foods Limited (the ‘Company’) are pleased to present the Annual Report along with the financial results which include both stand-alone and consolidated audited financial statements, for the year ended June 30, 2022.

Company’s Principal Activities

The Company manufactures, markets and sells food products under the brand name “National”.

Business Performance Overview

Operating and financial performance

The Group

The group witnessed a strong top-line and bottom-line growth of 32% and 38% respectively for the outgoing year. Despite serious macroeconomic challenges, the top line continued its momentum which was supplemented by cost and revenue transformation measures enabling healthy gross margins of 29% and 5% at PAT levels.

Core business

Local business, amidst rising inflationary pressures and dollar appreciation, focused on margin sustainability with strong revenue and cost

transformation measures. During the year, the Company reorganized the commercial functions to drive focus, took strategic buying decisions, portfolio rationalization effected and rebranded our core recipe range with superior advertising and marketing promotions. The Company continues to invest in the Faisalabad manufacturing facility and expects it to be operational by December 2023. The Company has temporarily stopped production of savory snacks and plans to revisit this once the Faisalabad project becomes operational. Export business remained challenged during the year due to freight and shipping constraints. Growth was mainly driven by currency devaluation.

A1 Bags & Supplies Inc.

The business achieved a top line growth of 65% - with strong volumetric growth coupled with the devaluation impacts. Business expanded into further stores while increasing the footprint of the existing store as well. This resulted in higher operational expenses and underlying margin adjustment amidst inflationary economic environment.

Key financial numbers of the Group for the fiscal year are summarized below:

Amounts in PKR Million

	Group			Core Business			A1 Bags & Suppliers Inc.		
	FY22	FY21	Change	FY22	FY21	Change	FY22	FY21	Change
Net sales	45,526	34,588	32%	27,141	23,417	16%	18,386	11,171	65%
Gross profit	12,979	9,752	33%	9,267	7,354	29%	3,714	2,398	55%
Operating profit	3,717	2,942	26%	2,433	2,042	19%	1,289	900	43%
Net profit after tax	2,424	1,759	38%	2,216	1,573	41%	748	554	35%
Earnings per share (Rupees)	10.4	7.5	-	9.5	6.7	-	-	-	-
Gross profit	28.5%	28.2%	0.3%	34.1%	31.4%	2.7%	20.2%	21.5%	-1.3%
Operating profit	8.2%	8.5%	-0.3%	9.0%	8.7%	0.2%	7.0%	8.1%	-1.0%
Profit after tax	5.3%	5.1%	0.2%	8.2%	6.7%	1.4%	4.1%	5.0%	-0.9%

* This includes amortization of Rs. 15 million (2021: RS. 13 million) on intangible recognized on consolidation of A1 Bags & Suppliers Inc.

* Group PAT includes A1 at %60 and excludes intercompany dividend of 186M (140 :2021M)

Sales and Marketing

New Recipe Mixes Packaging Launch Campaign

Packaging Philosophy

National Foods Limited has revamped the packaging of its complete range of Recipe Mixes, to instill a sense of nationality and to make the packs aesthetically pleasing and consumer friendly.

The Company takes pride in its Pakistani roots and being a national icon. The revamped design of Recipe Mixes range revolves around the concept of the diverse and vibrant colors, which depict the rich culture, tradition, and the proud nation of Pakistan. In order to make it convenient for customers, each category i.e., Rice, Salan (Curry), BBQ, Fried, Haleem and Rozana are marked with a distinguishing color.

By using the Pakistani flag’s crescent and star in our packaging, we are cementing and strengthening our Pakistani identity. The crescent pattern of Pakistan’s

flag lies at the heart of the National Recipe Mixes design, uniting the elements on the pack. Every motif on the pack distinguishes the diverse range that this category has to offer, e.g., Rice range motif is shown via the traditional rice bowl, while skewers and grills depict the mouth-watering BBQ range. Different types of star-shaped garnishes represent the star on Pakistan’s flag.

Furthermore, a seamless and smooth customer journey has been ensured through multiple ways; preparation is explained in both English and Urdu with visual depiction of each step. A unique spice meter indicates the level of hotness in Recipe Mixes. The MadeEasy QR code transports the consumer to the website for more creative dishes, while the Hotlink establishes a direct connection between the customers and the Company.

In order to maintain a consistent identity, the same patterns are used across all SKU’s which includes sachets, single and double packaging.

Launch Campaign

To create awareness of the new packaging of the Company Recipe Mixes, an extensive 360° campaign was launched that encompassed different mediums including TV, Digital, Radio, Print & Out of Home. Our food anthem ‘Aaj Rung Hai’ was launched on leading TV channels, intending to create clutter breaking media impact on top viewed News and Entertainment channels via TV Roadblocks, Sponsorships, Branding and Morning Show Integrations. The campaign also took the internet by storm via Digital Takeovers on the top platforms, publishers and the most premium placements that are available in Pakistan.

More than 9 marketing touchpoints including YouTube, Spotify, Google, TikTok, Facebook and Instagram were utilized to ensure optimal impact. YouTube bumper ads that played before videos were heavily marketed and the ad was shown to have the largest ad weightage on the front-page creating high recall for the audience. Various social media posts were designed and sponsored on Facebook and Instagram. Moreover, Google Blast was active for three consecutive days and full-page branding was carried out in top publications across print media. All the top radio channels were chiming to the tune of ‘Aaj Rung Hai’ around the clock. This assertive and vigorous marketing strategy yielded impressive results across all platforms.

Customized in-store branding also took place to increase visibility and generate holistic customer experience coupled with activations that were done across multiple stores to drive trial.

The campaign overall performed over and above the estimated KPIs on each platform and was a major success. It created a contemporary brand imagery for National Foods Recipe Mixes and established it as No.1 Recipe Mix Brand of Pakistan.

Plain Spices & Ingredients:

Maintaining the foothold in a Price Competitive Market:

Red chili volumes in the category are mainly driven by loose market followed by mid-tier/retail owned brands (ROBs). They offer low pricing for consumers and keep the retailers engaged with higher trade margins, without focusing much on the product quality.

At the beginning of the year, the Company's volume (red chili) was impacted due to increasingly higher price index vs. ROBs, resulting in consumer switching towards mid-tier brands. Hence, a bold shift in the pricing strategy was made and the Company Red Chili prices were drastically reduced across the SKUs to lower the price gap against ROBs.

Ketchup

- Launch of National Squeezy, to drive differentiation and achieve image superiority, National Squeezy, a premium format that enhances consumer lifestyle by offering convenience was launched in the market. The launch was supported through an integrated marketing plan; DVC breakthrough, in-store support, on ground activations, leveraging social media & e-commerce.
- Successful execution of Consumer Promotions, capitalized on the occasions (Eid-ul-Azha, Winter & Ramzan) by launching consumer promotions attracting users and non-users throughout the year. The CPs were supported through POSM, social media and leveraged on E-commerce.
- Successfully aired digitally ‘National Ketchup Factory (June’22) and it was backed by a highly engaging digital and PR campaign.

Pickle

- Fully leveraging the Season and Consumer buying cycles through an integrated 360° plan across, TV, Digital, social media, e-com and instore visibility drives.
- Extensive sampling of Crushed Pickle via CPs and cross category commodity bundling at key LMTs to build trial and penetration
- Cooking/Snacking oriented PR campaign with chefs and food bloggers across FB groups, Instagram and Tiktok with a combined reach of 10 million to build consumption habits
- General Trade Activation across 28 markets in key cities, 101% interception vs the target of 44k interceptions. Consumer engagement via trials and activations.

Modern Trade Activation across key (store count) LMTs in KLI, generating sampling and consumer engagement for Crushed Pickle. Made Easy vouchers distributed as prizes, to promote E-Com channel. Successfully achieved 101% vs target of 56k interceptions.

International

Ramped up coverages across our focus markets and entered new markets. Restructured our Route to Market by adding additional distributors to serve existing markets quicker and set the building blocks through key appointments in core markets to enter new retail streams and channels of business going forward. Ecommerce Setup in North America across Amazon, Walmart, Ebay and our own storefronts.

Key strategic rollouts on the Recipe Mixes portfolio in the UK were completed to drive penetration of the brand and facilitate trial by lowering the out-of-pocket expense for the consumer whilst we extended our core Sauces portfolio to the GCC region to cater to the general market gap and ensure consistency in our portfolio offerings between regions.

Extensive working was also done in close coordination with our subsidiary, A1 Cash & Carry, to develop and rollout a new portfolio geared towards segments we currently were not operating in.

In FY21 we Launched National Ka Pakistan Made Easy (NKPME), our first multi layered digital platform build on food, culture & experience using Chefs from multiple ethnicities along with bloggers across North America to create delicious fusion meals with an eastern twist. This year we made NKPME our most expansive digital execution yet by extending it across borders and ethnicities, taking consumers on a journey to 4 different regions - USA, Canada, UK and UAE with 5 Master Chefs and multiple influencers in each market.

Customized plans leveraging our JBP with Google, cost-effective sampling units that helped us achieve trial at scale and participation in festivals across key inflection points were carried out by market to drive both the core portfolio and strategic new product rollouts that started from last year to drive & own subsegments within the larger categories we operate in.

Our People

Our people are our greatest asset. They are the driving force behind every initiative and service delivery. Keeping in mind the turbulent times and ever-changing business dynamics, that the world has seen post pandemic, National Foods Limited has geared up for the challenges which lie ahead by finalizing the 10-year strategic plan for the Company's growth. To deploy this renewed direction with laser focus and agility, the Organization has gone through a major transformation in its organization design by bifurcating the Company into two independent business units: Culinary and Condiments.

To promote and strengthen the learning culture by adopting the new ways of learning in times of new

normal, National's House of Lear Development has capitalized on its established in-house learning management system. In order to inculcate a learning culture at the Company, we will focus on developing the leadership team and everyone across the Company and equip them with competence to equip them for times ahead. This will be supplemented by the succession planning framework where the organization will focus on building and strengthening the succession benches in the Organization.

Also, National Foods Limited has joined the global network of National Accelerators on 'Closing the Skills Gap' through Project Xcelerate in collaboration with TEVTA through which a batch of qualified Diploma holders have joined the Company as apprentices.

Corporate Sustainability

As part of commitment to community, the Company endeavors to increase focus on education. We believe that preparing students for the world is pertinent in improving their chances of making a mark for themselves. With this in mind, as part of our golden jubilee celebrations, the Company awarded 20 scholarships to the employees' school-going children. The scholarship covers tuition fees and the cost of books for a year. Half of the children receiving the scholarship are girls. The policy is applicable for one school-going child of the selected individual via e-balloting. Eligibility covers one child per employee that is currently enrolled in a school (from class 1 to class 10). This is just one of the initiatives to create a literate and empowered Pakistan.

In our effort to increase literacy in the country, National Foods Limited partnered with CLF to spread the message of education and inculcate reading habits amongst the youth of Pakistan. It was a three-day event held to celebrate the 73rd anniversary of Pakistan.

The Company joined hands with Ubuntu Care, experts in daycare services centered on the Finnish Model of Early Childhood Development (ECD), in late 2019, to remodel and manage the in-house the Company daycare. Ubuntu and the Company worked together to design a space that is not only developmentally appropriate for children, but also keeps safety in high consideration. Unfortunately, the Company daycare remained non-operational for 18 months due to the emergence of COVID-19 global pandemic, however, it resumed its operations in the new space with a new management in September 2021 along with new SOPs related to the spread of COVID. The space encourages learning through play and has ample learning materials that encourage multiple areas of intelligence, such as reading, cognition, music, art, and has equipment for developing fine and gross motor skills. The daycare provides an opportunity to those children born during the pandemic to learn and practice social skills with their teachers, care givers, and peers while balancing the need for independence.

National Foods Limited has been supporting Behbud (which means "Advancement" in Urdu) a non-profit organization in Karachi for a number of years. Behbud's main focus is on community development by providing quality education, subsidized healthcare programs, and specialized vocational training and income generation programs in marginalized communities. Behbud is entirely managed by female volunteer staff. In March 2022, National Foods partly sponsored the Behbud Spring Fiesta, a popular bazaar held annually where artisans and vendors promote and sell their wares. Proceeds from the event help finance their community development programs.

With ever-increasing focus on Global Warming and Climate Change, we all need to do our part in making this planet greener for generations to come. As part of the Company's Eco-Friendly Campaign, the initiative involves reducing up to 25% paper usage in packaging of Recipe Mixes. This initiative will in turn

result in reduced tree felling of hundreds of trees. This is a big milestone towards Responsible Business Practices. To further augment the campaign, National Foods Limited has collaborated with World Wildlife Fund (WWF) in Pakistan to protect the environment by encouraging tree plantation and reforestation. Through this resourceful collaboration for the Company's #LetsPlantOurFuture campaign, thousands of mangrove saplings have been planted, which are critical to the conservation of marine life and those dependent on it along Pakistan's coastal areas.

Business Ethics

From the inception of the Company, it has been and continues to be a policy that the Company and all its employees maintain the highest ethical standards in the conduct of the Company's business. Our Code of Conduct constitutes a set of standards and rules which form an integral part of our corporate culture and is a statement of who we are and how we work. They highlight business principles, the Company's responsibilities towards its employees, and employee responsibilities towards your Company. Along with good corporate governance, ethical behavior is a fundamental part of everything that the Company does.

Health & Safety

HSE is deeply embedded in our business culture as the group continues to evolve in this important area. Every individual of the Company continues to contribute exceptionally well to foster a positive HSE culture in the organization. Top management's commitment, employee friendly HR policies, increased safety awareness, timely reporting of hazards and incidents and non-punitive approach towards those who come forward with information on hazards/incidents have been the cornerstones of the overall success in this domain. Excellence in Health and Safety is the Company's ultimate target and every small stride in this direction will bring us closer to our objectives. The Company considers it rudimentary not only to implement conventional

Occupational Health and Safety Management System but also intends to go at greater lengths to implement more robust and reliable Process Safety Management standards.

Environmental protection

National Foods Limited consider it as its sacred duty to cater for growing needs associated with sustainability and environmental protection. Every now and then the Company comes up with ways and means to augment the government efforts to build a better environment for future generations. This year, Rs. 240 million Effluent Treatment Plant (ETP) based on Membrane Bioreactor (MBR) advance technology has been made fully operational at Port Qasim plant making it completely compliant to the provisions of Pakistan EPA/Sindh EPA.

Similarly, Strict Preventive Maintenance schedule is in place to ensure exhaust emission values meet the legal requirements. Environmental monitoring by independent labs is carried out on regular intervals to ensure compliance of all critical parameters i.e., ambient air, vehicle/exhaust emissions, noise, lux and drinking water. A proper waste management system is in place as hazardous and non-hazardous waste is managed as per legal requirement though EPA approved vendors.

Principal risks and uncertainties

The local **business and political landscape** have been variable over the course of the year, especially with the change in the government during the year. The political and economic policy uncertainty has shaken the investor confidence. Interest rates have followed the higher inflation rates and increased the cost of doing business. The Company has fared well as a result and has strategized to ensure competitive sustainable growth in the environment.

Based in the convenience food segment, the Company gross margins are dependent on key local and imported inputs.

There is **uncertainty over prices** due to uncertain climatic changes. Low local output results in additional imports hurting raw material pricing amid restricted price pass-on opportunities in a highly competitive environment.

Devaluation of exchange rates during the fiscal year can impact the Company’s gross margins in the local business due to impact on prices of key inputs. However, with a fine balance of exports and imports, the Company gets a natural hedging of the foreign currency fluctuation.

Business continuity and disaster recovery plans (DRPs) are in place to ensure that the Company’s production and sales operations are not disrupted. The DRPs cover all business aspects with special focus on information technology and the ERP environment which spans multiple functions. Detailed responsibilities of DRP lead, steering committee and key team members are defined to ensure rapid response in the event of a business disruption.

The Company’s financing incorporates an appropriate mix of debt and equity to ensure optimum financial leverage and reduced cost. The Company is however susceptible to **adverse changes in interest rates** due to increased borrowings exposure. The Company mitigates this through a combinations of financing options, such as running finance, money market loans and long-term loans, through a variety of institutions. The Company is also availing discounted LTFF and ERF against export performance.

The Company has an in-house legal and reporting team, to ensure simultaneous **compliance with corporate legal framework** and the financial reporting framework applicable to the Company. External legal and tax counsels are on board and consulted wherever expert advice is required.

Contribution to the National Exchequer

During the year, the contribution to the National Exchequer has further increased and the Company paid over **Rs 6,369 million** (2021: Rs 5,281 million) to the government and its various agencies on account of different government levies, including custom duty, sales tax and income tax. Moreover, foreign exchange of **Rs 2,290 million** (2021: Rs 2,068 million) was also generated through export of products and dividend from subsidiary which further reflects our participation in the national economy.

Dividend:

The Board of Directors has recommended final cash dividend of Rs 5/- per share held on the date of determination of entitlement to receive dividend. Total unconsolidated profit distributed by way of dividend amounts to 59% (2021 : 92%).

Corporate & Financial Reporting Framework:

The managerial objective of the Company is good corporate governance and compliance with best practices. As required under Listed Companies (Code of Corporate Governance) Regulations, 2019 (the ‘Code’), the Company has adopted the Code in letter and spirit as follows.

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

- International Financial Reporting standards have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored. The Board has constituted a Board Audit Committee consisting of three members, including chairman of the committee. The chairman of Board Audit Committee is an independent director, and the committee regularly meets as per requirements of the Code.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no significant doubts upon the Company’s ability to continue as a going concern.
- The outstanding duties, statutory charges and taxes, if any, have been duly disclosed in the financial statements.
- A statement regarding key financial data for the last six years is annexed to this report.

Board of Directors and its Committees:

The Board comprises of seven directors including two independent directors, one executive and four non-executive directors.

Category	Names
Independent Directors	Mr. Ali H Shirazi Mr. Ehsan Ali Malik
Executive Director	Mr. Abrar Hasan (CEO)
Female Directors	Mrs. Saadia Naveed Mrs. Noreen Hasan
Non-Executive Directors	Mr. Zahid Majeed (Chairman of the Board) Mr. Adam Fahy Majeed

Board Audit Committee (‘BAC’)

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board. The Committee met five times during 2021-2022.

Board Audit Committee

Mr. Ehsan Ali Malik	Chairman
Mrs. Saadia Naveed	Member
Mrs. Noreen Hasan	Member

Human Resource and Remuneration Committee (‘HR&RC’)

The committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives’ remuneration and to approve all matters relating to the remunerations of the executive director and CFO, the company secretary, and head of internal audit.

HR&RC

Mr. Ali H Shirazi	Chairman
Mr. Ehsan Ali Malik	Member
Mrs. Noreen Hasan	Member

Meetings of the Board and its Committees in 2021-2022

During the year, five meetings of Board of Directors, five meetings of the BAC and four meetings of HR&RC were held. All the meetings were held at our Corporate Office situated at 12/CL-6, Claremont Road, Civil Lines, Karachi, Pakistan. The attendance of the directors is as follows:

Sr #	Director	Designation	Status	Committee		Attendance		
				BAC	HR&RC	BOD	BAC	HR&RC
1	Mr. Zahid Majeed	Chairman/ Non-Executive	Appointed on April 20, 2022	-	-	5/5	3/5	3/4
2	Mr. Abrar Hasan (Executive)	Chief Executive Officer	Re-elected on October 14, 2021	-	-	5/5	-	4/4
3	Mr. Ehsan Ali Malik	Independent Director	Re-elected on October 14, 2021	P	P	5/5	5/5	3/4
4	Mr. Ali H. Shirazi	Independent Director	Elected on October 14, 2021	-	P	4/5	-	3/4
5	Mr. Adam Fahy Majeed	Non-Executive	Appointed on April 20, 2022	-	-	1/5	-	-
6	Mrs. Saadia Naveed	Non-Executive	Re-elected on October 14, 2021	P	-	4/5	5/5	-
7	Mrs. Noreen Hasan	Non-Executive	Re-elected on October 14, 2021	P	P	5/5	5/5	4/4
8	Mr. Abdul Majeed	Ex-Chairman	Passed away on February 21, 2022	-	-	2/5	-	-
9	Mr. Towfiq H. Chinoy	Non-Executive	Retired as a Director on October 14, 2021	-	-	1/5	-	-

The election of directors was held at the AGM of 2021 and Mr. Towfiq H. Chinoy did not offer himself for re-election and got retired. Mr. Abdul Majeed – Chairman of the Board passed away on February 21, 2022, and the casual vacancy occurring on the board was filled by Mr. Adam Fahy Majeed who was appointed Director on April 20, 2022, for the remainder period. The terms of the present directors will expire on October 13, 2024.

Pattern of Shareholding

The pattern of shareholding of the Company and additional information as at June 30, 2022 is annexed to the report.

Mrs. Mariam Malik (spouse of Mr. Ehsan Ali Malik, Director) acquired shares 33,800 of the Company on April 5, 2022, at the rate of Rs. 157.26 per share. Other Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.

Remuneration policy of Non-Executive and Independent Directors

Through the Articles of the Company, the Board of Directors is authorized to fix remuneration of Non-Executive and Independent Directors from time to time. In this regard, the Board of Directors has developed a Remuneration policy for Non-executive and Independent Directors of the Company. The details of Directors' Remuneration are disclosed in Note 36 of the Financial Statements for the year ended June 30, 2022.

Performance Evaluation of Board of Directors and its Committees

Complying with the Listed Companies (Code of Corporate Governance) Regulations, 2019 the Board has adopted comprehensive mechanism for conducting evaluation of its performance. The Company has introduced a questionnaire on the Board's composition, leadership, effectiveness, planning, and overall, the Company's strategy, performance and monitoring. The Board evaluates all factors based on inputs received from every director annually.

Related Party Transactions

The related party transactions entered into by the Company during the year are disclosed in Note 37 of

the Financial Statements for the year ended June 30, 2022.

Statement of Compliance with Code of Corporate Governance:

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

External Auditors

The present auditors M/S. KPMG Taseer Hadi & Co (Chartered Accountants), retired and being eligible, have offered themselves for re-appointments. The Board of Directors endorses the recommendation of the Board Audit Committee for their re-appointment as auditors of the Company for the year ending June 30, 2023.

Internal Auditors Function

Company's internal Audit function is being looked after by the Head of Internal Audit, who is assisted by the internal auditor M/s EY Ford Rhodes. The Head of Internal Audit reports directly to the Chairman of the Board Audit Committee.

Provident & Retirement Funds

The Company maintains a contributory Provident Fund for all employees and a defined Benefit Pension & Pensioners Medical Plan for the Chief Executive and Spouse of late Founding Directors of the Company. Details of the assets and contributions of the funds are provided in Note 8 of the Financial Statements for the year ended June 30, 2022.

Forward Looking Statement and Future Outlook

The management acknowledges the uncertainty emanating from the current geo-political situation

both locally and internationally. Further, currency depreciation in recent time, inflationary pressures, supply chain management and market situation can affect the cost and capability to serve the market effectively. However, the management of the Company remains committed to drive business fundamentals and improve/maintain its market leadership position in all major categories through contingency planning. National Foods has responded well in this crisis, and we are geared to deliver our social and economic responsibilities considering our Founder’s Philosophy and “Our Values.”

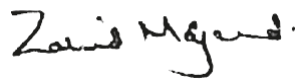


Chief Executive Officer

Acknowledgement

The Board would like to convey its earnest gratitude to all the people involved with the Company for enabling it to flourish and deliver a constant performance over the last five years. Our people are steadfast to the welfare of the Company and have showed their potential by overcoming the numerous difficulties posed by the operating environment. We treasure their dedication and feel highly obliged.

On behalf of Board of Directors



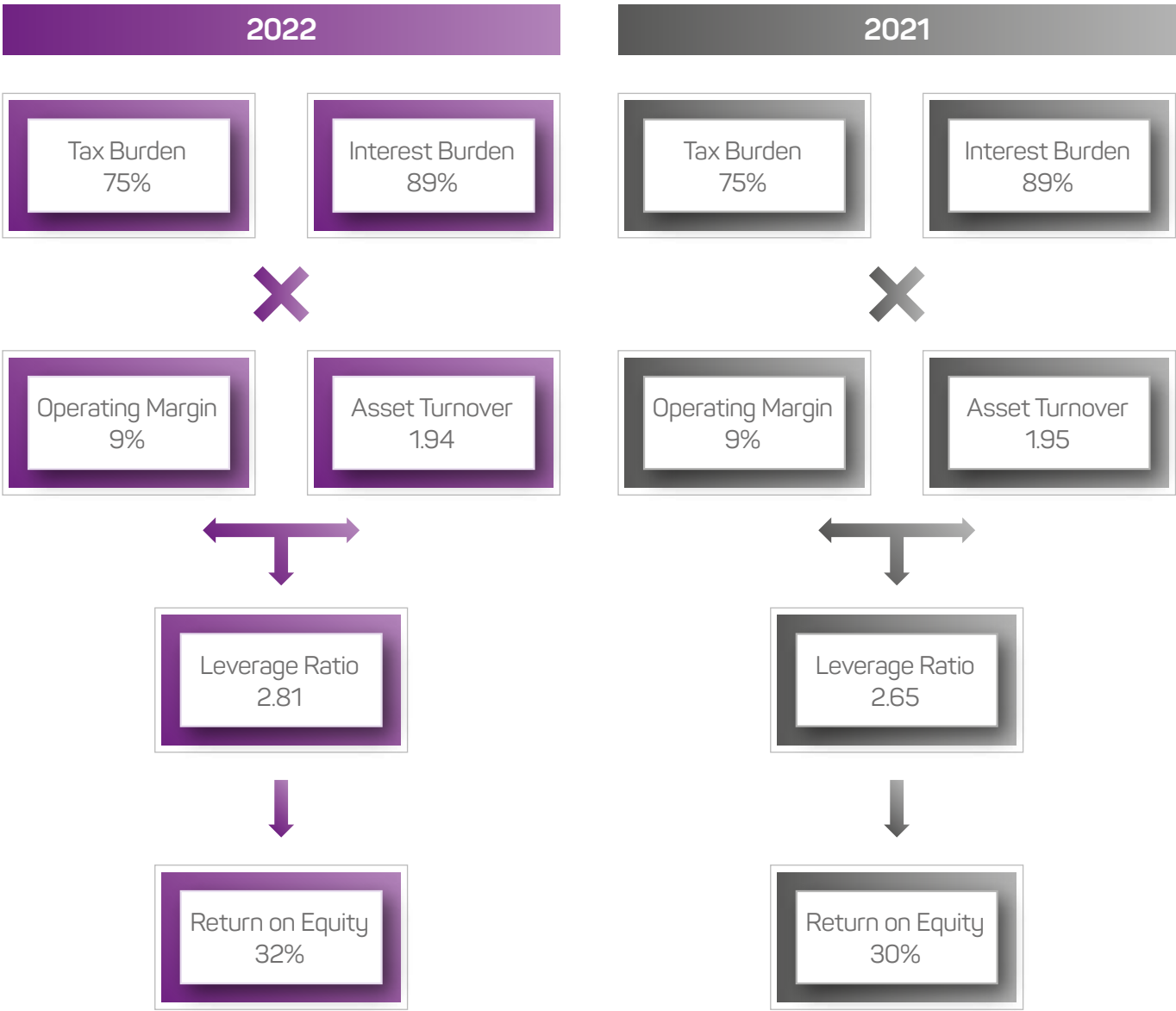
Director

We Enrich Our Methods for Stronger Margins

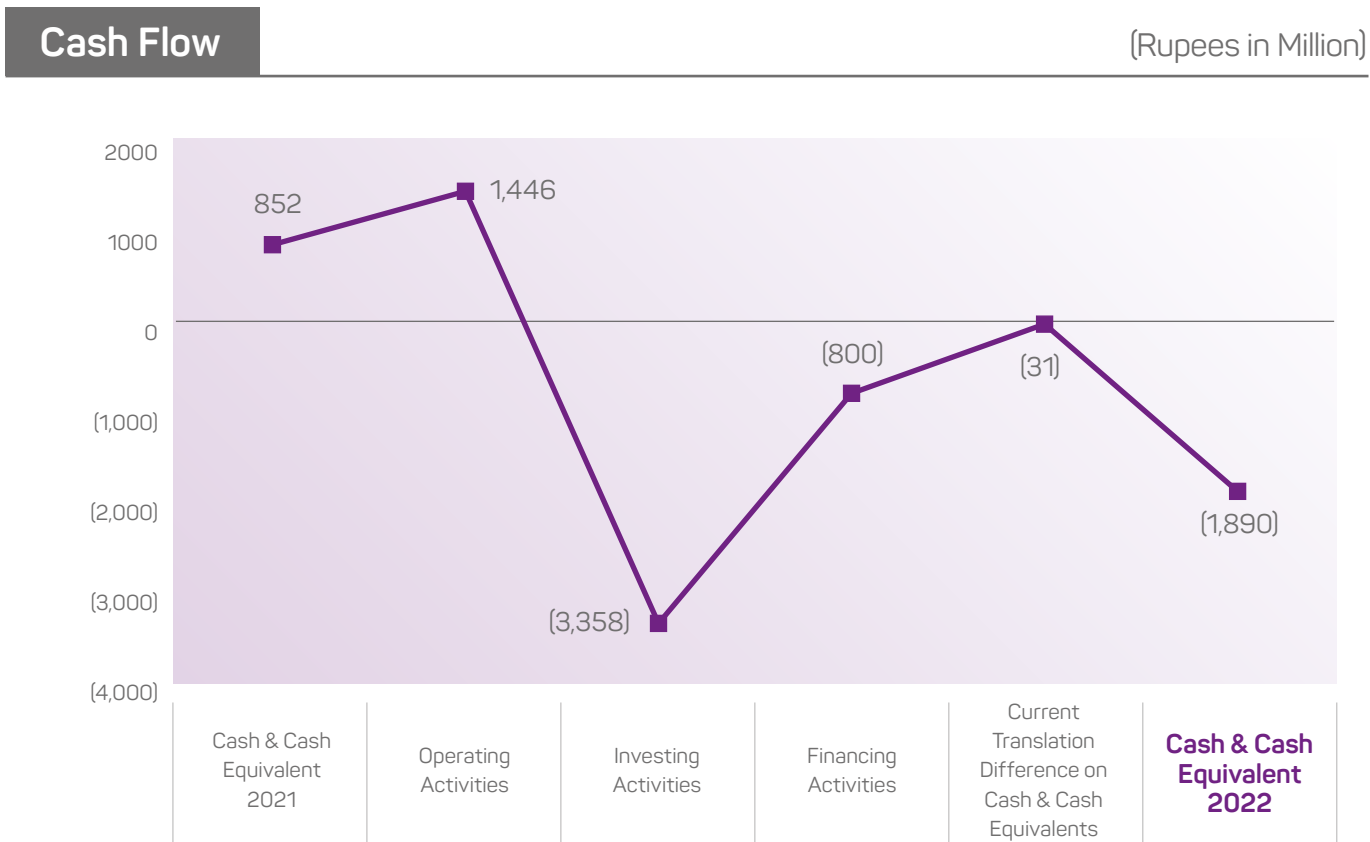
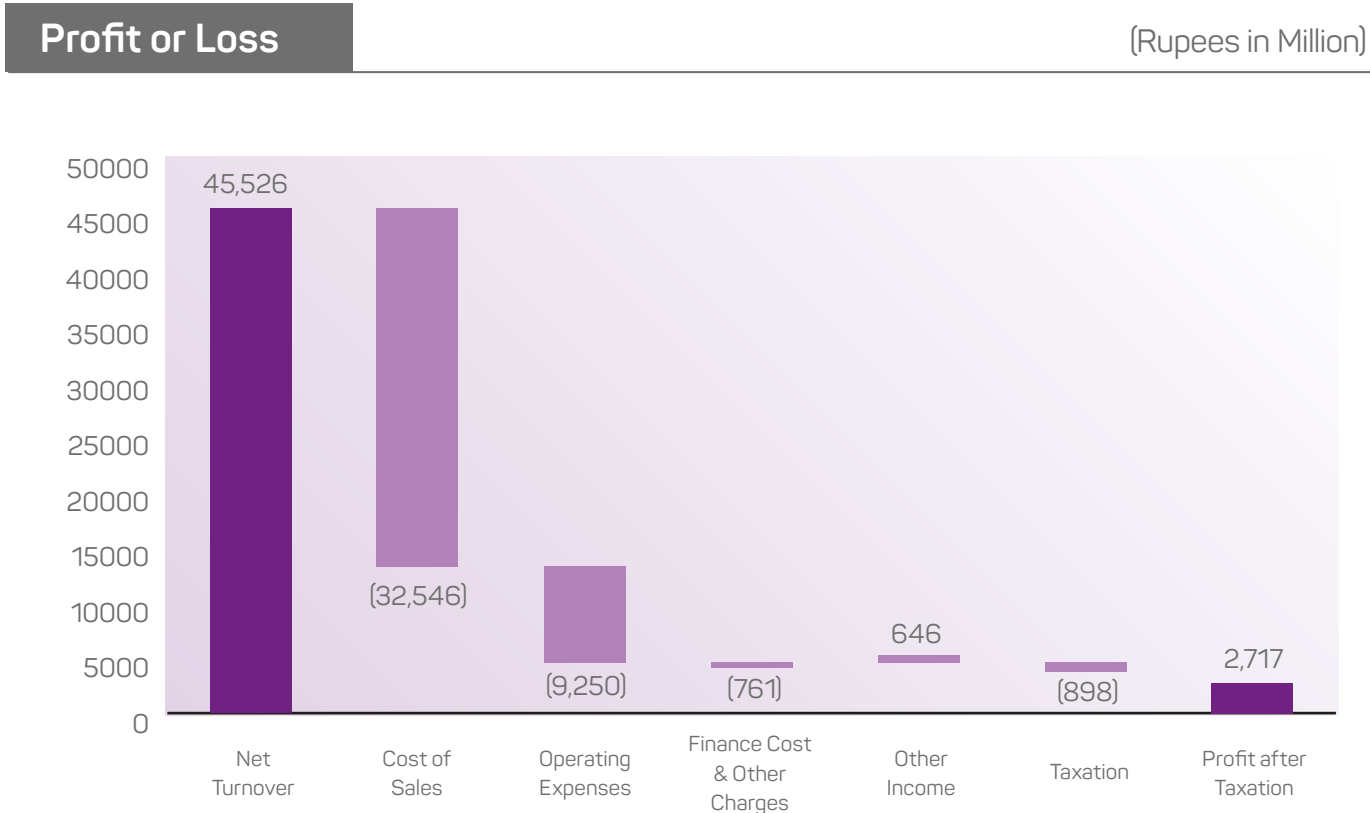
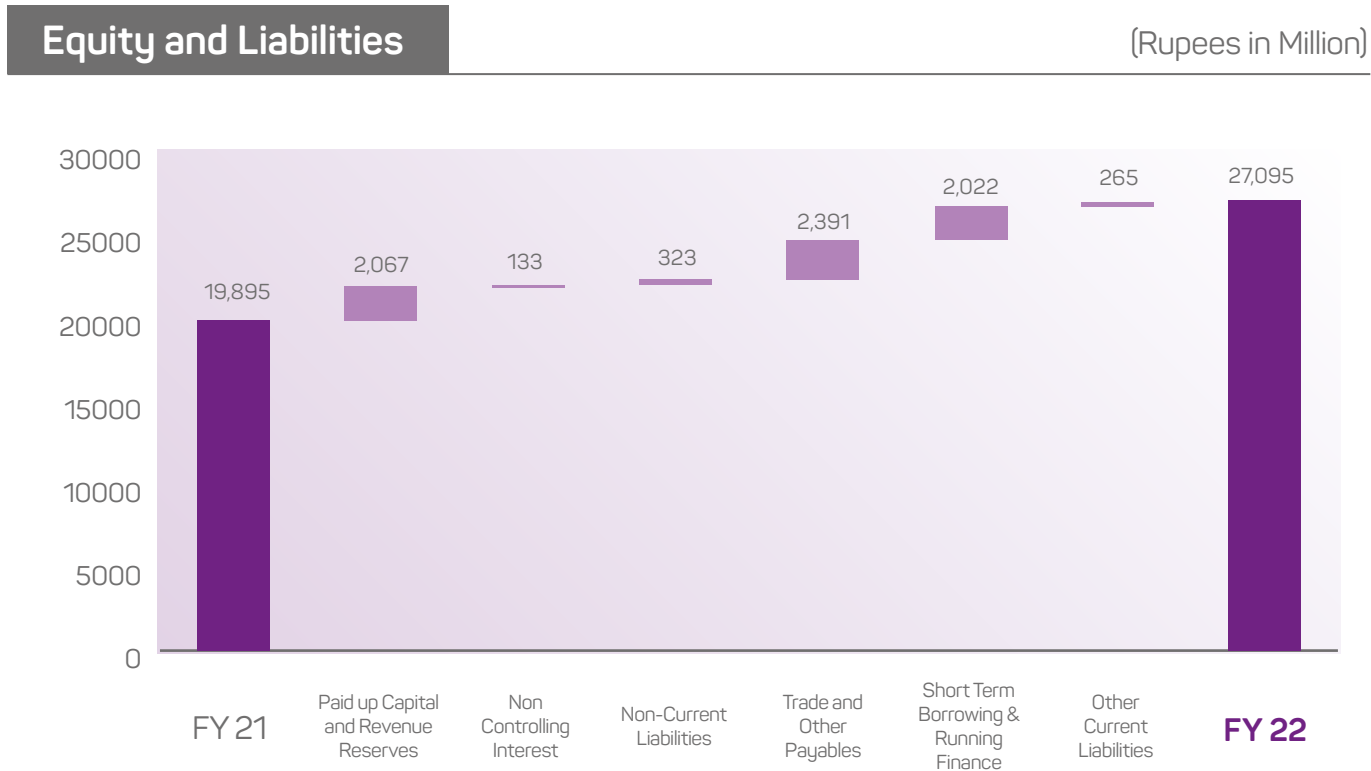
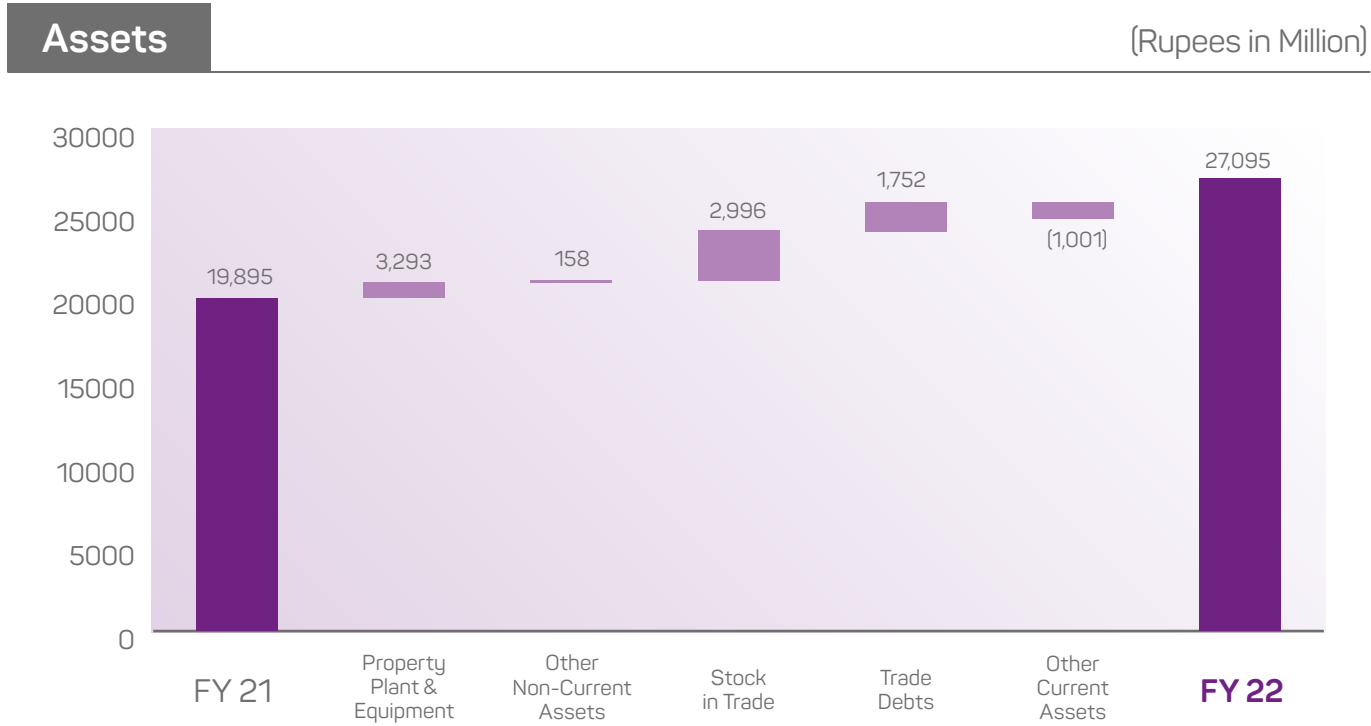
Financial Review



DuPont Analysis



Financial Statements at a Glance



Financial Highlights

Our results compared to same period Last year at a Glance

FY-22

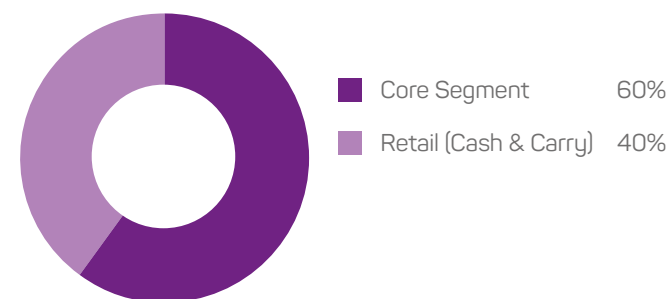
2021-22 Turnover up by 26 %

2021-22 Gross profit up by 33 %

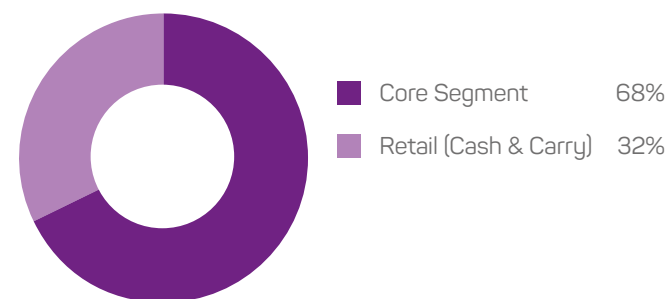
2021-22 Profit after Taxation up by 38 %

2021-22 Earning per Share PKR 10.4 (Jun 30 2021 PKR 7.54)

Turnover by Business

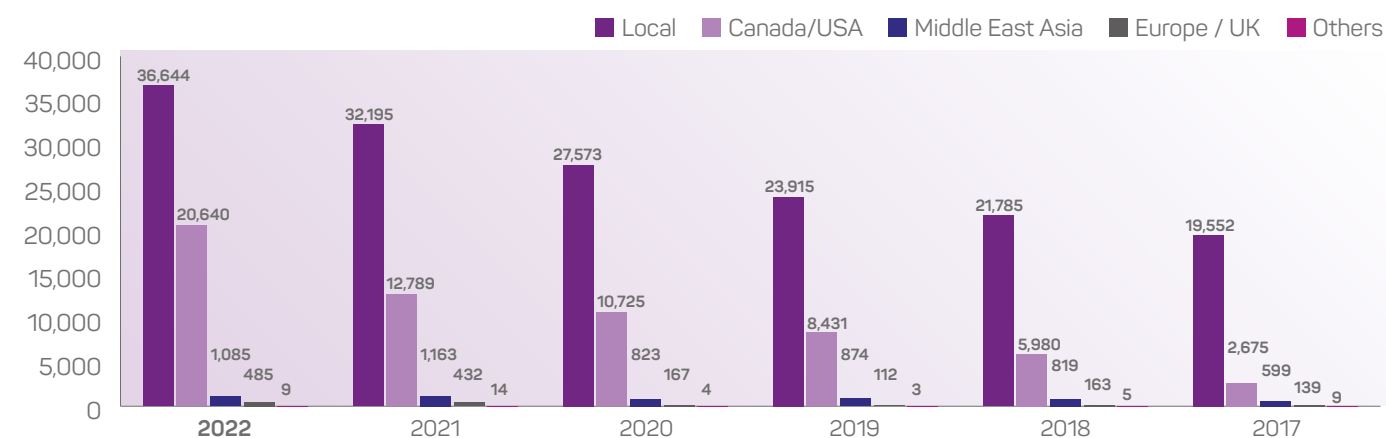


Operating Profit by Business



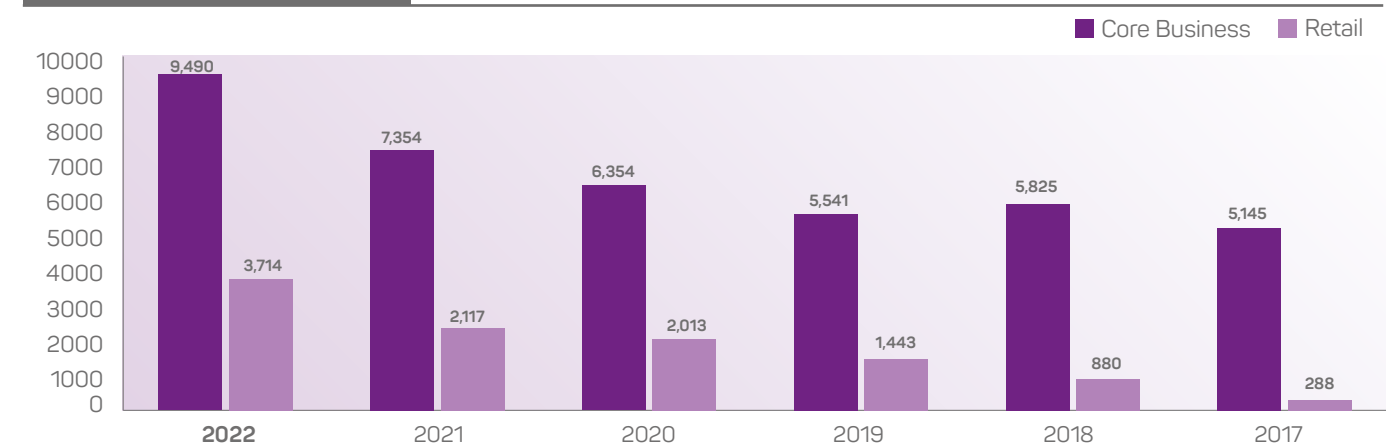
Turnover by Geographical Locations

(Rupees in Million)



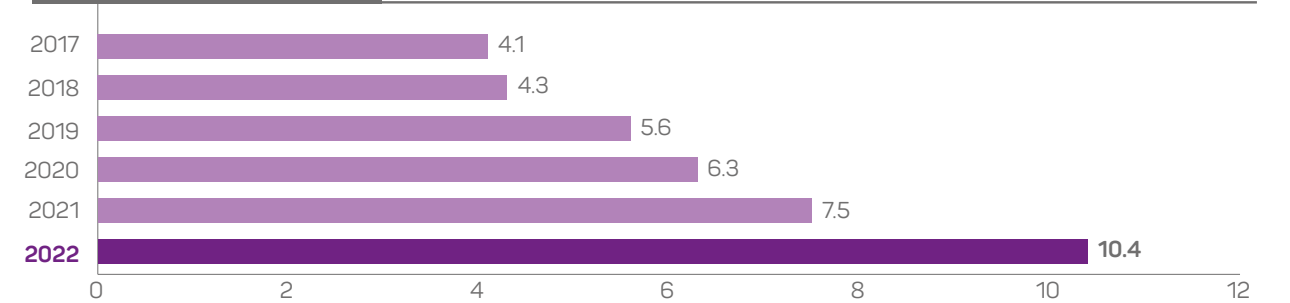
Gross Profit

(Rupees in Million)



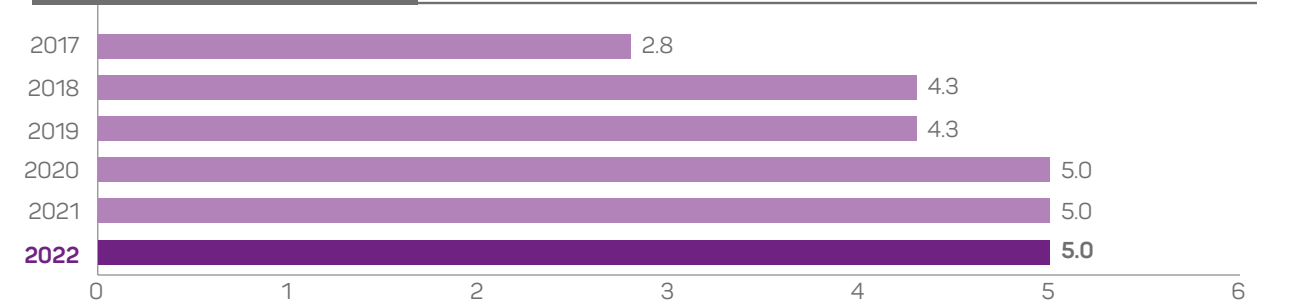
Earnings Per Share

(in Rupees)



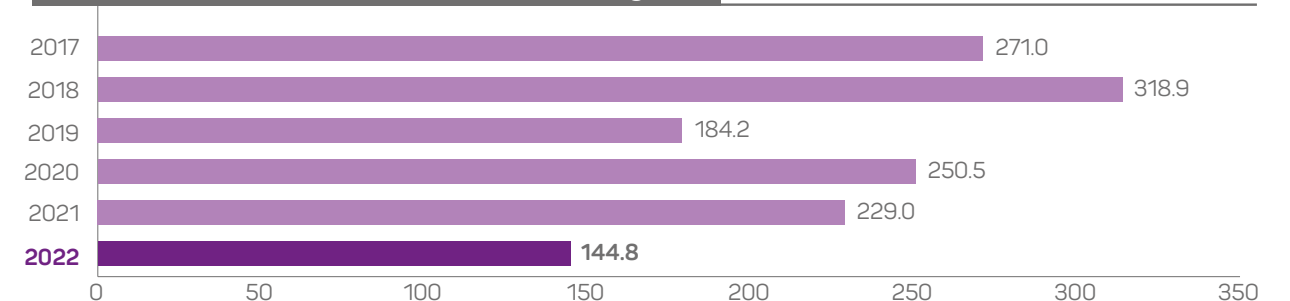
Cash Dividend Per Share

(in Rupees)



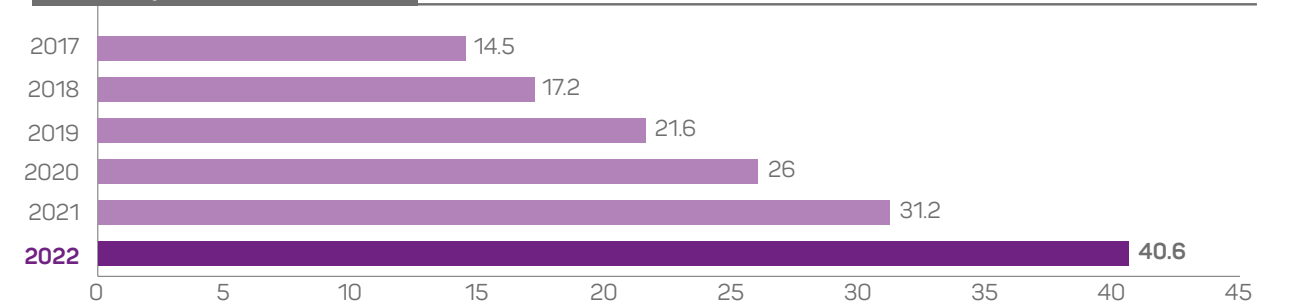
Market Value Per Share at the end of the year

(in Rupees)



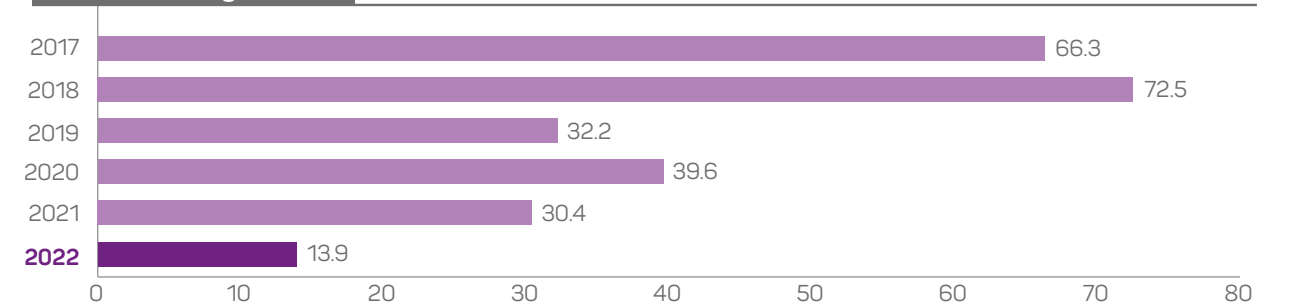
Breakup Value Per Share

(in Rupees)



Price Earning Ratio

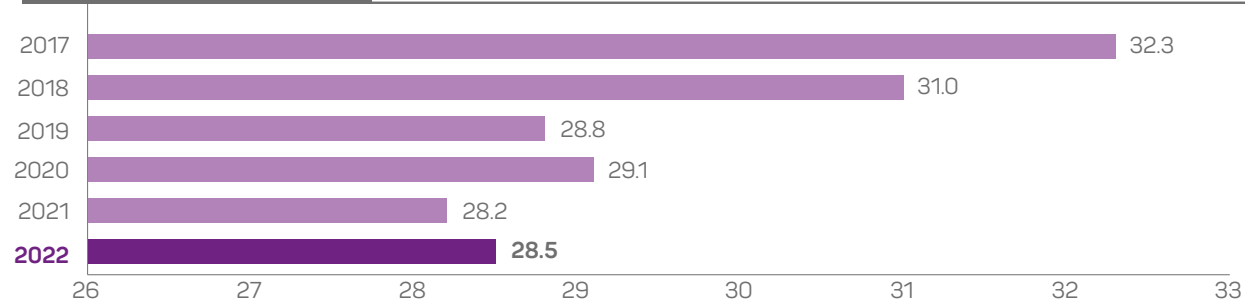
(in Rupees)



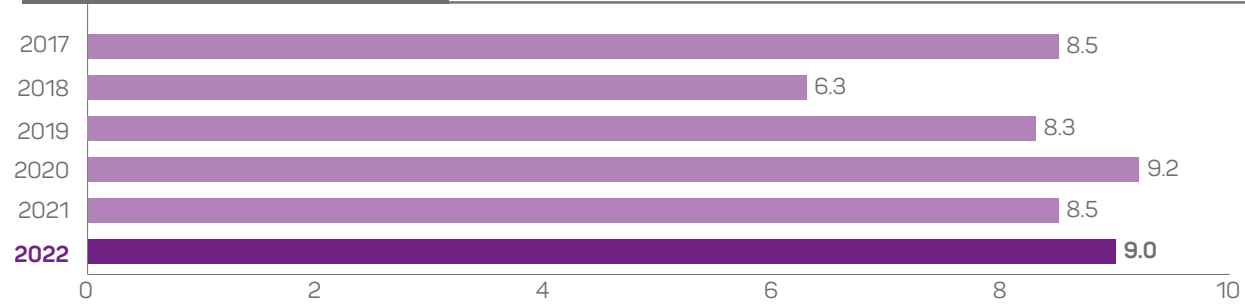
Financial Highlights

A. Profitability Ratios

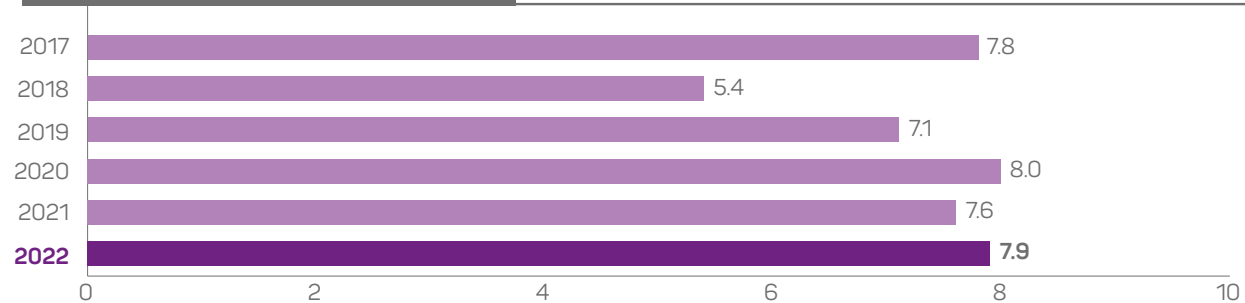
Gross Profit Ratio %



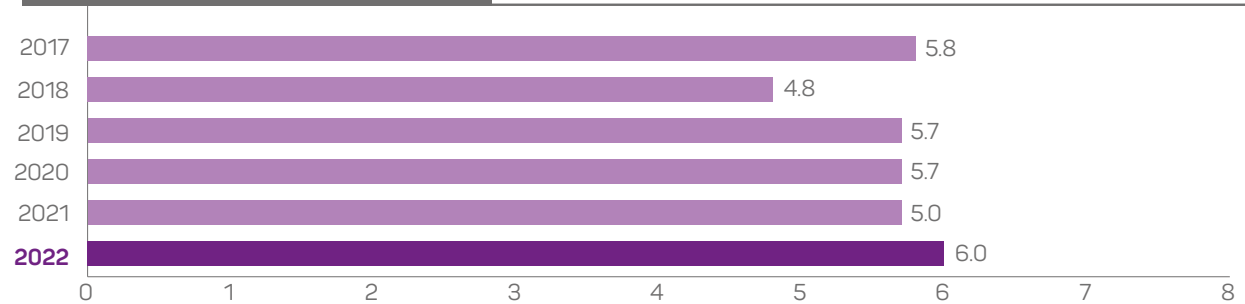
Operating Profit to Sales %



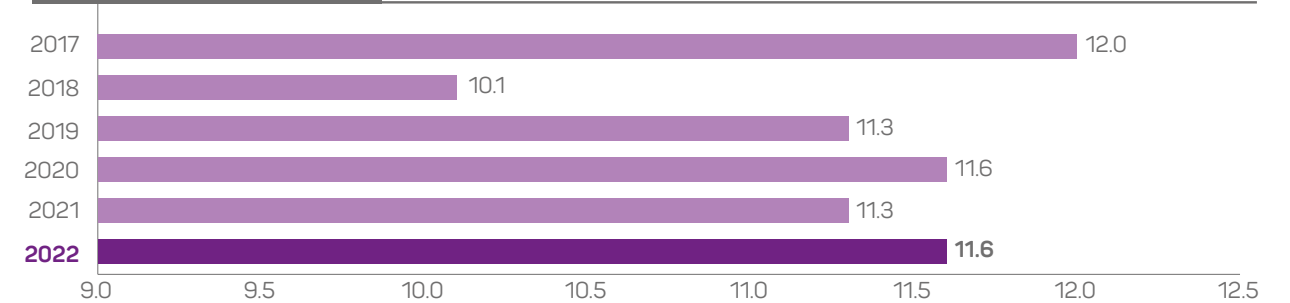
Net Profit Before Tax to Sales %



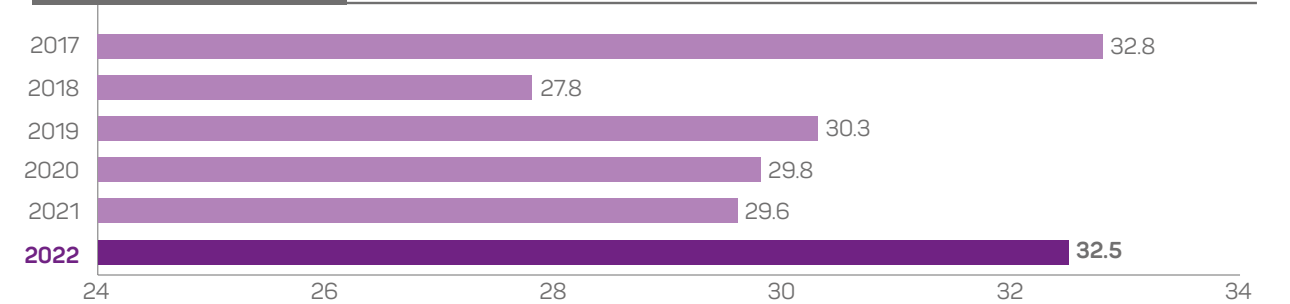
Net Profit After Tax to Sales %



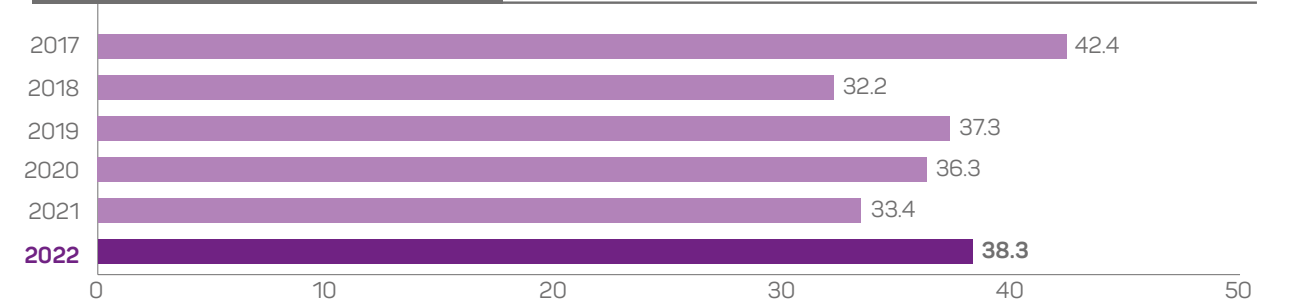
Return on Assets %



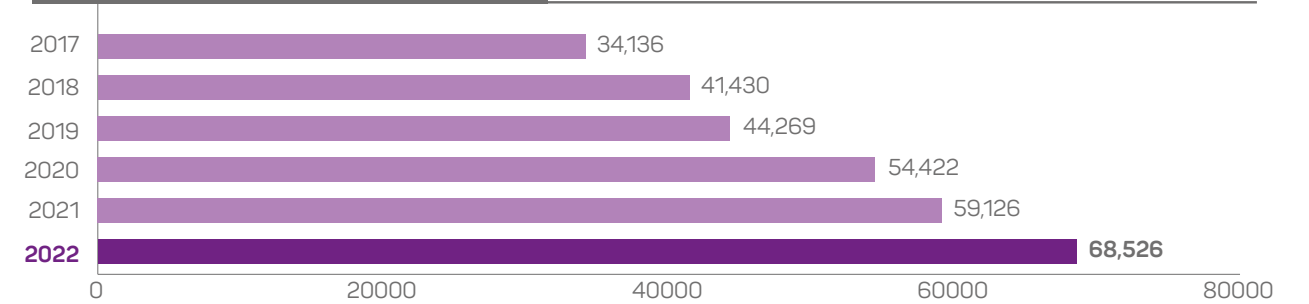
Return on Equity %



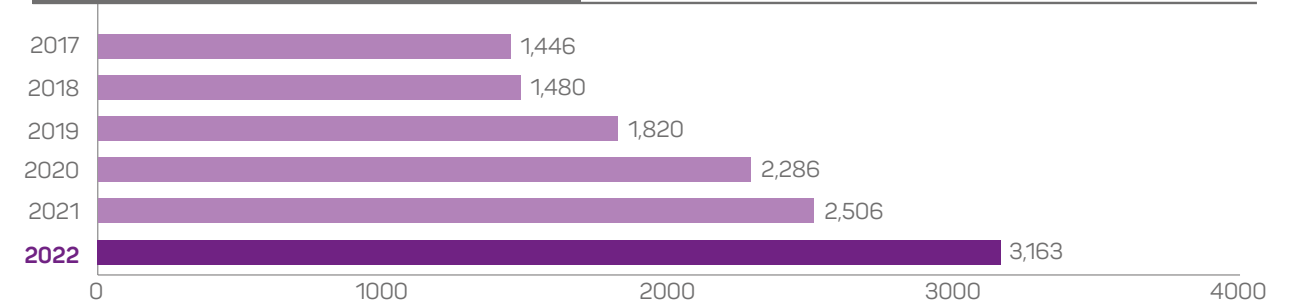
Return on Capital Employed %



Revenue / Employee (Rs. in '000)

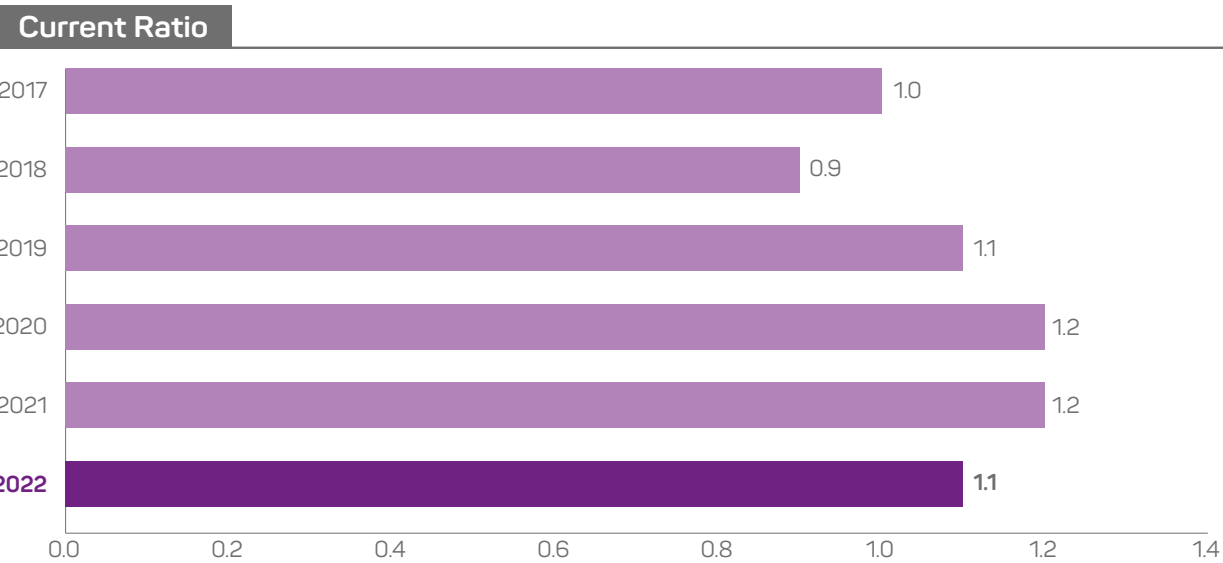


Net Income / Employee in Thousand

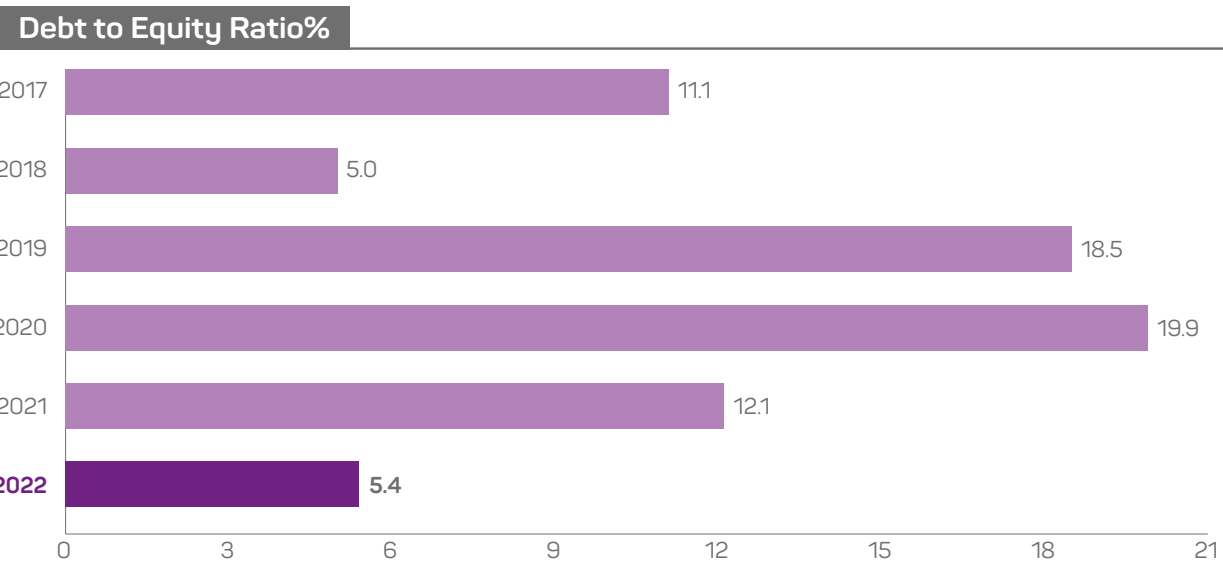


Financial Highlights

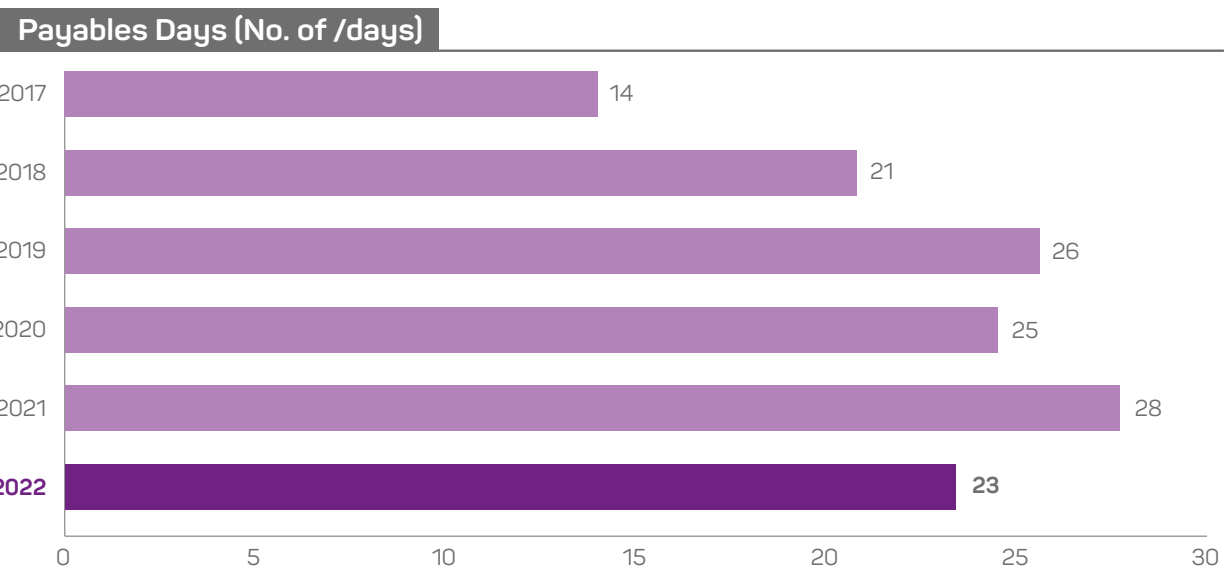
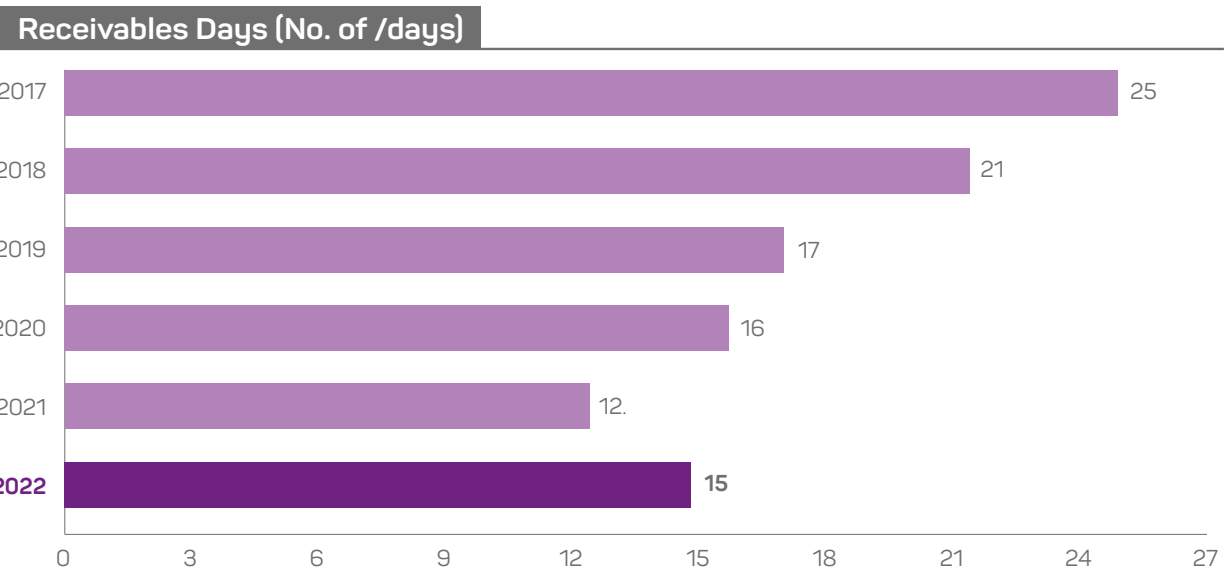
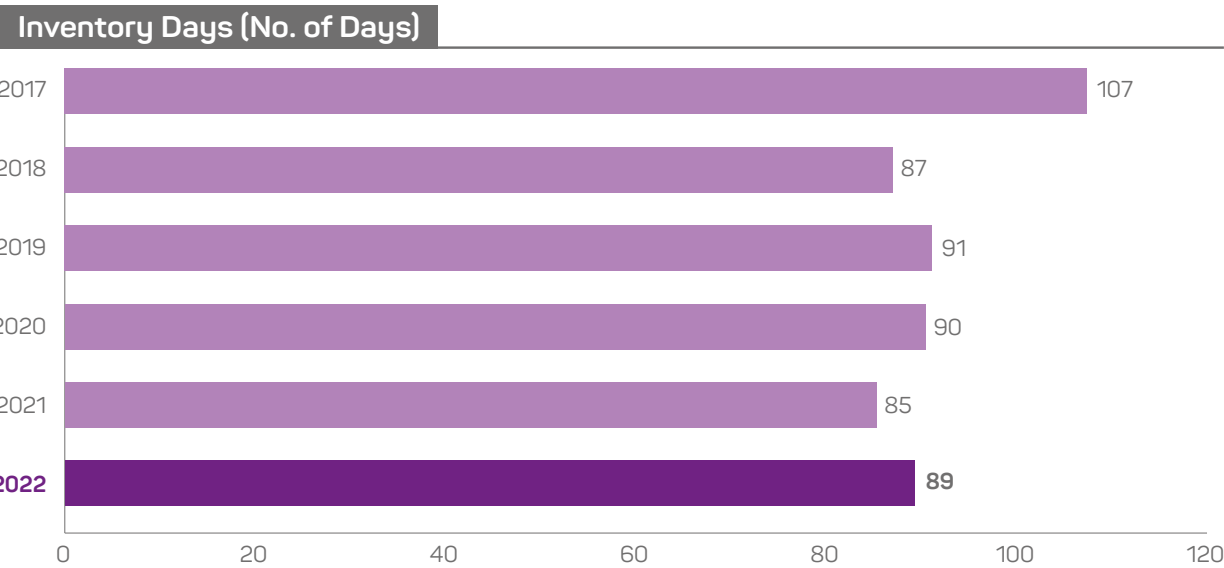
B. Liquidity Ratios



C. Gearing Ratios



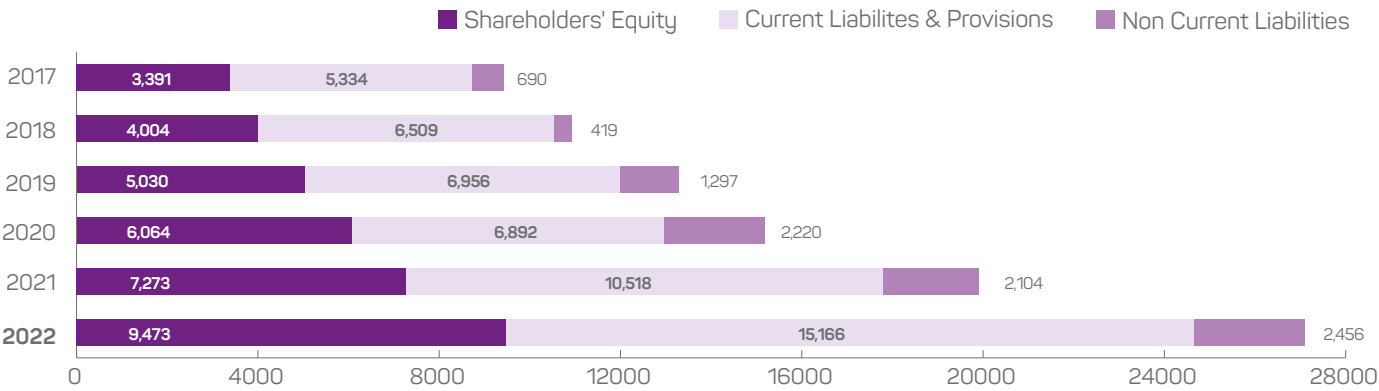
D. Efficiency Ratios



Horizontal Analysis

	2022	2021	2020	2019	2018	2017
	Percent (%)					
INCOME STATEMENT						
Sales - Net	31.6%	20.5%	18.4%	12.3%	28.7%	23.7%
Cost of Sales	31.0%	22.1%	17.8%	16.0%	30.8%	25.4%
Gross Profit	33.1%	16.6%	19.8%	4.2%	23.4%	20.1%
Distribution costs	18.1%	16.8%	16.2%	(5.3%)	20.2%	28.4%
Impairment loss on trade debts	45.5%	0.2%	(2.8%)	(72.7%)	100.0%	0.0%
Administrative expenses	102.4%	16.3%	8.8%	24.9%	75.5%	(0.3%)
Other expense	107.5%	3.1%	5.8%	(43.0%)	110.6%	10.1%
Other income	387.2%	(47.1%)	0.9%	364.4%	(46.0%)	202.8%
Financial charges	47.3%	(8.1%)	20.9%	44.8%	86.7%	17.6%
Profit before Taxation	37.4%	14.0%	34.0%	46.8%	(11.0%)	16.2%
Taxation - net	36.8%	(0.2%)	86.6%	140.7%	(57.7%)	2.2%
Profit after taxation	37.6%	19.6%	20.4%	33.4%	5.5%	22.1%
BALANCE SHEET						
Issued, subscribed and paid up capital	25.0%	25.0%	20.0%	20.0%	0.0%	0.0%
Unappropriated Profit	22.1%	17.7%	21.3%	23.5%	20.4%	32.8%
Non controlling interest	20.9%	20.9%	93.5%	38.4%	9.5%	100.0%
Exchange revaluation reserve	20849.4%	(105.4%)	(136.0%)	154.9%	671.3%	155.6%
Total Equity	30.2%	20.0%	20.5%	25.6%	18.1%	33.3%
Long Term Obligations	15.3%	(5.2%)	71.1%	209.7%	(39.3%)	629.6%
Total Long-term Liabilities and shareholder equities	26.9%	13.2%	30.9%	43.1%	8.4%	54.7%
Fixed Assets, CWIP & Intangibles	46.9%	9.1%	15.9%	12.6%	37.0%	84.0%
Other Non current assets	-13.6%	61.7%	90.1%	(1.4%)	21.0%	10.5%
Current Assets	30.3%	48.7%	12.5%	29.7%	1.9%	20.2%
Total Assets	36.2%	31.1%	14.2%	21.5%	16.1%	39.6%
Current Liabilites & Provisions	44.5%	52.6%	(0.9%)	6.9%	22.0%	30.0%
Net Assets	26.9%	13.2%	30.9%	43.1%	8.4%	54.7%

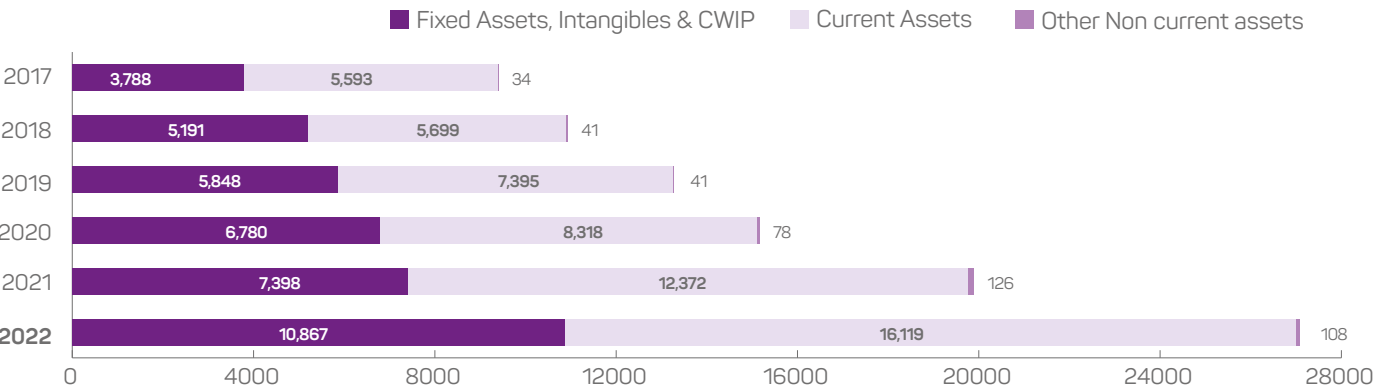
Financial Position Analysis - Equity & Liabilities



Vertical Analysis

	2022	2021	2020	2019	2018	2017
	Percent (%)					
INCOME STATEMENT						
Sales - Net	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales	71.5%	71.8%	70.9%	71.2%	69.0%	67.8%
Gross Profit	28.5%	28.2%	29.1%	28.8%	31.0%	32.2%
Distribution cost	13.8%	15.4%	15.9%	16.2%	19.2%	20.5%
Impairment loss on trade debts	0.1%	0.1%	0.1%	0.1%	0.5%	0.0%
Administrative Expense	6.4%	4.2%	4.3%	4.7%	4.2%	3.1%
Other expense	0.7%	0.4%	0.5%	0.5%	1.1%	0.7%
Other Income	1.4%	0.4%	0.9%	1.0%	0.2%	0.6%
Financial Charges	1.0%	0.9%	1.2%	1.2%	0.9%	0.6%
Profit before Taxation	7.9%	7.6%	8.0%	7.1%	5.4%	7.9%
Taxation - Net	2.0%	1.9%	2.3%	1.5%	0.7%	2.1%
Profit after taxation	6.0%	5.7%	5.7%	5.7%	4.8%	5.8%
BALANCE SHEET						
Issued, subscribed and paid up capital	9.8%	9.9%	5.2%	5.5%	11.7%	12.7%
Unappropriated Profit	58.5%	60.8%	33.8%	35.2%	73.1%	65.8%
Non Controlling Interest	6.5%	6.8%	3.7%	2.4%	4.4%	4.4%
Exchange revaluation reserve	4.9%	0.0%	-0.4%	1.3%	1.3%	0.2%
Total Equity	79.6%	77.6%	42.3%	44.3%	90.5%	83.1%
Long Term Obligations	20.4%	22.4%	15.5%	11.4%	9.5%	16.9%
Total Long-term Liabilities and shareholder equities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Fixed Assets, CWIP & Intangibles	91.3%	78.9%	81.8%	92.4%	117.4%	92.8%
Other Non current assets	0.9%	1.3%	0.9%	0.6%	0.9%	0.8%
Current Assets	135.5%	131.9%	100.4%	116.9%	128.9%	137.0%
Total Assets	227.7%	212.2%	183.2%	209.9%	247.2%	230.9%
Current Liabilites & Provisions	127.7%	112.2%	83.2%	-109.9%	147.2%	130.9%
Net Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Financial Position Analysis - Assets



Summary of Cash Flow Statement

(Rupees in Millions)	2022	2021	2020	2019	2018	2017
Cash flows from operating activities	1,446	2,526	2,992	1,923	1,311	1,425
Cash flows used in investing activities	(3,358)	(1,860)	(919)	(1,107)	(1,676)	(1,556)
Cash flows used in financing activities	(800)	(845)	(559)	(110)	(1)	167
Net (decrease) / increase in cash and cash equivalents	(2,711)	(178)	1,514	706	(367)	37
Cash and cash equivalents at the beginning of the year	852	1,196	(225)	(978)	(624)	(662)
Currency translation difference on cash and cash equivalents	(31)	(166)	(93)	46	12	1
Cash and cash equivalents at the end of the year	(1,890)	852	1,196	(225)	(978)	(624)

Operating activities

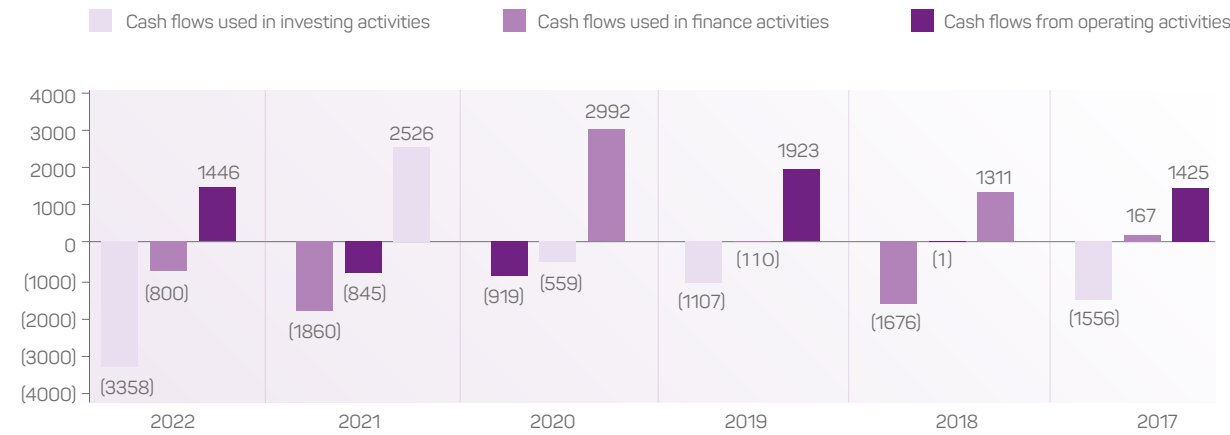
The Company’s operating cash flow has increased at a CAGR of 0.24% over the past 6 years due to improved business performance.

Investing activities

Cash used in investing activities has increased at a CAGR of 14% over the past 6 years and mainly comprises investment in capital expenditure including Faislabad project, Nooriabad Solar Power and building extension at manufacturing sites of the Company.

Financing activities

Financing activities mainly comprise long-term loans obtained for Investment in A-1 Bags & Supplies Inc. The Company has financed its expansion needs by obtaining long-term loans which were partially offset by dividend payments.

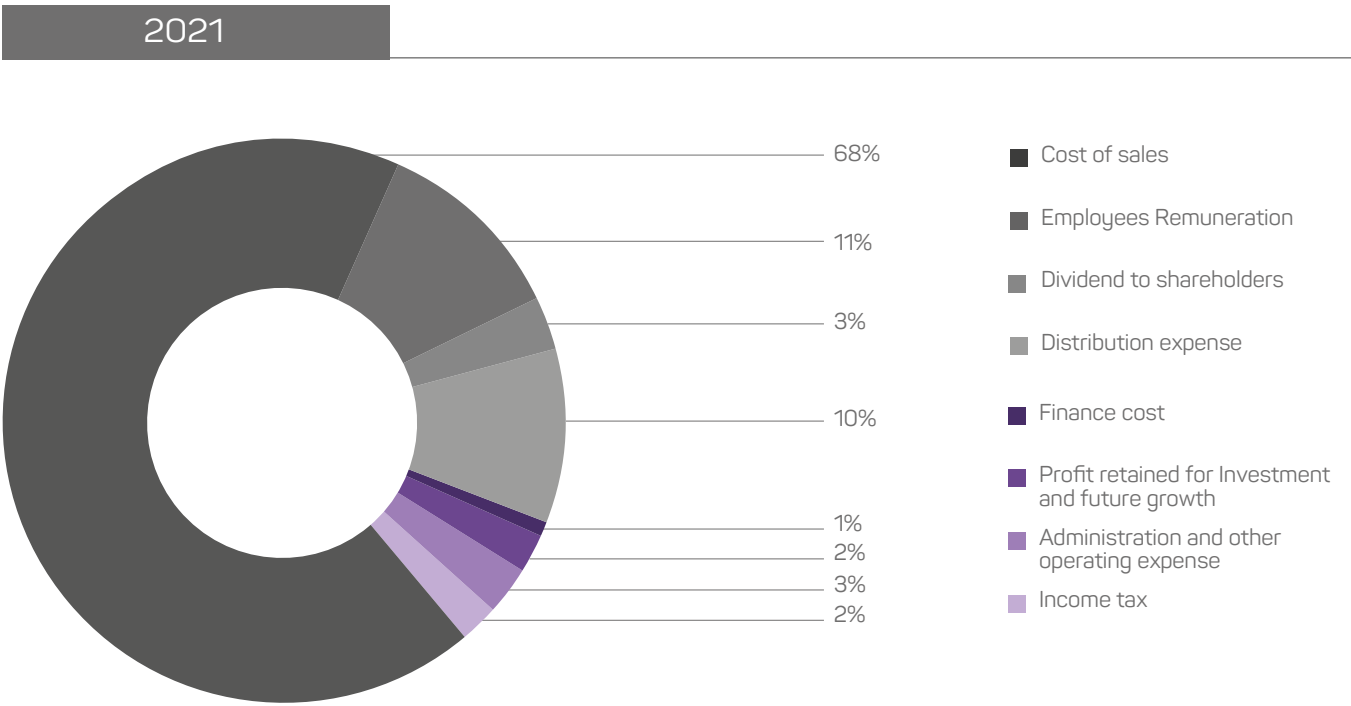
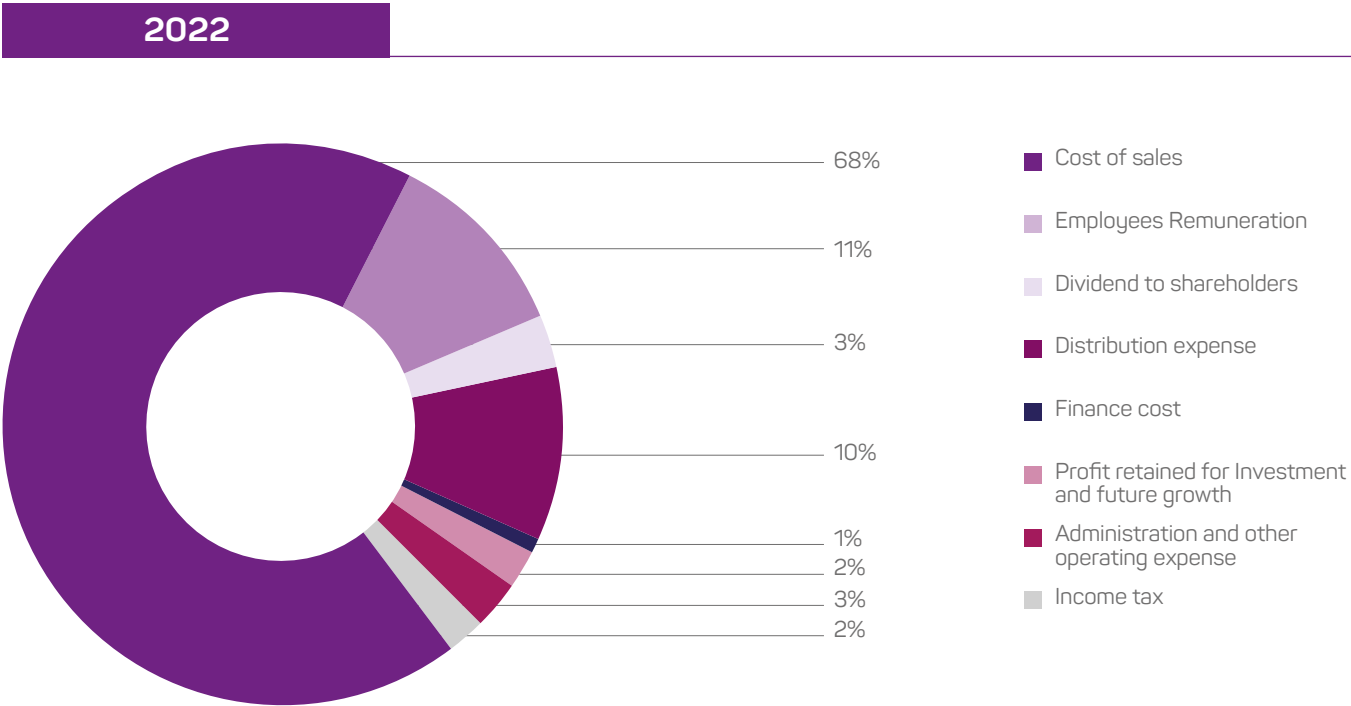


Six Year Cash Flow Using Direct Method

Source	2022	2021	2020	2019	2018	2017
	(Rupees in thousands)					
Cash received from customers	43,725,791	34,968,163	28,392,384	24,293,352	21,685,050	16,382,637
Cash paid for goods & services	(41,143,051)	(31,505,586)	(24,729,935)	(21,946,283)	(19,808,411)	(14,463,131)
Cash generated from operations	2,582,740	3,462,577	3,662,449	2,347,069	1,876,639	1,919,506
Financial cost paid	CF	(392,876)	(320,124)	(356,062)	(269,647)	(181,164)
Net increase in long term deposits	CF	(5,677)	(1,144)	(6,767)	862	(6,716)
Deferred rent	CF	-	-	(34,980)	2,455	17,596
Retirement benefit obligation	CF	(15,621)	(154,587)	(34,912)	(42,366)	(6,023)
Income tax refund / (paid)	CF	(722,146)	(460,272)	(238,190)	(115,528)	(389,804)
Net cash flow from operating activities	1,446,420	2,526,450	2,991,538	1,922,845	1,310,528	1,425,435
Purchase of property, plant & equipment	CF	(3,113,174)	(873,205)	(900,450)	(952,272)	(1,657,468)
Purchase of intangible assets	CF	(32,311)	(51,842)	(8,240)	(42,370)	(42,031)
Sale proceeds from disposal of property, plant and equipment	CF	111,224	65,516	20,146	95,021	23,176
Purchase of equity investment	CF	-	-	(30,000)	-	-
Purchase of debt investment	CF	(323,596)	(1,000,000)	-	-	-
Deferred consideration paid	CF	-	-	-	(207,017)	-
Acquisition of subsidiary	CF	-	-	-	-	(182,429)
Net cash flow from investing activities	(3,357,859)	(1,859,531)	(918,544)	(1,106,638)	(1,676,323)	(1,556,075)
Proceeds from short term borrowings	CF	1,107,483	169,733	-	-	288,000
Proceeds from long term finance	CF	(576,323)	(6,425)	582,348	504,387	325,290
Repayment of short term borrowings	CF	-	-	(459,690)	(50,000)	-
Decrease in long term financing - net		-	-	-	(177,354)	(55,416)
Deferred consideration paid		-	-	-	-	(126,531)
Repayment of lease obligations	CF	(294,494)	(148,149)	(150,693)	-	-
Dividend paid	CF	(1,036,422)	(860,323)	(530,852)	(386,925)	(432,477)
Net cash flow from financing activities	(799,755)	(845,164)	(558,887)	(109,892)	(1,134)	167,455
Net cash flows	(2,711,193)	(178,245)	1,514,107	706,315	(366,929)	36,815

Statement of Value Added and its Distribution

	2022		2021	
	(Rupees in thousands)	%	(Rupees in thousands)	%
Value Addition				
Revenue	45,525,608		34,588,433	
Other Income	646,054		132,608	
	<u>46,171,663</u>		<u>34,721,041</u>	
Cost of Sales	30,972,347	67%	23,412,923	67%
Distributon Expense	4,889,756	11%	3,554,651	10%
Administration and Other Operating Expense	1,301,051	3%	966,219	3%
Employees Renumeration	4,929,698	11%	3,841,495	11%
Finance Cost	463,810	1%	314,768	1%
Income Tax	897,925	2%	656,313	2%
Dividend to shareholders	1,165,579	3%	1,165,577	3%
Profit retained for Investment & Future	1,551,498	3%	809,097	2%
Growth	<u>46,171,663</u>	<u>100%</u>	<u>34,721,043</u>	<u>100%</u>



Pattern of Shareholding

As at 30 June 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
ABRAR HASAN	1	23,003,081	9.87
ZAHID MAJEED	1	9,322,856	4.00
ALI H.SHIRAZI	1	1,000	0.00
NOREEN HASAN	1	68,000	0.03
SAADIA NAVEED	1	1,515,037	0.65
EHSAN ALI MALIK	1	1,125	0.00
DR. JAVED MAJEED	1	3,988,443	1.71
MARGARET ELIZABETH MAJEED	1	920,653	0.39
JAMILA WAQAR	1	30,843	0.01
ALIYA AFZAL	2	2,666,457	1.14
LAIQA HASAN	1	2,748,185	1.18
ZEELAF MUNIR	1	1,551,606	0.67
RABIA SHAIKH	1	1,515,037	0.65
KHAWAR M. BUTT	1	28,641,268	12.29
ISHA BUTT ABDULLAH	1	1,515,037	0.65
MARIAM EHSAN ALI MALIK	1	33,800	0.01
ADAM FAHY MAJEED	1	4,405,881	1.89
Associated Companies, undertakings and related parties			
	2	78,911,813	33.85
NIT & ICP			
	-	-	-
Banks Development Financial Institutions, Non Banking Financial Institutions. Insurance Companies,Modarabas and Mutual Funds			
	18	4,802,892	2.06
General Public			
a. Local	3,633	28,193,621	12.09
b. Foreign	193	372,202	0.16
Foreign Companies	3	35,581,101	15.26
Others	119	3,325,487	1.43
Totals	3,986	233,115,425	100.00

Share holders holding 10% or more	Shares Held	Percentage
KHAWAR M. BUTT	28,641,268	12.29
ARISAIG INDIA FUND LIMITED	34,949,676	14.99
ATC HOLDINGS (PRIVATE) LIMITED	78,711,813	33.77

# Of Shareholders	Shareholdings'Slab			Total Shares Held
881	1	to	100	39,456
1112	101	to	500	309,461
637	501	to	1000	490,073
862	1001	to	5000	1,927,067
201	5001	to	10000	1,434,913
69	10001	to	15000	853,356
45	15001	to	20000	801,037
35	20001	to	25000	793,366
19	25001	to	30000	528,049
12	30001	to	35000	389,510
8	35001	to	40000	305,581
7	40001	to	45000	304,157
8	45001	to	50000	388,925
6	50001	to	55000	310,287
1	55001	to	60000	56,375
4	60001	to	65000	251,731
7	65001	to	70000	474,781
3	70001	to	75000	218,038
3	75001	to	80000	233,350
7	80001	to	85000	579,669
3	85001	to	90000	270,000
2	90001	to	95000	186,681
1	95001	to	100000	98,000
4	100001	to	105000	414,549
2	105001	to	110000	214,078
3	110001	to	115000	336,681
6	115001	to	120000	701,036
1	135001	to	140000	139,000
1	140001	to	145000	142,618
1	145001	to	150000	147,825
1	155001	to	160000	157,812
2	160001	to	165000	328,420
1	165001	to	170000	166,875
1	195001	to	200000	200,000
1	275001	to	280000	279,000
1	315001	to	320000	317,687
1	370001	to	375000	371,250
1	445001	to	450000	446,400
1	545001	to	550000	550,000
1	570001	to	575000	571,877
1	590001	to	595000	591,425
1	625001	to	630000	628,906
1	760001	to	765000	765,000
1	870001	to	875000	875,000
1	920001	to	925000	920,653
1	960001	to	965000	964,465
1	1390001	to	1395000	1,391,146
3	1515001	to	1520000	4,545,111
1	1535001	to	1540000	1,537,325
1	1550001	to	1555000	1,551,606
1	2515001	to	2520000	2,518,632
1	2555001	to	2560000	2,557,841
1	2745001	to	2750000	2,748,185
1	2855001	to	2860000	2,858,203
1	3985001	to	3990000	3,988,443
1	4405001	to	4410000	4,405,881
1	8905001	to	8910000	8,909,938
1	9320001	to	9325000	9,322,856
1	23000001	to	23005000	23,003,081
1	28640001	to	28645000	28,641,268
1	34945001	to	34950000	34,949,676
1	78710001	to	78715000	78,711,813
3986				233,115,425

Statement of Compliance with Listed Companies

Code of Corporate Governance Regulations, 2019

National Foods Limited For the year ended 30 June 2022

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

1.

The total number of directors are seven (07) as per the following:

a.

Males: Five (05)

b.

Females: Two (02)
2.

The composition of Board is as follows:

a)

Independent Directors

Mr. Ehsan Ali Malik

Mr. Ali H. Shirazi

b)

Other Non-Executive Directors

Mr. Zahid Majeed

Mr. Adam Fahy Majeed

Mrs. Noreen Hasan

Mrs. Saadia Naveed

c)

Executive Director

Mr. Abrar Hasan

d)

Female directors

Mrs. Noreen Hasan

Mrs. Saadia Naveed
3.

The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4.

The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5.

The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6.

All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7.

The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8.

The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9.

Following directors have attended Directors’ Training:

Mr. Abrar Hasan

Mr. Ali H. Shirazi

Mr. Ehsan Ali Malik

Mrs. Noreen Hasan

Mrs. Saadia Naveed

Mr. Zahid Majeed
10.

The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11.

Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12.

The Board has formed committees comprising of members given below:

a)

Audit Committee

Mr. Ehsan Ali Malik

Chairman

Mrs. Noreen Hasan

Member

Mrs. Saadia Naveed

Member

b)

HR and Remuneration Committee

Mr. Ali H. Shirazi

Chairman

Mr. Ehsan Ali Malik

Member

Mrs. Noreen Hasan

Member
13.

The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14.

The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a)

Audit Committee – Five (05)

b)

HR and Remuneration Committee – Four (04)
15.

The Board has outsourced the internal audit function to Messrs. Ernst & Young Ford Rhodes & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

Statement of Compliance with Listed Companies

Code of Corporate Governance Regulations, 2019

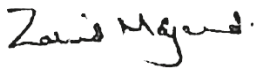
National Foods Limited For the year ended 30 June 2022

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.

For the purpose of Clause 6 (1), the Company has not rounded up the fraction as one since the Board has adequate Independent Directors i.e. 02 Independent Directors out of the Board of 07 Directors. We have duly complied with the minimum requirement of Executive & Independent Director. The additional number out of 07 is assigned to Non-Executive Director.



Chief Executive Officer



Director

To the members of National Foods Limited

INDEPENDENT AUDITOR’S REVIEW REPORT

**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 National Foods Limited for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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

Karachi
September 23, 2022
UDIN: CR202210201dlgPKXwac

KPMG Taseer Hadi & Co.
Chartered Accountants

We Enrich Our Reporting for Stronger Performances

Standalone Financial Statements 2022



Independent Auditor’s Report

To The Members of National Foods Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **National Foods Limited** (the Company), which comprise the unconsolidated statement of financial position as at **30 June 2022**, and the unconsolidated statement of profit or loss and other 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 statement of financial position, statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the profit and 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 year. 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.

Independent Auditor’s Report

To The Members of National Foods Limited

Following are the Key audit matters:

S.No	Key audit matters	How the matters were addressed in our audit
1.	<p>Valuation of Trade debts</p> <p>Refer notes 4.6.1, 4.11.1, and 10 to the Company's unconsolidated financial statements for the accounting policy and particulars of trade debts.</p> <p>The Company recognizes a loss allowance at an amount equal to lifetime expected loss allowances for trade receivables. It involves management judgement and estimation.</p> <p>Considering the above matter, the valuation of trade debts has been considered a key audit matter.</p>	<p>Our audit procedures to assess the valuation of debtors, among others involved the following:</p> <ul style="list-style-type: none">- obtaining an understanding of management’s basis for the determination of loss allowance required at the year-end;- assessing the method used by the Company for recognition of the allowance against the doubtful debts in accordance with the applicable standard and assessing the reasonableness of assumptions used; and- testing the accuracy of the data on a sample basis extracted from the Company's accounting system which has been used to calculate the provision required including subsequent recoveries.
2	<p>Valuation of Stock-in-trade</p> <p>Refer notes 4.10 and 9 to the Company's unconsolidated financial statements for the accounting policy and particulars of stock-in-trade.</p> <p>Stock-in-trade represents 35% of the Company's total assets at year-end. It comprises raw material, packing material, work in process, and finished goods which are stated at lower of cost and estimated net realizable value (NRV). NRV involves the estimation of the selling prices and the cost necessarily to be incurred in order to make the sale.</p> <p>Also, provisions for slow-moving and obsolete stock-in-trade involve significant management judgment and estimation.</p> <p>Considering the above matter, the valuation of the stock-in-trade has been considered a key audit matter.</p>	<p>Our audit procedures to assess the valuation of stock-in-trade, amongst others, included the following:</p> <ul style="list-style-type: none">- obtaining an understanding of and assessing the design and testing the implementation of management's controls designed to identify obsolete and slow-moving items;- checking the NRV calculations on a sample basis by comparing the cost with a subsequent selling price less cost to the sale; and- checking the working on a sample basis specific provision for obsolete and slow-moving stocks-in-trade.

Independent Auditor’s Report

To The Members of National Foods Limited

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 the Annual Report for the year ended 30 June 2022 but does not include the review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019, consolidated and 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.

The 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 skepticism 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.

Independent Auditor’s Report

To The Members of National Foods Limited

- 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 and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company’s business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor’s report is **Amyn Pirani**.

Date: September 23, 2022
Karachi
UDIN: AR2022102012RrTOyvJq

KPMG Taseer Hadi & Co.
Chartered Accountants

Unconsolidated Statement of Financial Position

As at 30 June 2022

	Note	2022	2021
(Rupees in thousand)			
ASSETS			
Non - current assets			
Property, plant and equipment	5	7,067,013	5,032,273
Intangibles	6	73,943	65,091
Long-term investments	7	45,935	61,719
Long-term deposits		38,444	33,720
Deferred assets	8	53,656	46,816
		7,278,991	5,239,619
Current assets			
Stores, spare parts and loose tools		168,050	150,339
Stock-in-trade	9	6,628,926	4,945,364
Trade debts	10	1,948,605	942,695
Advances	11	732,502	244,332
Deposits and prepayments	12	66,005	64,687
Other receivables	13	-	12,274
Sales tax refundable		-	90,076
Short-term investments at FVTPL	14	1,324,795	1,001,199
Cash and bank balances	15	712,989	2,610,576
		11,581,872	10,061,542
TOTAL ASSETS		18,860,863	15,301,161
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
1,000,000,000 (30 June 2021: 1,000,000,000) ordinary shares of Rs. 5 each		5,000,000	5,000,000
Share Capital			
Issued, subscribed and paid-up capital	16	1,165,576	932,461
Revenue Reserves			
Unappropriated profit		5,343,575	4,543,794
		6,509,151	5,476,255
Non - current liabilities			
Long-term finance and deferred income	17	255,976	699,619
Lease liabilities	18	16,671	-
Deferred taxation - net	19	208,878	215,211
Long term provisions	20	22,461	39,441
Deferred liabilities	8	-	7,005
		503,986	961,276
Current liabilities			
Trade and other payables	21	5,738,658	4,341,706
Contract liability	22	93,076	148,095
Short-term borrowings	23	4,269,883	2,790,795
Unclaimed dividend		23,161	21,202
Long-term finance and deferred income classified as current - secured	17	416,215	529,799
Mark-up accrued on bank borrowings		80,072	9,138
Taxation - net	32	1,226,661	1,022,895
		11,847,726	8,863,630
Contingencies and Commitments	24		
TOTAL EQUITY AND LIABILITIES		18,860,863	15,301,161

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Note	2022	2021
(Rupees in thousand)			
Sales - Net	25	26,843,062	23,115,798
Cost of sales	26	(17,875,419)	(16,079,696)
Gross profit		8,967,643	7,036,102
Distribution costs	27	(5,191,846)	(3,933,845)
Impairment loss on trade debts	10.1	(11,761)	(4,851)
Administrative expenses	28	(1,381,167)	(1,214,638)
Other expenses	29	(293,732)	(140,277)
Other income	30	672,419	107,401
Operating profit		2,761,556	1,849,892
Finance costs	31	(180,309)	(136,020)
Profit before taxation		2,581,247	1,713,872
Taxation - net	32	(616,169)	(448,680)
Profit after taxation		1,965,078	1,265,192
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss			
Remeasurements of retirement benefit liability (actuarial gain)	8.6.1	394	47,007
Related deferred tax thereon		(114)	(13,632)
		280	33,375
Total comprehensive income for the year		1,965,358	1,298,567
(Rupees)			
Earnings per share - basic and diluted	33	8.43	5.43

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Unconsolidated Statement of
Cash Flows

For the year ended 30 June 2022

	Note	2022	2021
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	1,567,494	2,572,601
Finance costs paid		(109,375)	(140,324)
Income taxes paid		(418,850)	(206,463)
Retirement benefits		(15,621)	(154,587)
Long-term deposits - net		(4,724)	(1,157)
Net cash from operating activities		1,018,924	2,070,070
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(2,679,068)	(752,223)
Intangible assets		(32,311)	(51,842)
Proceeds from disposal of operating fixed assets		109,326	61,074
Purchase of short term investment - net		(323,596)	(1,000,000)
Net cash used in investing activities		(2,925,649)	(1,742,991)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term finance-net		(529,799)	206,837
Lease rental paid		(9,648)	-
Proceeds from short-term borrowings-net		650,000	100,000
Dividends paid		(930,503)	(746,558)
Net cash used in financing activities		(819,950)	(439,721)
Net decrease in cash and cash equivalents		(2,726,675)	(112,642)
Cash and cash equivalents at beginning of the year		419,781	532,423
Cash and cash equivalents at end of the year	35	(2,306,894)	419,781

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Unconsolidated Statement of
Changes in Equity

For the year ended 30 June 2022

	Note	Issued, subscribed and paid-up share capital	Revenue reserve - unappropriated profit	Total
		(Rupees in thousand)		
Balance as at 30 June 2020		745,969	4,177,688	4,923,657
Transaction with owners in the capacity as owners directly recorded in equity - distribution				
1 Ordinary share for each 4 Ordinary shares held - allotted as bonus shares for the year ended 30 June 2020		186,492	(186,492)	-
Final cash dividend for the year ended 30 June 2020 @ Rs. 5 per Ordinary share		-	(745,969)	(745,969)
Total comprehensive income for the year ended 30 June 2021				
Profit for the year	8.6.1	-	1,265,192	1,265,192
Other comprehensive income - actuarial gain on defined benefit plan - net of tax		-	33,375	33,375
		-	1,298,567	1,298,567
Balance as at 30 June 2021		932,461	4,543,794	5,476,255
Transaction with owners in the capacity as owners directly recorded in equity - distribution				
1 Ordinary share for each 4 Ordinary shares held - allotted as bonus shares for the year ended 30 June 2021		233,115	(233,115)	-
Final cash dividend for the year ended 30 June 2021 @ Rs. 5 per Ordinary share		-	(932,462)	(932,462)
Total comprehensive income for the year ended 30 June 2022				
Profit for the year	8.6.1	-	1,965,078	1,965,078
Other comprehensive income - actuarial gain on defined benefit plan - net of tax		-	280	280
		-	1,965,358	1,965,358
Balance as at 30 June 2022		1,165,576	5,343,575	6,509,151

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

1. THE COMPANY AND ITS OPERATIONS

1.1 National Foods Limited ("the Company") was incorporated in Pakistan on 19 February 1970 as a private limited company under the Companies Act, 1913 and subsequently converted into a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) by a special resolution passed in the extra ordinary general meeting held on 30 March 1988. The Company is principally engaged in the manufacture and sale of convenience based food products. The Company is listed on Pakistan Stock Exchange. The registered office of the Company is situated at 12 / CL - 6, Claremont Road, Civil Lines, Karachi.

1.2 The ultimate parent entity of the Company is ATC Holdings (Private) Limited based on control model as provided under IFRS 10 - 'Consolidated Financial Statements'.

These financial statements are separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of cost rather than on the basis of reported results. Consolidated financial statements of the company are prepared separately. Details of Company's investments in subsidiary companies are given in note 7 to these unconsolidated financial statements.

1.3 The manufacturing facilities and sales offices of the Company are situated at the following locations:

Factories:

- Unit F-160/ C, F- 133, S.I.T.E., Karachi;
- Office A-13, North Western Industrial Zone, Bin Qasim, Karachi;
- 53-KM G.T. Road, Chainwala Mord Amanabad, Gujranwala;
- A-393, Nooriabad Industrial Estate, Nooriabad; and
- Plot No. 346 & 347 Phase - 2, M-3 Industrial City, Faisalabad. (Not Operational)

Sales offices:

- Office No.107, 1st Floor Parsa Tower, Sharah-e-Faisal, Karachi;
- Banglow No. 225, Shahrah-e-Abbasi Akhuwat Nagar Society, Sukkur;
- 2nd Floor, Mall 2 Plaza Main Boulevard Kohinoor City, Jaranwala Road, Faisalabad;
- 18-CCA (Commercial Area), Phase VIII, DHA Lahore, Cantt;
- Plot No. 25, Din Plaza, Canal Road, Main Gate Canal View Housing Society, Gujranwala; and
- 1st Floor, Bilal Complex, Main PWD Road, Sector O-9, Islamabad.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as stated otherwise.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand of rupees, unless stated otherwise.

2.4 Use of significant estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of the Company's 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 judgements 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 recognised 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:

	Note
Property, plant and equipment	4.1
Intangible assets	4.3
Stock in trade	4.10
Stores, spares and loose tools	4.9
Trade debts - expected credit loss	4.11.1
Provision for refund liability	4.15
Retirement benefits obligations	4.8
Taxation	4.7
Investment at fair value through profit or loss (FVTPL)	4.6
Impairment	4.11

3. ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 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.

3.2 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:

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

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

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

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

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing

etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) – Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.
- Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as "current". The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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

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

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below are consistently applied for all periods presented in these financial statements.

4.1 Property, plant and equipment

Operating assets and depreciation

Initial recognition

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

Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the items 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 are stated at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment includes:

- (a) its purchase price including import duties, non refundable purchase taxes after deducting trade discounts and rebates;
- (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 the management; and
- (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 (including normal repairs and maintenance)

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

Depreciation

Depreciation on all items is charged on straight line method. The useful lives for depreciation are indicated in note 5.1.

Depreciation on additions to property, plant and equipment is charged from the month the asset is available for use up to the month of 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 reporting date.

Gains and losses on disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized in the profit or loss.

Capital work in progress

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

4.2 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and, therefore are capitalized. Other borrowing costs are recognised as an expense. Borrowing cost are calculated based on the effective interest rate.

4.3 Intangibles

These are stated at cost less accumulated amortisation and any provision for impairment loss. Amortisation of intangible assets is charged to income applying the straight line method at the rates specified in note 6 to the financial statements after taking into account residual value, if any.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable, if any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

4.4 Leases

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Right-of-use asset and lease liability are recognised at the

lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for any lease payments made at or before the commencement date, plus any direct initial costs incurred. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced for impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

The Company has elected not to recognise right-of-use asset and lease liabilities of lease contracts of those having lease term equal to or less than 12 months. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

4.5 Long term investment - subsidiary

Investment in subsidiary is stated at cost less impairment losses, if any.

4.6 Financial Instruments

4.6.1 Recognition, classification and measurement - Financial Assets

Classification

The Company currently classifies its financial assets in the following measurement categories:

- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortised 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.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at FVOCI. However the Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income.

On initial recognition, the Company may, irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Initial measurement

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. However, at initial recognition, the Company measures trade receivables at their transaction price if the trade receivables do not contain a significant financing component.

Subsequent measurement

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in statement of profit or loss.
	Investments in mutual funds are carried at fair value based on net asset value of the fund on each balance sheet date and the unrealized gain / (loss) is recognized in the statement of profit or loss.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.

4.6.2 Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. 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 gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses is recognised in statement of profit or loss. Any gain or loss on derecognition is also recognised in statement of profit or loss.

4.6.3 Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

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For the year ended 30 June 2022

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

4.6.3.1 *Trade and other payables*

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised cost.

4.6.3.2 *Offsetting*

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has currently legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.7 **Taxation**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to the items recognised directly in equity or in other comprehensive income, in which case the tax amounts are recognized directly in equity or other comprehensive income, as the case may be.

i) *Current*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year; calculated using tax rates enacted or substantively enacted by the end of the reporting period. The calculation of current tax takes into account tax credit and tax rebates, if any, and is inclusive of any adjustments to income tax payable or recoverable in respect of previous years.

ii) *Deferred*

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited in the profit or loss (except to the extent that it relates to items recognized directly in equity or other comprehensive income in which cases these are recognized directly in equity or other comprehensive income as the case may be).

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For the year ended 30 June 2022

4.8 **Employee retirement benefits**

Defined benefit plans

The Company operates a funded pension scheme and post retirement medical benefit for the individuals mentioned in note 8 to these financial statements. The liability recognised in the statement of financial position in respect of the defined benefit plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Remeasurements which comprise actuarial gains and losses are recognised immediately in other comprehensive income. The latest actuarial valuation of the defined benefit plans was conducted at 30 June 2022.

The current and past-service costs and interest income / expenses are recognized immediately in the statement of profit or loss.

Surplus arising on the actuarial valuation is recognized to the extent these are available under the applicable trust deed at the present value of economic benefits available in the form of refund or reductions in future contribution to the fund.

Defined contribution plan

The Company operates an approved contributory provident fund for eligible employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% per annum of the basic salary.

4.9 **Stores, spare parts and loose tools**

These are valued at weighted average cost less provision for slow moving and obsolete stores, spare parts and loose tools, if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.10 **Stock in trade**

All stocks are stated at the lower of cost and estimated net realisable value. Cost is determined by weighted average method except for those in transit where it represents invoice value and other charges incurred thereon. Net realisable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale. Cost of work in process and finished goods includes direct cost of materials, direct cost of labour and production overheads. Also the provisions and write-offs for all damaged and obsolete stock in trade are made based on the specific identification of items of stock in trade by management.

4.11 **Impairment losses**

4.11.1 *Financial assets*

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime Expected Credit Losses (ECLs) for trade receivables.

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.11.2 Non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If such indications exist, the assets' recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in the statement of profit and loss.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.12 Ijarah

In ijarah transactions' significant portion of the risks and rewards of ownership are retained by the lessor. Islamic Financial Accounting Standard 2 – 'Ijarah', issued by the Institute of Chartered Accountants of Pakistan, requires the recognition of 'ujrah payments' (lease rentals) against ijarah financing as an expense in the statement of profit or loss on a straight-line basis over the ijarah term.

4.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

4.14 Foreign currency transactions and translation

Foreign currency transactions are translated into Pakistani Rupee using the exchange rates approximating those prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pakistani Rupee at the rates of exchange approximating those prevailing at the reporting date. Exchange gains / losses on translation are included in income currently.

4.15 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 recognised 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 recognised 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. No asset is recognized for returns as they are not anticipated to be resold. A receivable is recognised 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 recognised for short- term advances that the Company receives from its customers.

4.16 Miscellaneous income

Miscellaneous income including export rebate is recognised on receipt basis.

4.17 Interest / Mark up income / Rental income / late payment by trade debtors

Income on Interest / Mark up income and rental income is recognised on a time proportionate basis and in case of interest and mark-up at the rate of return implicit in the arrangement.

4.18 Dividend income

Dividend income is recognised when the Company's right to receive is established.

4.19 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

4.20 Research and development

Research and development expenditure is charged to statement of profit and loss in the period in which it is incurred.

Notes to the Unconsolidated

Financial Statements

For the year ended 30 June 2022

4.21 Dividends and appropriations

Dividend distribution to the Company's shareholders and appropriations to / from reserves are recognised in the period in which these are approved.

4.22 Government grants

Government grant includes any benefit earned on account of a government loan obtained at below market rate of interest. The loan is recognized and measured in accordance with IFRS 9 “Financial Instruments”. The benefit of the below-market rate of interest shall be measured as the difference between the initial fair value of the loan determined in accordance with IFRS 9 and the proceeds received. The difference, representing the grant amount (income) is recognized over the period of the loan.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
		(Rupees in thousand)	
Operating fixed assets	5.1	4,888,725	4,564,852
Capital work-in-progress	5.5	2,147,899	467,421
Right-of-use assets	5.7	30,389	-
		<u>7,067,013</u>	<u>5,032,273</u>

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Financial Statements

For the year ended 30 June 2022

5.1 Operating fixed assets

	2022									
	Freehold land	Leasehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Office and other equipments	Computers	Laboratory equipments	Vehicles	Total
	(Rupees in thousand)									
At 1 July 2021										
Cost	-	232,549	2,870,061	3,444,441	156,310	232,302	235,906	59,592	85,929	7,317,090
Accumulated depreciation	-	(45,285)	(510,558)	(1,668,847)	(117,594)	(156,672)	(188,269)	(27,992)	(37,021)	(2,752,238)
Net book value	-	187,264	2,359,503	1,775,594	38,716	75,630	47,637	31,600	48,908	4,564,852
Additions / transfer - note 5.5	207,257	-	184,967	338,283	12,875	17,089	110,742	11,192	115,667	998,072
Disposals										
Cost	-	(2,200)	(5,651)	(72,467)	-	(11)	(13,035)	-	(67,426)	(160,790)
Accumulated depreciation	-	330	2,166	62,591	-	11	12,924	-	17,492	95,514
	-	(1,870)	(3,485)	(9,875)	-	-	(111)	-	(49,934)	(65,276)
Depreciation charge for the year	-	(4,222)	(102,845)	(358,819)	(25,663)	(38,352)	(39,378)	(8,311)	(31,333)	(608,923)
Closing net book value	207,257	181,172	2,438,140	1,745,181	25,928	54,367	118,890	34,481	83,308	4,888,725
At 30 June 2022										
Cost	207,257	230,349	3,049,377	3,710,257	169,185	249,380	333,612	70,784	134,169	8,154,372
Accumulated depreciation	-	(49,177)	(611,236)	(1,965,074)	(143,257)	(195,013)	(214,723)	(36,303)	(50,862)	(3,265,647)
Net book value	207,257	181,172	2,438,141	1,745,183	25,928	54,367	118,889	34,481	83,307	4,888,725
Useful life (years)	-	38 - 99	5 - 60	5 - 10	5	5 - 10	3	5 - 10	5	
At 1 July 2020										
Cost	-	232,549	2,680,906	3,094,489	151,483	227,024	216,943	50,580	53,167	6,707,141
Accumulated depreciation	-	(41,057)	(418,993)	(1,343,616)	(92,969)	(120,050)	(162,228)	(22,209)	(27,799)	(2,228,921)
Net book value	-	191,492	2,261,913	1,750,873	58,514	106,974	54,715	28,371	25,368	4,478,220
Additions / transfer - note 5.5	-	-	189,155	349,952	4,827	5,278	26,304	9,012	59,825	644,353
Disposals										
Cost	-	-	-	-	-	-	(7,341)	-	(27,063)	(34,404)
Accumulated depreciation	-	-	-	-	-	-	7,104	-	6,503	13,607
	-	-	-	-	-	-	(237)	-	(20,560)	(20,797)
Depreciation charge for the year	-	(4,228)	(91,565)	(325,231)	(24,625)	(36,622)	(33,145)	(5,783)	(15,725)	(536,924)
Closing net book value	-	187,264	2,359,503	1,775,594	38,716	75,630	47,637	31,600	48,908	4,564,852
At 30 June 2021										
Cost	-	232,549	2,870,061	3,444,441	156,310	232,302	235,906	59,592	85,929	7,317,090
Accumulated depreciation	-	(45,285)	(510,558)	(1,668,847)	(117,594)	(156,672)	(188,269)	(27,992)	(37,021)	(2,752,238)
Net book value	-	187,264	2,359,503	1,775,594	38,716	75,630	47,637	31,600	48,908	4,564,852
Useful life (years)	-	38 - 99	5 - 60	5 - 10	5	5 - 10	3	5 - 10	5	

5.2 Above assets includes fully depreciated assets having cost of Rs. 1.07 billion (2021: Rs. 0.9 billion).

5.3 The depreciation charge for the year has been allocated as follows:

	Note	2022	2021
		(Rupees in thousand)	
Cost of sales	26	469,690	419,134
Distribution costs	27	21,088	16,571
Administrative expenses	28	118,149	101,219
		608,927	536,924

5.4 The details of property, plant and equipment having net book value of Rs. 500,000 and above sold / disposed of during the year are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of purchaser	Relationship with the purchaser
(Rupees in thousand)								
Buildings	5,651	2,166	3,485	1,200	(2,285)	Negotiation	Mr. Khayal Muhammad Nasir Afirdi Rafiq	Company's Vendor
Motor Vehicle	3,149	459	2,690	3,231	540	Company Policy	Mr. Saad Bin Khalid	Company's Executive
Motor Vehicle	2,914	364	2,550	3,011	461	Company Policy	Mr. Shayan Naseem	Company's Executive
Plant & Machinery	3,685	1,720	1,965	263	(1,702)	Negotiation	Mr. Amir Majeed	Third party
Motor Vehicle	2,268	331	1,937	2,533	595	Company Policy	Mr. Ahmad Ismail	Company's Executive
Plant & Machinery	3,318	1,410	1,908	237	(1,671)	Negotiation	Mr. Amir Majeed	Third party
Land - Lease Hold	2,200	330	1,870	2,090	220	Negotiation	Punjab Industrial Estates Development and Management Company (PIEDMC)	Company's Vendor
Motor Vehicle	2,297	431	1,866	2,110	244	Company Policy	Mr. Inam Ul Haq	Company's Executive
Motor Vehicle	2,124	310	1,814	2,296	482	Company Policy	Mr. Humayun Javed	Company's Executive
Motor Vehicle	2,090	425	1,665	0	(1,665)	Company Policy	Mr. Irfan Hafeez	Company's Executive
Plant & Machinery	7,045	5,399	1,646	503	(1,143)	Negotiation	Mr. Amir Majeed	Third party
Plant & Machinery	3,769	2,140	1,629	269	(1,359)	Negotiation	Mr. Amir Majeed	Third party
Motor Vehicle	1,934	387	1,547	1,870	322	Company Policy	Mr. Rahim Hasan	Company's Executive
Motor Vehicle	1,403	117	1,286	1,348	61	Company Policy	Mr. Hatif Yousuf	Company's Executive
Motor Vehicle	1,576	296	1,280	642	(638)	Company Policy	Mr. Abdul Kaleem	Company's Executive
Motor Vehicle	1,421	148	1,273	1,316	43	Company Policy	Mr. Wassi Abbas	Company's Executive
Motor Vehicle	1,320	83	1,237	992	(246)	Company Policy	Mr. Muhammad Ibrahim	Company's Executive
Motor Vehicle	1,573	393	1,180	1,268	88	Company Policy	Mr. M. Shahmir Khan	Company's Executive
Motor Vehicle	1,539	371	1,168	2,967	1,800	Company Policy	Mr. Syed Hasan Ali Khan	Company's Executive
Motor Vehicle	1,386	254	1,132	1,351	219	Company Policy	Mr. M. Uzair Ahmed Khan	Company's Executive
Motor Vehicle	1,292	188	1,104	550	(554)	Company Policy	Mr. Mian Anjum Hafeez	Company's Executive
Motor Vehicle	1,246	182	1,064	1,028	(37)	Company Policy	Mr. M.Aneeqe Khan Khakwani	Company's Executive
Motor Vehicle	1,451	411	1,040	1,266	227	Company Policy	Mr. Col. Khalid Mahmood	Company's Executive
Motor Vehicle	1,183	148	1,035	714	(322)	Company Policy	Mr. Taimoor Jamal Khan	Company's Executive

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of purchaser	Relationship with the purchaser
(Rupees in thousand)								
Motor Vehicle	1,405	375	1,030	1,414	384	Company Policy	Mr. Imran Akhtar	Company's Executive
Plant & Machinery	1,818	849	969	130	(840)	Negotiation	Mr. Amir Majeed	Third party
Motor Vehicle	1,237	283	954	1,886	933	Company Policy	Mr. Abdul Basit Mehmood	Company's Executive
Motor Vehicle	1,027	86	941	216	(725)	Company Policy	Mr. Mian Zohaib Rasool	Company's Executive
Motor Vehicle	1,059	132	927	1,317	390	Company Policy	Mr. Ahmad Salman	Company's Executive
Motor Vehicle	1,061	155	906	1,177	271	Company Policy	Mr. Abdul Rehman	Company's Executive
Motor Vehicle	1,200	300	900	422	(477)	Company Policy	Mr. M. Sheraz Khan	Company's Executive
Motor Vehicle	1,016	152	864	1,068	205	Company Policy	Mr. Taimoor Shahzad	Company's Executive
Motor Vehicle	958	180	778	378	(400)	Company Policy	Mr. Yasir Javed	Company's Executive
Motor Vehicle	938	215	723	643	(80)	Company Policy	Mr. Muhammad Umair	Company's Executive
Motor Vehicle	900	183	717	351	(366)	Company Policy	Mr. Mohsin Ul Ibad Haider	Company's Executive
Motor Vehicle	887	180	707	1,000	294	Company Policy	Mr. Taimoor Aslam	Company's Executive
Motor Vehicle	815	136	679	965	285	Company Policy	Mr. Shoaib Arshad	Company's Executive
Motor Vehicle	937	266	671	330	(342)	Company Policy	Mr. Muhammad Sheraz Khan	Company's Executive
Motor Vehicle	780	130	650	404	(246)	Company Policy	Mr. Zain Abbas	Company's Executive
Motor Vehicle	629	39	590	497	(93)	Company Policy	Mr. Syed Waqar Ahmed	Company's Executive
Motor Vehicle	745	168	577	284	(293)	Company Policy	Mr. Asif Mehmood	Company's Executive
Motor Vehicle	802	227	575	2,231	1,656	Company Policy	Mr. Muhammad Hammad	Company's Executive
Motor Vehicle	802	227	575	878	304	Company Policy	Mr. Mohsin Razzak	Company's Executive
Motor Vehicle	778	208	570	1,362	791	Company Policy	Mr. Faish Ullah	Company's Executive
Motor Vehicle	778	208	570	862	291	Company Policy	Mr. M. Ahsan Khan	Company's Executive
Motor Vehicle	802	240	562	845	284	Company Policy	Mr. Syed Hasan Jafri	Company's Executive
Motor Vehicle	720	192	528	978	451	Company Policy	Mr. Qasim Iqbal	Company's Executive
Plant & Machinery	3,846	3,329	517	275	(242)	Negotiation	Mr. Amir Majeed	Third party
Motor Vehicle	649	132	517	542	25	Company Policy	Mr. Zeeshan Ali	Company's Executive
Motor Vehicle	649	132	517	724	208	Company Policy	Mr. Ahmed Ismail	Company's Executive
Total	85,071	27,185	57,886	54,234	(3,652)			

5.5 Capital work-in-progress (CWIP)

	Note	2022	2021
		(Rupees in thousand)	
Civil works	5.5.1	1,308,446	50,278
Advance against civil work		599,542	-
Plant and machinery		161,431	114,228
Advance against Plant & Machinery and Office Equipment		60,118	-
Office equipment		8,335	112
Furniture & Fixtures		7,879	-
Advance against motor Vehicles and furniture & fixtures		2,148	2,252
Advance against computer		-	16,220
Advance against acquisition of land		-	284,331
		2,147,899	467,421

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

5.5.1 Includes borrowing costs capitalized during the year amounting to Rs. 103.9 million.

5.5.2 During the year the additions to CWIP and transfer of respective assets to operating fixed assets amounted to Rs. 1,703.16 million (2021: Rs. 438.98 million) and Rs. 362.06 million (2021: Rs. 347.18 million) respectively.

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

Location	Usage of immovable property	Geographical Location	Total Area (In Sq. Ft.)	Covered Area (In Sq. Ft.)
Corporate office	Office Building	12/CL-6 Claremount Road, Civil Lines, Karachi	45,099	40,589
S.I.T.E.	Manufacturing plant	Unit F-160/ C, F- 133, S.I.T.E., Karachi	76,491	62,029
Port Qasim	Manufacturing plant	Office A-13, North Western Industrial Zone, Bin Qasim, Karachi	435,600	265,556
Nooriabad	Manufacturing plant	A-393, Nooriabad Industrial Estate, Nooriabad	602,951	120,112
Gujranwala	Manufacturing plant	53-KM G.T. Road, Chainwala Mord Amanabad, Gujranwala	130,000	36,000
Faisalabad	Land	Plot No. 346 & 347 Phase - 2, M-3 Industrial City, Faisalabad	1,086,480	532,375

5.7 Right-of-use assets

Note	Leasehold Property	Storage Tank	Total
	(Rupees in thousand)		
As at June 30, 2020	-	-	-
Additions	-	-	-
Depreciation charge	-	-	-
As at June 30, 2020	-	-	-
Addition	23,785	16,780	40,565
Depreciation charge	(1,786)	(8,390)	(10,176)
As at June 30, 2020	21,999	8,390	30,389
Lease term	3	2	

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

5.7.1 The depreciation charge for the year has been allocated as follows:

	Note	2022	2021
		(Rupees in thousand)	
Cost of sales	26	8,390	-
Distribution costs	27	393	-
Administrative expenses	28	1,393	-
		10,176	-

6. INTANGIBLES

Computer software and ERP System	6.1	32,285	33,104
Systems under development - Capital work-in-progress	6.3	41,658	31,987
		73,943	65,091

6.1 Computer software and ERP System

Net carrying value basis

Opening net book value	33,104	37,301
Additions (at cost) / transfer	22,640	27,716
Amortisation for the year	(23,459)	(31,913)
Closing net book value	32,285	33,104

Gross carrying value basis

Cost	327,728	304,150
Accumulated amortisation	(295,443)	(271,046)
Net book value	32,285	33,104
Useful life (years)	3	3

6.2 The amortization charge for the year has been allocated as follows:

Cost of sales	26	409	129
Distribution costs	27	615	1,231
Administrative expenses	28	22,434	30,553
		23,458	31,913

6.3 This represent amount given to vendor for the development of software which is expected to be capitalised next year.

7. LONG TERM INVESTMENTS

	Note	2022	2021
		(Rupees in thousand)	
Investment at fair value through profit or loss (FVTPL)			
Naimat Collateral Management Company Limited		30,000	30,000
Less: Provision for Impairment	7.1	(15,784)	-
	7.1.1	14,216	30,000
Investment in subsidiary - at cost			
National Foods DMCC	7.2	31,719	31,719
		45,935	61,719

7.1 The movement in provision for impairment during the year is as follows:

Balance at beginning of the year		-	-
Provision recognized during the year	7.1.1	(15,784)	-
Balance at end of the year		(15,784)	-

7.1.1 On 25 February 2020, the Company subscribed 2,999,500 ordinary shares of Rs.10 each in Naymat Collateral Management Company Limited (NCMCL). The Company's shareholding gives it ownership interest and voting power of 10% in it. NCMCL is an unlisted public company that was incorporated under Companies Act, 2017 on 21 January 2020 and has its registered office at C-25/B, Block 4, Clifton, Karachi Saddar Town, Sindh, Pakistan. It is engaged in the business of providing storage and preservation services for a range of agricultural commodities as well as issuing credible warehouse receipts for agricultural commodity financing.

Investment in NCMCL is carried at fair value through profit or loss (FVTPL). The assessment of the fair value is based on their unaudited accounts.

7.2 The Company has a wholly owned (100%) subsidiary which was set up in United Arab Emirates in 2012 and is carried at cost. The subsidiary was formed as a limited liability company and commenced operations from March 2013. National Foods DMCC (NF DMCC) was registered on 7 November 2012 in Dubai Multi Commodities Centre ("DMCC") pursuant to Dubai (DMCC) Law No. 4 of 2001 and operates in the United Arab Emirates ("UAE") under a trade license issued by DMCC. The registered address of the Company is Unit No. R30-26, Floor No. 30, R Serviced Offices JLT, Reef Tower, Plot No. 01 Jumeirah Lakes Towers Dubai, United Arab Emirates.

The primary objective of NF DMCC is to boost export sales of its parent company through trading in food stuff and other services. NF DMCC also has following two wholly owned direct subsidiaries, one indirect subsidiary and one newly incorporated group Company as follows:

National Foods Pakistan (UK) Limited

National Foods Pakistan (UK) Limited was incorporated in United Kingdom on 29 May 2013 as a private company under the UK Companies Act, 2006. The company is a wholly owned subsidiary of National Foods DMCC and will be principally engaged in the trading of food products, although currently it is not operational.

National Epicure Inc.

National Epicure Inc. ("NEI") was incorporated in Canada on 16 October 2013 under the Canada Business Corporations Act. NEI is a wholly owned subsidiary of National Foods DMCC. NEI is the holding company of A-1 Bags & Supplies Inc. as mentioned below.

A-1 Bags & Supplies Inc.

A 1 Bags & Supplies Inc. was incorporated under the Business Corporations Act of Ontario on March 14, 2001. National Epicure Inc. acquired 60% holding in A-1 Bags and Supplies Inc. in the year 2017 and is principally engaged in distribution and wholesale of food products, disposables, janitorial and sanitation products.

National Epicure USA Inc.

National Epicure USA Inc. was incorporated in USA on 1 December 2021 under the General Corporation Law of the State of Delaware, USA with an authorized share capital of 500 shares with a par value of \$0.0001 per share. Shares have not yet been issued by this entity and has not commenced its operations. The company is a subsidiary of National Foods DMCC.

8. DEFERRED (ASSETS) / LIABILITIES

	2022	2021
	(Rupees in thousand)	
Pension Plan	(43,806)	(46,816)
Pensioners' Medical Plan	(9,850)	7,006
	(53,656)	(39,810)

8.1 The Company currently operates a funded pension scheme and post retirement medical benefit for the Chief Executive. In addition, payments are also being made from the pension scheme for the spouse of the two late Directors. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at 30 June 2022.

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

8.2 Plan assets held in trust are governed by local regulations which mainly include the Trust Act, 1882, the Companies Act, 2017, the Income Tax Rules, 2002 and Rules under the Trust Deed of the Plans. Responsibility for governance of the Plans, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the Trustees and all Trustees are employees of the Company.

8.3 The latest actuarial valuation of the Fund as at 30 June 2022 was carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

8.4 Balance sheet reconciliation

	Note	Pension Plan		Pensioners' Medical Plan	
		2022	2021	2022	2021
		(Rupees in thousand)	(Rupees in thousand)	(Rupees in thousand)	(Rupees in thousand)
Present value of defined benefit obligations	8.8	210,740	181,747	54,087	67,517
Fair value of plan assets	8.9 & 8.10	(254,546)	(228,563)	(63,938)	(60,511)
		(43,806)	(46,816)	(9,850)	7,006
8.5 Movement in the net liability recognised in the balance sheet					
Opening balance		(46,816)	50,165	7,006	30,358
Remeasurements recognised in other comprehensive income	8.6	16,717	(21,043)	(17,111)	(25,964)
Charge / (income) for the year	8.7	1,915	11,162	5,573	4,495
Contribution made		(15,621)	(87,100)	-	-
Payments made to members (beneficiaries) by the Company		-	-	(1,892)	(1,884)
Closing balance		(43,806)	(46,816)	(6,425)	7,006
8.6 Remeasurements recognised in other comprehensive income					
Re-measurements: Actuarial loss / (gain) on obligation					
- Loss / (Gain) due to change in financial assumptions		2,688	(35,300)	(13,104)	(171)
- Loss / (Gain) due to change in experience adjustments		3,577	16,463	(6,690)	(24,845)
Actuarial loss / (gain) on defined benefit obligation - net		6,265	(18,837)	(19,794)	(25,016)
Re-measurements: Return on plan assets					
Actuarial loss / (gain)		10,452	(2,206)	2,683	(948)
Total defined benefit cost recognised in other comprehensive income		16,717	(21,043)	(17,111)	(25,964)

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

8.6.1 Net actuarial gain recognized in other comprehensive income for the above two plans is Rs. 0.394 million (2021: Rs. 47,007 million).

	Note	Pension Plan		Pensioners' Medical Plan	
		2022	2021	2022	2021
		(Rupees in thousand)	(Rupees in thousand)	(Rupees in thousand)	(Rupees in thousand)
8.7 Expense recognised in profit and loss account					
Component of defined benefit costs recognized in profit and loss account		6,485	6,511	1,463	1,809
Current service cost					
Net interest cost		18,819	16,770	6,792	7,742
- Interest cost on defined benefit obligation		(23,390)	(12,119)	(2,683)	(5,056)
- Interest income on plan assets		(4,570)	4,651	4,109	2,686
		1,915	11,162	5,573	4,495
8.8 Movement in the present value of defined benefit obligations					
Obligation as at July 1		181,747	180,215	67,517	84,866
Current service cost		6,485	6,511	1,463	1,809
Interest cost		18,819	16,770	6,792	7,742
Benefits paid		(2,576)	(2,912)	(1,892)	(1,884)
Actuarial loss / (gain)	8.6	6,265	(18,837)	(19,794)	(25,016)
Obligation as at June 30		210,740	181,747	54,087	67,517
8.9 Movement in the fair value of plan assets					
As at July 1		228,563	130,050	60,512	54,508
Expected return on plan assets		23,390	12,119	6,109	5,056
Contribution made		15,621	87,100	-	-
Benefits paid		(2,576)	(2,912)	-	-
Return on plan assets excluding interest		(10,452)	2,206	(2,683)	948
As at June 30		254,546	228,563	63,938	60,512
8.10 Components of Plan assets					
Cash at bank - current account		134,464	115,911	33,775	30,687
Special saving certificates	8.10.1	6,530	-	1,640	-
Investment in mutual fund	8.10.2	113,552	112,652	28,522	29,825
		254,546	228,563	63,938	60,512

8.10.1 These certificates of National Saving Schemes of the Government of Pakistan has matured.

8.10.2 This represents 331,446 units, 100,701 units, 604,129 units, 617,873 units and 109,210 units invested in NAFA Asset Allocation Fund, Al Meezan Asset Allocation Fund, HBL Money Market Fund, HBL Cash Fund and HBL Equity Fund respectively with the fair value of Rs. 4.95 million, Rs. 4.03 million, Rs. 62.02 million, Rs. 62.5 million and Rs. 8.5 million respectively.

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

8.11 Principal actuarial assumptions

	2022	2021
Expected rate of increase in salaries	13.50%	10.25%
Expected rate of increase in pension	6.50%	3.25%
Expected rate of increase in medical benefits	11.50%	10.25%
Discount factor used	13.50%	10.25%
Mortality rate	SLIC (2001-05)	SLIC (2001-05)
Rates of employee turnover	Light	Light

8.12 Cost for the next financial year

As per the actuarial valuation report charge for the next financial year is as follows:

	2023	
	Pension Plan	Pensioners' Medical Plan
	(Rupees in thousand)	
Current service cost	1,029	237

8.13 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Impact on defined benefit obligation - Increase / decrease in liability	
	(Rupees in thousand)		
	2022		
Discount rate at June 30	1.00%	237,477	297,174
Future salary increases	1.00%	218,199	203,497
Future pension increases	1.00%	229,808	194,080
Medical cost increases	1.00%	59,841	49,175
	2021		
Discount rate at 30 June	1.00%	221,080	283,120
Future salary increases	1.00%	189,771	174,032
Future pension increases	1.00%	198,438	167,211
Medical cost increases	1.00%	76,247	60,239

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the pension liability recognised within the balance sheet.

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

8.14 The weighted average duration of defined benefit obligation of pension plan and pensioners' medical plan is 10.65 years and 9.06 years respectively.

8.15 During the year, the Company contributed Rs. 78.06 million (2021: Rs. 70.33 million) to the employee provident fund.

9. STOCK-IN-TRADE

	Note	2022	2021
		(Rupees in thousand)	
Raw materials	9.1 & 9.2	3,185,293	1,940,112
Provision for obsolescence	9.4	(78,559)	(58,725)
		3,106,734	1,881,387
Packing materials	9.1 & 9.2	749,519	742,879
Provision for obsolescence	9.4	(170,659)	(41,595)
		578,860	701,284
Work in process		1,689,635	1,165,369
Provision for obsolescence	9.4	(72,348)	(73,219)
		1,617,287	1,092,150
Finished goods	9.1 & 9.3	1,373,441	1,396,183
Provision for obsolescence	9.4	(47,395)	(125,640)
		1,326,047	1,270,543
		6,628,926	4,945,364

9.1 Stock in trade includes Rs. 3.99 billion (2021: Rs. 2.78 billion) held with third parties. This includes goods in transit of Rs. 17.5 million against the sale of National Foods DMCC.

9.2 This include goods in transit pertaining to raw materials amounting to Rs. 171 million.

9.3 Above balances include items costing Rs. 75.28 million (2021: Rs. 124.71 million) valued at net realisable value of Rs. 62.15 million (2021: Rs. 101.08 million).

9.4 During the year, the Company recorded provision / (2021: reversal) for obsolescence of Rs. 355.77 million (2021: Rs. 235.43 million) and has written off stocks against provision amounting to Rs. 224.89 million (2021:Rs.57.20 million).

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

10. TRADE DEBTS

	Note	2022	2021
		(Rupees in thousand)	
Considered good - unsecured			
- Related parties	10.2	655,692	496,456
- Others		1,292,913	446,239
		1,948,605	942,695
Considered doubtful		36,834	25,073
		1,985,439	967,768
Allowance for impairment	10.1	(36,834)	(25,073)
		1,948,605	942,695

10.1 The movement in the allowance for impairment on trade debts is as follows:

	2022	2021
	(Rupees in thousand)	
Opening allowance for impairment	25,073	20,222
Charge for the year - net	11,761	4,851
Closing allowance for impairment	36,834	25,073

10.2 Receivable from a related party

	2022	2021
	(Rupees in thousand)	
National Foods DMCC	655,692	496,456

10.2.1 The maximum aggregate amount due from the related party at the end of any month during the year are as follows:

	2022	2021
	(Rupees in thousand)	
National Foods DMCC	1,131,421	1,022,634

As at 30 June 2022, the gross amount of trade debts due from a related party is Rs. 655.69 million (2021: Rs. 496.46 million) out of which Rs. 41.77 million (2021: Rs.496.46 million) were past due. The ageing of these trade debts is up to 3 months.

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

11. ADVANCES

	Note	2022	2021
		(Rupees in thousand)	
Considered good			
Employees - against expenses	11.1	-	443
Suppliers & others		732,502	243,889
		732,502	244,332
Considered doubtful			
Suppliers		41,929	27,684
		774,431	272,016
Provision for doubtful advances to suppliers		(41,929)	(27,684)
		732,502	244,332

11.1 These advances are unsecured and do not carry any mark up. This also includes cash margin of Rs. 397.6 million on account of imports of machinery. Remaining balance of Rs. 334.83 million has been paid to the supplier for the raw material purchase.

12. DEPOSITS AND PREPAYMENTS

	Note	2022	2021
		(Rupees in thousand)	
Considered good			
Deposits	12.1	16,536	23,236
Prepayments		49,469	41,451
		66,005	64,687

12.1 These trade deposits and prepayments are mainly against rent, insurance and utilities and are not considered doubtful. These do not carry any mark up arrangement.

13. OTHER RECEIVABLES

	Note	2022	2021
		(Rupees in thousand)	
Due from related parties			
- ATC Holdings (Private) Limited - Holding Company		-	956
- Director		-	205
		-	1,161
Receivable from the Provident fund		-	4,575
Workers' Profit Participation Fund	13.1	-	5,969
Others		-	569
		-	12,274

13.1 Workers' Profit Participation Fund

	2022	2021
	(Rupees in thousand)	
Receivable as at July 1	5,969	(70,765)
Allocation for the year	(138,777)	(92,653)
	(132,808)	(163,418)
Amount paid during the year	130,621	169,387
(Payable) / Receivable as at June 30	(2,187)	5,969

14. SHORT TERM INVESTMENTS at FVTPL

Name of the Mutual Fund	As at 1 July 2021	Invested during the year	Redeemed during the year	As at 30 June 2022
	(Number of units)			
MCB Cash Management Optimizer	-	4,935,844	-	4,935,844
Habib Islamic Money Market Fund	-	3,555,631	3,555,631	-
HBL Cash Fund	-	7,436,464	2,501,263	4,935,201
Meezan Daily Income Fund	20,023,980	10,051,001	30,074,981	-
Meezan Rozana Amadni Fund	-	22,536,177	22,536,177	-
Faysal Stock Fund	-	1,350,554	681,448	669,106
Faysal Islamic Cash Fund	-	3,431,714	3,431,714	-
Faysal Money Market Fund	-	9,639,908	9,639,908	-
ABL Cash fund	-	49,113,206	24,590,583	24,522,623
Alfalah GHP Money Market Fund	-	10,068,035	10,068,035	-
Alfalah GHP Stock Fund	-	853,202	430,206	422,996
Alfalah Islamic Rozana Amadni Fund	-	3,480,179	3,480,179	-
Total	20,023,980	126,451,915	110,990,125	35,485,770

Name of the Mutual Fund	As at 1 July 2021	Invested during the year	Redeemed during the year	As at 30 June 2022
	(Number of units)			
MCB Cash Management Optimizer	-	500,000	-	500,000
ABL Cash fund	-	500,409	250,354	250,055
Meezan Daily Income Fund	-	502,550	502,550	-
Habib Islamic Money Market Fund	-	359,739	359,739	-
HBL Cash Fund	-	751,611	251,611	500,000
Meezan Rozana Amadni Fund	1,001,199	1,126,809	2,128,008	-
Faysal Islamic Cash Fund	-	343,171	343,171	-
Faysal Money Market Fund	-	508,523	508,523	-
Faysal Stock Fund	-	36,427	-	36,427
Alfalah GHP Money Market Fund	-	512,106	512,106	-
Alfalah GHP Stock Fund	-	38,313	-	38,313
Alfalah Islamic Rozana Amadni Fund	-	348,721	348,721	-
Total	1,001,199	5,528,379	5,204,783	1,324,795

15. CASH AND BANK BALANCES

	Note	2022	2021
		(Rupees in thousand)	
Cash in hand		2,230	1,874
Cash at bank - current accounts			
- local currency	15.1	676	2,186,155
- foreign currency		703,507	419,338
		704,183	2,605,493
Cash at bank - profit and loss sharing accounts			
- local currency	15.2	6,575	3,209
		712,989	2,610,576

15.1 The current accounts are placed with banks under conventional banking arrangements.

15.2 These carry markup rates of 8% per annum (2021: 6.5% per annum).

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021		2022	2021
(Number of shares)			(Rupees in thousand)	
3,139,975	2,511,980	Ordinary shares of Rs. 5 (2020: Rs. 5) each issued for consideration paid in cash	15,700	12,560
229,975,450	183,980,360	Ordinary shares of Rs. 5 (Rs. 5) each as fully paid bonus shares	1,149,876	919,901
233,115,425	186,492,340		1,165,576	932,461

16.1 As at 30 June 2022, ATC Holdings (Private) Limited (ultimate parent company) held 78,911,813 (2021: 62,649,451) ordinary shares of the company.

17. LONG TERM FINANCE AND DEFERRED INCOME

	Note	2022	2021
		(Rupees in thousand)	
LONG TERM FINANCE			
Secured long-term finances utilised under mark-up arrangements	17.1	670,154	1,199,952
Classified under current liability		(414,178)	(502,370)
		255,976	697,582
DEFERRED INCOME			
Deferred income - government grant	17.2	2,037	29,466
Current portion of deferred income - government grant		(2,037)	(27,429)
		-	2,037
		255,976	699,619

17.1 This represents original long term finance facilities of Rs. 793 million and salary refinance loan of 824.6 million obtained from a commercial bank. These finances carry markup at 3 month Kibor + 0.1%, + 0.4% & SBP rate + 0.3%, + 1% & + 2% (effective rate 9.03% to 9.84%). The loan are secured by way of hypothecation of Company's present and future fixed assets and hypothecation of company's present and future stocks and receivables. These loans are from 3 years to 10 years. These loans are fully repayable in equal quarterly installment of rupees 132.45 million between July 2022 to September 2029.

17.2 Due to the effects of pandemic, State Bank of Pakistan took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing.

The company has obtained the said borrowing from Habib Bank Limited at subsidized rate of 2% on 25th June 2020 and 1% on 21st August 2020 which are repayable by October 2022 in 8 quarterly installments to HBL under the SBP scheme. Above balance shall be recognized in income by October 2022.

Notes to the Unconsolidated Financial Statements

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18. LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSET

	2022	2021
	(Rupees in thousand)	
Opening balance	-	-
Additions	40,565	-
Interest expense	1,509	-
Rental paid	(9,648)	-
	32,425	-
Current portion	(15,754)	-
Balance as at 30 June 2022	16,671	-

	Rentals	Interest charge	Present value
	(Rupees in thousand)		
Not later than one year	18,229	2,475	15,754
Later than one year but not later than three years	18,196	1,525	16,671
	36,425	3,999	32,425

18.1 The Company has used the incremental borrowing rate up to 13.45%.

19. DEFERRED TAXATION - NET

	2022	2021
	(Rupees in thousand)	
<i>Credit / (debit) balance arising in respect of:</i>		
Accelerated tax depreciation / amortisation	375,935	335,069
Right-of-use assets	9,293	-
Retirement benefits	13,746	13,632
	398,975	348,701
Provision for stock obsolescence	(112,833)	(79,772)
Allowance for impairment on trade debts	(11,232)	(6,685)
Lease liabilities	(9,916)	-
Retirement benefits	(56,116)	(47,033)
Provisions for GIDC and others	(190,096)	(133,490)
	208,878	215,211

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

19.1. Movement in deferred taxation

	2022			
	Balance as at 1 July 2021	Recognized in statement of profit or loss (Note 33)	Recognized in other comprehensive income	Balance as at 30 June 2022
	(Rupees in thousand)			
Taxable temporary differences arising on:				
Accelerated tax depreciation	335,069	40,866	-	375,935
Right-of-use assets	-	9,293	-	9,293
	<u>335,069</u>	<u>50,160</u>	<u>-</u>	<u>385,229</u>
Deductible temporary differences arising on:				
Provision related to slow moving stock	(79,772)	(33,061)	-	(112,833)
Allowance for impairment on trade debts	(6,685)	(4,547)	-	(11,232)
Provision for GIDC & other provisions	(47,033)	(9,083)	-	(56,116)
Lease Liabilities	-	(9,916)	-	(9,916)
Unrealized loss on short term investment	13,632	-	114	13,746
	<u>(119,858)</u>	<u>(56,606)</u>	<u>114</u>	<u>(176,350)</u>
	<u>215,211</u>	<u>(6,447)</u>	<u>114</u>	<u>208,878</u>
	2021			
	Balance as at 1 July 2020	Recognized in statement of profit or loss (Note 30)	Recognized in other comprehensive income	Balance as at 30 June 2021
	(Rupees in thousand)			
Taxable temporary differences arising on:				
Accelerated tax depreciation	394,373	(59,304)	-	335,069
Right-of-use assets	-	-	-	-
	<u>394,373</u>	<u>(59,304)</u>	<u>-</u>	<u>335,069</u>
Deductible temporary differences arising on:				
Provision related to slow moving stock	(27,744)	(52,028)	-	(79,772)
Allowance for impairment on trade debts	(5,415)	(1,270)	-	(6,685)
Provision for GIDC & other provisions	(47,033)	-	-	(47,033)
Unrealized loss on short term investment	-	-	13,632	13,632
	<u>(80,192)</u>	<u>(53,298)</u>	<u>13,632</u>	<u>(119,858)</u>
	<u>314,181</u>	<u>(112,602)</u>	<u>13,632</u>	<u>215,211</u>

20. LONG TERM PROVISIONS

This represents liability against Gas Infrastructure Development Cess (GIDC) amounting to Rs. 76.01 million and are presented at present value of the total liability of Rs. 72.5 million (2021: Rs. 69 million) discounted in accordance with ICAP technical service guidelines "Accounting for Gas Infrastructure Development Cess (GIDC)" dated 19 January 2021.

Current portion of the liability amounts to Rs. 50.04 million (2021: Rs. 29.87 million). The future value has been discounted at 7.1 % per annum. Monthly installments due under a court order amounts to Rs. 1.58 million and is due by September 2024.

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

21. TRADE AND OTHER PAYABLES

	Note	2022	2021
		(Rupees in thousand)	
Trade Credit		750,809	961,225
Accrued expenses and liabilities		4,169,135	2,840,440
Workers' Profit Participation Fund	13.1	2,187	-
Workers' Welfare Fund	21.4	221,700	165,763
Payable to Provident Fund	21.1	4,963	-
Refund liabilities	21.2	69,694	61,034
Tax deducted at source		393,701	237,629
Lease liability - current portion	18	15,754	-
Provision - current portion	20	50,038	29,875
Sales tax payable		1,012	-
Other liabilities		59,631	45,691
Due to a related party - Director	21.3	33	50
		<u>5,738,658</u>	<u>4,341,706</u>

21.1 All investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act 2017 and the conditions specified thereunder.

21.2 This relates to consideration received from the customers for goods sold which the Company expects to refund to the customers.

21.3 This relates to remuneration payable to a director.

21.4 The Finance Act 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Company is of the view that it is not liable to pay this liability. However, the management has made provision for WWF for the years from 2015 to 2022 amounting to Rs. 221 million as a matter of abundant caution.

The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

The management, as a matter of abundant caution, has decided to maintain the provision of WWF till the decision of Supreme Court in respect of Civil Review Petition.

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

22. CONTRACT LIABILITY

Note	2022	2021
	(Rupees in thousand)	
Advances from customers	93,076	148,095

23. SHORT-TERM BORROWINGS

Secured

Conventional

Running finance under mark up arrangements	23.1	1,828,359	2,103,935
Export re-finance	23.2	800,000	600,000
Money market loan		450,000	-

Islamic

Running finance under Musharakah	23.3	1,191,524	86,860
		4,269,883	2,790,795

23.1 The facilities for running finance available from various commercial banks are for the purpose of meeting working capital requirements. The effective rates of mark-up on these finances range from 9.77% to 10.30% (2021: 7.29% to 7.92%) per annum. The facilities offer are valid upto 30 June 2022 to 31 May 2023.

23.2 The Company has short term running finance facility under Export Refinance Scheme of the State Bank of Pakistan from a commercial bank. The effective rate of mark-up on this facility is 2.5% (2021: 2.5%) per annum. The facilities offer are valid upto 30 June 2022.

23.3 The Company has obtained facilities for short-term finance under Running Musharakah. The effective rate of profit is 9.99% to 10.73% (2021: 6.73% to 9.43%) per annum. This facility matures within twelve months and is renewable. The facilities offer are valid upto 30 June 2022 to 31 January 2023.

23.4 The facilities available from various banks amount to Rs. 4.2 billion (2021: Rs. 2.7 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Company's current and future movable assets having aggregate charge amounting to Rs. 6.5 billion. These facilities offer are valid upto 31 July 2022.

23.5 As at 30 June 2022, the unavailed facilities from the above borrowings amounted to Rs. 1.9 billion (2021: Rs. 2.2 billion).

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

24. CONTINGENCIES AND COMMITMENTS

24.1 There are cases against the company which are outstanding as at 30 June 2022. The management is confident that the decision will be in favor of the Company.

24.2 The facilities for opening letters of credit amount to Rs. 4.3 billion (2021: Rs. 1.84 billion) and for letters of guarantee amount to Rs. 515 million (2021: Rs. 215 million) as at 30 June 2022 of which the amount remaining unutilised at year end were Rs. 3.49 billion (2021: Rs. 1.59 billion) and Rs. 136 million (2021: Rs. 116 million) respectively.

24.3 Aggregate commitments for capital expenditure as at 30 June 2022 amount to Rs. 3.1 billion (2021: Rs. 467.43 million).

24.4 Aggregate commitments in respect of ujarah payments for ijarah financing of motor vehicles bearing from first habib metro ranging from three months KIBOR + 0.75% (2021: three months KIBOR + 0.75%) while meezan bank ranging from three to six months KIBOR + 1.25% respectively (2021: six months KIBOR + 1.25%) per annum for rentals payable monthly as at 30 June 2022 amount to:

	2022	2021
	(Rupees in thousand)	
Not later than one year	330,443	199,461
Later than one year but not later than five years	755,640	432,806
	1,086,083	632,267

Total sanctioned facilities from banks amount to Rs. 1,801 million, out of which Rs. 1,013 million has been utilized by the company.

25. SALES - NET

Note	2022	2021
	(Rupees in thousand)	
Local sales	36,644,222	32,194,639
Export sales	2,220,238	1,960,359
Gross sales	38,864,460	34,154,998
Less: Sales tax	(4,905,717)	(4,347,990)
	33,958,743	29,807,008
Less:		
- Discount, rebates and allowances	(6,577,275)	(6,087,224)
- Sales return	(538,407)	(603,986)
	(7,115,681)	(6,691,210)
	26,843,062	23,115,798

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

25.1 Exports sales represents sales made to NF DMCC - a wholly owned subsidiary of the Company in United Arab Emirates.

25.2 Net local sales, net of sales return is Rs. 36.10 billion (2021: Rs. 31.5 billion).

25.3 DISAGGREGATION OF REVENUE

25.3.1 These financial statements has been prepared on a single reporting segment.

25.3.2 The Company has disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

In the following table, revenue is disaggregated by primary geographical markets and major product lines:

	2022	2021
	(Rupees in thousand)	
Primary geographical markets:		
Local	36,644,222	32,194,639
United Arab Emirates	2,220,238	1,960,359
	38,864,460	34,154,998
Major Product Lines:		
Condiments	16,780,299	16,326,688
Culnary	22,084,162	17,828,310
	38,864,461	34,154,998

25.3.3 All non current assets of the Company as detailed in note 5 to these financial statements as of reporting date are located in Pakistan.

25.3.4 The Company's customer base is diverse with no single customer accounting for more than 10% of net sales. Sales to domestic customers in Pakistan are 94.29% (2021: 93.42%) and to customer outside Pakistan are 5.71% (2021:6.58%) of the revenue.

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

26. COST OF SALES

	Note	2022	2021
		(Rupees in thousand)	
Raw material consumed		10,363,234	8,741,306
Packing material consumed		4,030,332	3,853,071
Stores and spares consumed		175,941	206,995
Impairment loss against inventory		294,675	252,772
Brine and cutting charges		25,771	53,066
Salaries, wages and other benefits		1,550,391	1,400,337
Contribution to provident fund		23,466	22,758
Depreciation	5.3	469,690	419,134
Depreciation - ROUA	5.71	8,390	-
Amortisation	6.2	409	129
Ujrah payments		26,811	29,286
Fuel and power		553,189	440,149
Insurance		33,494	22,243
Laboratory, research and development		15,985	14,634
Postage and communications		5,340	13,893
Printing and stationery		8,217	4,697
Rent, rates and taxes		370,020	208,816
Travelling		239,969	200,103
Repairs and maintenance		144,151	78,355
Security charges		34,276	21,316
Inventory destruction charges		20,793	24,011
Others	26.1	61,516	70,484
		18,456,060	16,077,555
Opening work in process		1,092,150	1,344,413
Closing work in process		(1,617,287)	(1,092,150)
Cost of goods manufactured		17,930,923	16,329,818
Opening stock of finished goods		1,270,543	1,020,421
Closing stock of finished goods		(1,326,047)	(1,270,543)
		17,875,419	16,079,696

26.1 This includes professional service charges amounting to Rs. 24 million.

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

27. DISTRIBUTION COSTS

Note	2022	2021
	(Rupees in thousand)	
Salaries, wages and other benefits	1,230,385	860,255
Advertising and sales promotion	1,925,277	1,388,837
Outward freight and handling charges	1,267,548	971,634
Contribution to provident fund	35,412	30,042
Depreciation	5.3 21,088	16,571
Depreciation - ROUA	5.7.1 393	-
Amortisation	6.2 615	1,231
Ujrah payments	142,944	99,238
Fuel and power	6,540	6,132
Forwarding charges	71,165	59,713
Insurance	30,504	28,720
Printing and stationery	2,656	3,489
Rent, rates and taxes	240,271	202,408
Travelling	164,245	207,097
Repairs and maintenance	30,343	28,543
Postage and communications	7,451	7,508
Others	15,008	22,427
	<u>5,191,846</u>	<u>3,933,845</u>

28. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	629,107	603,024
Contribution to provident fund	19,192	17,771
Depreciation	5.3 118,149	101,219
Depreciation - ROUA	5.7.1 1,393	-
Amortisation	6.2 22,434	30,553
Ujrah payments	35,160	36,982
Fuel and power	31,323	43,775
Insurance	9,708	11,646
Legal and professional charges	61,354	60,571
Postage and communications	9,353	7,456
Printing and stationery	13,788	7,573
Rent, rates and taxes	7,836	7,175
Travelling	91,200	49,737
Repairs and maintenance	281,087	178,891
Security charges	4,710	4,492
Others	28.1 45,373	53,773
	<u>1,381,166</u>	<u>1,214,638</u>

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

28.1 This includes expenses in relation to office supplies amounting to Rs. 32 million.

29. OTHER EXPENSES

Note	2022	2021
	(Rupees in thousand)	
Workers' Profits Participation Fund	138,777	92,653
Workers' Welfare Fund	55,511	37,061
Auditors' remuneration	29.1 4,973	4,521
Impairment on long term Investments	7.1 15,784	-
Unrealized loss short term investments at FVTPL	13,819	-
Demurrage and other related costs	60,160	-
Donations	29.2 4,708	6,042
	<u>293,732</u>	<u>140,277</u>

29.1 Auditors' remuneration

	2022	2021
	(Rupees in thousand)	
Audit fee	2,486	2,260
Limited review, special reports and other certifications	2,145	1,950
Out of pocket expenses	342	311
	<u>4,973</u>	<u>4,521</u>

29.2 Donations to following Organizations and Trusts exceed 10% of the Company's total amount of donation or Rs. 1 million, whichever is higher:

	2022	2021
	(Rupees in thousand)	
Pakistan Agricultural Coalition	-	3,250

Donations did not include any amount paid to any person or organization or institution in which a director or his/her spouse had any interest.

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

30. OTHER INCOME

Note	2022	2021
	(Rupees in thousand)	
Income from financial instruments		
Exchange gain / (loss)	397,777	(73,889)
Dividend income from a subsidiary company	39,790	-
Return on profit and loss sharing bank account and term deposits - conventional	16,794	59,333
Unrealized gain short term investments at FVTPL	-	1,199
Realized gain on short term investments at FVTPL	997	-
Income from short term investments at FVTPL - dividend income	42,854	-
	498,212	(13,357)
Income from non-financial instruments		
Profit on disposal of property, plant and equipment	44,050	40,277
Export rebate	7,844	10,818
Rental income	3,074	3,638
Amortisation of government grant	27,429	46,977
Insurance claim	31,441	-
Scrap sales	54,880	-
Others	5,491	19,048
	174,208	120,758
	672,420	107,401

31. FINANCE COSTS

Mark-up on:

- Short-term running finances	39,269	3,098
- Export refinance facility	18,701	13,589
- Short-term borrowings from a Islamic bank	22,813	204
- Long-term loans	65,628	101,834
- Interest on lease liabilities	1,509	-
Bank charges	32,389	17,295
	180,309	136,020

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

32. TAXATION - NET

Note	2022	2021
	(Rupees in thousand)	
Current	622,616	538,921
Deferred	(6,447)	(90,241)
	616,169	448,680

32.1 Income Tax assessment for various tax and accounting years 2004, 2005, 2008, 2011, 2012 and 2014 to 2018, taken as deemed assessments under section 120 of the Income Tax Ordinance, 2001 were subsequently amended under section 122(5A) of the Income Tax Ordinance, 2001 in which the learned Tax authorities has raised several demands. The Company has filed appeals before various appeal forums and has maintained a provision for any potential future liability.

32.2 The Company has filed its income tax returns for tax years 2019 to tax year 2021. Tax returns filed by the Company are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001 unless selected for an amendment / audit by the taxation authorities. Tax return may be selected for detailed audit within six years from the end of tax year to which it relates and the Income Tax Commissioner may amend the assessment.

32.3 Relationship between income tax expense and accounting profit

	2022	2021
	(Rupees in thousand)	
Profit before taxation	2,581,247	1,713,872
Tax at applicable rate of 33% (2021: 29%)	851,812	497,023
Tax effect of permanent differences	57,607	(26,720)
Tax effect of final tax regime	(278,194)	(21,623)
Income subject to lower rate	(15,055)	-
	616,169	448,680

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

33. EARNINGS PER SHARE - BASIC AND DILUTED

33.1 Basic

	2022	2021
	(Rupees in thousand)	
Profit after taxation attributable to ordinary shareholders	1,965,078	1,265,192
	(Number)	
Weighted average number of ordinary shares outstanding during the year*	233,115,425	233,115,425
	(Rupees)	
Earnings per share	8.43	5.43

* weighted average number of ordinary shares outstanding during the comparative year has been adjusted for issuance of bonus shares.

33.2 A diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at balance sheet date which would have any effect on the earnings per share if the option to convert is exercised.

34. CASH GENERATED FROM OPERATIONS

	2022	2021
	(Rupees in thousand)	
Profit before taxation	2,581,247	1,713,872
Adjustments for non-cash charges and other items		
Depreciation	608,927	536,924
Amortisation	23,458	31,913
Depreciation - ROUA	10,176	-
Profit on disposal of property, plant and equipment	(44,050)	(40,277)
Amortisation of government grant	(27,429)	(46,977)
Provision for slow moving stock	69,782	195,571
Impairment loss on long term investment	15,784	-
Impairment loss on trade debts	11,761	4,851
Gain on remeasurement of investment at FVTPL	-	(1,199)
Interest expense - ROUA	1,509	-
Finance costs	180,309	136,020
Retirement benefits expense	(2,279)	81,260
	847,948	898,086
Profit before working capital changes	3,429,195	2,611,958

Notes to the Unconsolidated Financial Statements

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Working capital changes

(Increase) / decrease in current assets

Stores, spare parts and loose tools

Stock in trade

Trade debts

Advances

Trade deposits and prepayments

Other receivables

Sales tax refundable

Increase / (decrease) in current liabilities

Trade and other payables

Contract liability

2022	2021
(Rupees in thousand)	
(17,711)	(11,055)
(1,753,345)	(1,097,227)
(1,017,671)	478,686
(488,170)	(103,830)
(1,318)	9,988
12,274	(4,175)
90,076	(90,076)
(3,175,865)	(817,689)
1,369,182	712,268
(55,019)	66,064
1,314,164	778,332
1,567,494	2,572,601

35. CASH AND CASH EQUIVALENTS

	Note	2022	2021
		(Rupees in thousand)	
Cash and bank balances		712,989	2,610,576
Running finance	23.1 & 23.3	(3,019,883)	(2,190,795)
		(2,306,894)	419,781

36. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

36.1 The aggregate amounts charged in these financial statements in respect of remuneration including all benefits to chief executive, directors and executives of the Company are as follows:

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Financial Statements

For the year ended 30 June 2022

	Chief Executive Officer		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees in thousand)					
Managerial remuneration and allowances	39,127	34,405	-	-	472,457	364,264
Utilities	3,913	3,441	-	-	43,067	36,426
Bonus / variable pay	47,020	41,381	-	-	197,912	190,530
Housing	17,607	15,482	-	-	193,805	163,919
Retirement benefits	3,913	3,441	-	-	40,441	35,677
Meeting fee	-	-	6,250	3,500	-	-
Other expenses	3,965	849	205	3,689	293,271	188,109
	115,545	98,999	6,455	7,189	1,240,953	978,925
Number of persons	1	1	6	6	143	120

36.2 The Chief Executive, two non-executive directors and certain executives of the Company are also provided with Company maintained cars, residence and mobile telephones.

37. RELATED PARTY DISCLOSURES

Related parties comprise the Holding Company, subsidiaries (direct and indirect), key management personnel, staff retirement funds, directors, major shareholders and key management personnel.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and Departmental Heads to be its key management personnel. Transactions with key management personnel are in accordance with their terms of employment / entitlement. Contribution charged for retirement benefit plan are in accordance with the terms of the service rules / trust deed and actuarial valuation as relevant. Other transactions are in accordance with the agreed terms.

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For the year ended 30 June 2022

Transaction with related parties other than those disclosed else where in the notes are disclosed below:

Relationship with the Company	Nature of transaction	2022	2021
		(Rupees in thousand)	
Holding Company	Rental income	3,074	3,638
	Rental paid	3,026	-
	Dividend paid	313,247	250,398
Subsidiary Company	(No of Shares)		
	Bonus Shares issued	15,662,363	12,519,890
	(Rupees in thousand)		
Associates	Sale of goods	2,220,238	1,960,359
	Purchases	168,619	-
	Dividend paid	188,911	137,027
Staff retirement funds	Annual subscription	2,000	2,000
	(No of Shares)		
	Bonus Shares issued	9,445,560	6,851,000
Key management personnel compensation:	(Rupees in thousand)		
	Expense charged for the year	78,070	64,414
	Payments to retirement contribution plan	73,107	112,510
Salaries and other short-term employee benefits	Contribution to defined benefit plans	15,621	87,100
		700,117	609,845
	Contribution to Provident Fund	36,600	34,390
Retirement benefits		4,062	18,743

37.1 Outstanding balances of related parties as at year end have been included in trade debts, other receivables, trade and other payables and deferred assets. These are settled in ordinary course of business.

Notes to the Unconsolidated

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For the year ended 30 June 2022

37.2 The following are the related parties with whom the Company had entered into transaction during the year:

Name of the Related Party	Basis of association	Aggregate % of Shareholding
ATC Holdings (Private) Limited (formerly)		
Associated Textile Consultants (Private) Limited	Holding Company* (holding in the company)	33.85%
National Foods Dubai Multi Commodities Centre	Subsidiary Company (holding by the company)	100%
Pakistan Business Council	Associate due to common directorship (no holding in the company)	0%
Cherat Packaging Limited	Associate due to common directorship (no holding in the company)	0%

*It is the ultimate parent company based on control model as provided under IFRS 10.

38. PLANT CAPACITY AND PRODUCTION

	2022	2021
	(Metric tons)	
Actual production of plants	108,104	105,071

The capacity and production of the Company's plants are indeterminable as these are multi-product and involve varying processes of manufacture.

39. NUMBER OF EMPLOYEES

	2022	2021
	(Number)	
The details of number of employees are as follows:		
Total employees of the Company at the year end	850	788
Average employees of the Company during the year	819	755

40. 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. The Company's activities expose it to variety of financial risks namely credit risk, liquidity risk and market risk (including foreign exchange risk and interest rate risk). The Company's overall risk management programme focuses on having cost effective funding as well as managing financial risk to minimise earnings volatility and provide maximum return to shareholders.

Notes to the Unconsolidated

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40.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counterparties failed to perform as contracted. The financial assets exposed to the credit risk amount to Rs. 4 billion (2021: Rs. 4.6 billion) appropriately.

The Companys maximum exposure to credit risk as at the reporting date is as follows

	2022	2021
	(Rupees in thousand)	
Financial assets:		
Deposits	54,980	56,956
Trade debts	1,948,605	942,695
Short term investments at FVTPL	1,324,795	1,001,199
Bank balances	710,759	2,608,702
	4,039,139	4,609,552

The following table provides information about the exposure to credit risk for trade debts from individual customers as at June 30, 2022:

	Gross carrying amount	Expected credit loss	Net carrying amount
	(Rupees in thousand)		
30 June 2022			
Current (not past due)	1,134,641	21,050	1,113,591
1-30 days past due	727,105	13,489	713,615
31-60 days past due	82,470	1,530	80,940
61-180 days past due	2,348	44	2,304
180-360 days past due	26,701	495	26,206
More than 360 days past due	12,174	226	11,948
	1,985,439	36,834	1,948,605
30 June 2021			
Current (not past due)	138,610	3,687	134,923
1-30 days past due	367,819	9,116	358,703
31-60 days past due	337,077	8,965	328,112
61-180 days past due	113,840	3,028	110,812
180-360 days past due	1,003	27	976
More than 360 days past due	9,418	250	9,168
	967,767	25,073	942,695

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that the impairment on trade debts past have been adequately accounted for in these financial statements.

The bank balances and investments in mutual funds represent low credit risk as major balances are placed at banks and funds having credit ratings of A1+ & A+ as assigned by PACRA or JCR-VIS.

Other financial assets are neither material to the financial statements nor exposed to any significant credit risk. The management does not expect any losses from non-performance by these counterparties.

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focuses on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Management does not consider that it has any concentration of credit risk at reporting date. Following are the details:

	2022	2021
	(Rupees in thousand)	
Trade debts		
- Distributors	892,180	290,017
- Departmental stores	400,732	156,223
- Related party	655,692	496,455
Banks	710,759	2,608,702
Mutual funds	1,324,795	1,001,199
Utilities	54,980	56,956
	<u>4,039,139</u>	<u>4,609,552</u>

40.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk reflects the Company's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements. Management monitors rolling forecasts of the Company's liquidity reserve which comprises of undrawn borrowing facility and cash and cash equivalents on the basis of expected cash flows.

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

Non-derivative

Financial Liabilities

Long-term borrowings
Trade and other payables
Lease liabilities
Short-term borrowings (including accrued markup)
Unclaimed dividend

2022			
Contractual Cashflows			
Carrying amount	Total Contractual Cash flows	Within one year	More than one year
(Rupees in thousand)			
670,154	978,176	581,432	396,744
4,984,571	4,984,571	4,984,571	-
32,425	36,424	18,229	18,195
-	-	-	-
4,349,955	4,349,955	4,349,955	-
23,161	23,161	23,161	-
<u>10,060,266</u>	<u>10,372,287</u>	<u>9,957,348</u>	<u>414,939</u>

Non-derivative

Financial Liabilities

Long-term borrowings
Trade and other payables
Lease liabilities
Short-term borrowings (including accrued markup)
Unclaimed dividend

2021			
Contractual Cashflows			
Carrying amount	Total Contractual Cash flows	Within one year	More than one year
(Rupees in thousand)			
1,199,952	1,227,310	529,798	697,512
3,847,406	3,847,406	3,847,406	-
-	-	-	-
2,796,585	2,796,585	2,796,585	-
21,202	21,202	21,202	-
<u>7,865,145</u>	<u>7,892,503</u>	<u>7,194,991</u>	<u>697,512</u>

40.3 Market Risk

Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. As at 30 June 2022 net financial assets of Rs. 1.35 billion (2021: Rs. 915.79 million) were denominated in foreign currency which were exposed to foreign currency risk.

As at 30 June 2022 if the Pak Rupee had strengthened by %5 against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 67.96 million (2021: Rs. 45.79 million).

Notes to the Unconsolidated
Financial Statements

For the year ended 30 June 2022

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Company only as at the balance sheet date.

2022

	(Rupees in thousand)	(AED in thousand)	(CNY in thousand)	(Euro in thousand)	(GBP in thousand)	(SAR in thousand)	(USD in thousand)	(AUD in thousand)
Trade debts	655,692	-	-	-	-	-	3,200.84	-
Bank balance	703,507	-	-	-	-	-	3,424.58	-
Trade liabilities	(21,174)	(2.06)	(66.07)	(25.51)	(0.22)	(0.11)	(51.46)	(20.56)
	1,338,025	(2.06)	(66.07)	(25.51)	(0.22)	(0.11)	6,573.96	(20.56)

2021

	(Rupees in thousand)	(AED in thousand)	(CNY in thousand)	(Euro in thousand)	(GBP in thousand)	(SAR in thousand)	(USD in thousand)	(AUD in thousand)
Trade debts	496,456	-	-	-	-	-	3,179.15	-
Bank balance	3,209	-	-	-	-	-	2,685.31	-
Trade liabilities	(39,001)	(2.70)	(82.94)	(144.94)	(0.26)	(0.14)	(249.74)	-
	460,664	(2.70)	(82.94)	(144.94)	(0.26)	(0.14)	5,614.72	2,661.93

The following significant exchange rates were applied during the year:

2022		
	Average rate	Reporting date rate
Rupees / USD	177.78	204.85
Rupees / CNY	27.48	30.54

2021		
	Average rate	Reporting date rate
Rupees / USD	160.02	156.16
Rupees / CNY	24.18	24.33

Interest rate risk

At 30 June 2022 the Company had variable interest bearing financial liabilities of Rs. 3,846.5 million (2021: Rs. 2,660.7 million), had the interest rates varied by 100 basis points (2021: 100 basis points) with all the other variables held constant, profit before tax for the year would have been lower / higher by approximately Rs. 38.4 million (2021: Rs. 26.6 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

Notes to the Unconsolidated
Financial Statements

For the year ended 30 June 2022

Details of the financial instruments, exposed to interest rate risk, based on the earlier of re-pricing or contractual maturity dates are as follows:

	Exposure to Interest / Mark up rate risk			
	Upto 1 month	Upto 3 Months	More than 3 Months	Total
Financial assets				
Bank balances	6,575	-	-	6,575
30 June 2022	6,575	-	-	6,575
30 June 2021	3,209	-	-	3,209
Financial liabilities				
Long term finance	-	670,154	-	670,154
Lease liabilities	-	4,467	27,958	32,425
Short term borrowings	4,269,883	-	-	4,269,883
30 June 2022	4,269,883	674,621	27,958	4,972,462
30 June 2021	2,790,795	699,619	-	3,490,414

Details of interest / markup rates are disclosed in the respective notes

41. RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

FINANCIAL ACTIVITIES		2022				
	Short term borrowings used for cash management purpose	Other short term borrowings including related accrued markup	Long term borrowings (including related accrued markup)	Lease liability	Retained earnings	Total
	(Rupees in thousand)					
Balance as at 1 July 2021	2,190,795	600,000	1,229,418	-	4,543,794	8,564,007
<i>Changes from financing cash flows</i>						
Repayment of loan	-	-	(529,799)	-	-	(529,799)
Proceeds from long term loan	-	-	-	-	-	-
Lease rental paid	-	-	-	(9,648)	-	(9,648)
Proceeds from short term borrowings	-	650,000	-	-	-	650,000
Dividend paid	-	-	-	-	(930,503)	(930,503)
Total changes from financing activities	-	650,000	(529,799)	(9,648)	(930,503)	(819,950)
<i>Other changes - interest cost</i>						
Interest expense	66,655	44,643	50,965	1,509	-	163,772
Interest paid	(66,655)	(44,643)	(50,965)	-	-	(162,263)
Additions in lease liabilities	-	-	-	40,564	-	40,564
Amortisation of government grant	-	-	(27,429)	-	-	(27,429)
Changes in running finance	829,088	-	-	-	-	829,088
Total loan related other changes	829,088	-	(27,429)	42,073	-	843,732
Total equity related other changes	-	-	-	-	1,732,243	1,732,243
Balance as at 30 June 2022	3,019,883	1,250,000	672,190	32,425	5,345,534	10,320,033

Notes to the Unconsolidated

Financial Statements

For the year ended 30 June 2022

41.1 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratio as at 30 June 2022 was as follows:

	2022	2021
	(Rupees in thousand)	
Total borrowings	5,022,146	4,029,351
Cash and bank balances	(712,989)	(2,698,926)
Net debt	4,309,157	1,330,425
Total Equity	6,509,151	5,476,255
Total capital	10,818,308	6,806,680
Gearing ratio	40%	20%

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

41.2 Fair values of financial assets and liabilities

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

Underlying the definition of fair value is the presumption that the Company is a going concern 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:

Notes to the Unconsolidated

Financial Statements

For the year ended 30 June 2022

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy..

2022						
	Carrying amount		Fair value			
	Assets at Amortised cost	Fair Value	Other Financial Liabilities	Level 1	Level 2	Level 3
	Rupees					
Financial assets not measured at fair value						
Deposits	54,980	-	-	-	-	-
Trade debts	1,948,605	-	-	-	-	-
Bank balances	710,759	-	-	-	-	-
Financial assets measured at fair value						
Short-term investments at FVTPL	-	1,324,795	-	-	1,324,795	-
Financial liabilities not measured at fair value						
Long term borrowings	-	-	670,154	-	-	-
Trade and other payables	-	-	4,984,571	-	-	-
Short-term borrowings	-	-	4,269,883	-	-	-
Lease liabilities	-	-	32,425	-	-	-
Mark-up accrued on bank Borrowings	-	-	80,072	-	-	-
	2,659,364	1,324,795	10,037,105	-	1,324,795	-

Notes to the Unconsolidated

Financial Statements

For the year ended 30 June 2022

	2021					
	Carrying amount		Fair value			
	Assets at Amortised cost	Fair Value	Liabilities at Amortised cost	Level 1	Level 2	Level 3
	Rupees					
Financial assets not measured at fair value						
Deposits	56,956	-	-	-	-	-
Trade debts	942,695	-	-	-	-	-
Bank balances	2,608,702	-	-	-	-	-
Financial assets measured at fair value						
Short-term investments at FVTPL	-	1,001,199	-	-	1,001,199	-
Financial liabilities not measured at fair value						
Long term borrowings	-	-	1,199,952	-	-	-
Trade and other payables	-	-	3,847,406	-	-	-
Short-term borrowings	-	-	2,796,585	-	-	-
Mark-up accrued on bank Borrowings	-	-	9,138	-	-	-
	<u>3,608,353</u>	<u>1,001,199</u>	<u>7,853,081</u>	<u>-</u>	<u>1,001,199</u>	<u>-</u>

41.2.1 The Company has not disclosed the fair values of the above financial assets and financial liabilities, as these are either short term in nature or repriced, periodically. Therefore, carrying amounts of financial instruments carried at amortised cost are reasonable approximation of their fair values.

42. CORRESPONDING FIGURES

Comparative information has been re-arranged or additionally incorporated in these financial statements wherever necessary to facilitate comparison and better presentation. Major reclassifications are as under:

	(Rupees in thousand)
Reclassification of deposits from long term to short term	14,236
Reclassification of provisions from current accrued liabilities to long term	22,460

Above reclassification has been made for a better comparison.

Notes to the Unconsolidated

Financial Statements

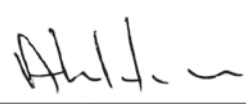
For the year ended 30 June 2022

43. EVENTS OCCURRING AFTER BALANCE SHEET DATE

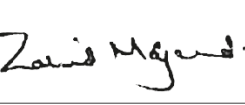
The Board of Directors of the Company in their meeting held on 8 September, 2022 has proposed a final dividend of Rs. 5 per share (2021: Rs. 5 per share) amounting to Rs. 1,165.58 million (2021: 932.5 million) and bonus issue of Nil shares (2021: 1 share for each 4 shares) for the year ended 30 June 2022. The approval of the shareholders of the Company for the dividend shall be obtained at the upcoming Annual General Meeting for the year ended 30 June 2022. The financial statements for the year ended 30 June 2022, do not include the effect of the proposed final cash dividend which will be accounted for in the year ending 30 June 2023.

44. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Company on 8 September, 2022.


Chief Executive Officer


Chief Financial Officer


Director

We Enrich Our Systems for Better Outcomes

Consolidated Financial Statements 2022



Independent Auditor’s Report

To The Members of National Foods Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **National Foods Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at **30 June 2022**, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, 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, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 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.

Independent Auditor’s Report

To The Members of National Foods Limited

Following are the Key audit matters:

S.No	Key audit matters	How the matters were addressed in our audit
1.	<p>Valuation of Trade debts</p> <p>Refer notes 4.8.1, 4.12.1, and 10 to the Group’s consolidated financial statements.</p> <p>The Group has a significant balance of trade debts. Provision against doubtful debts is based on loss allowance for Expected Credit Loss (ECL).</p> <p>We identified valuation of trade debts as a key audit matter as it involves significant judgment in determining the recoverable amount of trade debts.</p>	<p>Our audit procedures to assess the valuation of debtors, among others involved the following:</p> <ul style="list-style-type: none">- obtaining an understanding of management’s basis for the determination of loss allowance required at the year-end;- assessing the method used by the Group for recognition of the allowance against the doubtful debts in accordance with the applicable standard and assessing the reasonableness of assumptions used; and- testing the accuracy of the data on a sample basis extracted from the Group’s accounting system which has been used to calculate the provision required including subsequent recoveries. <p>We issued instructions to auditors of the components, highlighting “Valuation of Trade debtors” as a significant risk. The auditors of those components performed audit procedures to respond to the significant risk and reported the results thereof to us. We, as auditors of thr Group, also evaluated the work performed by the component auditors through their files review and discussions with them.</p>
2	<p>Valuation of Stock-in-trade</p> <p>Refer notes 4.11 and 9 to the consolidated financial statements.</p> <p>Stock-in-trade forms a significant part of the Group’s total assets. Stock-in-trade comprise of raw material, work in process and finished good which are stated at lower of cost and estimated net realizable value (NRV).</p> <p>We identified the valuation of stock-in-trade as a key audit matter because determining an appropriate write-down as a result of net realizable value (NRV) being lower than their cost and provisions for expired and obsolete inventories involves significant management judgment and estimation.</p>	<p>Our audit procedures to assess the valuation of stock-in-trade, amongst others, included the following:</p> <ul style="list-style-type: none">- obtaining an understanding of and assessing the design and testing the implementation of management’s controls designed to identify obsolete and slow-moving items;- checking the NRV calculations on a sample basis by comparing the cost with a subsequent selling price less cost to the sale; and- checking the working on a sample basis specific provision for obsolete and slow-moving stocks-in-trade. <p>We issued instructions to auditors of the components, highlighting “Valuation of Stock-in-trade” as a significant risk. The auditors of those components performed audit procedures to respond to the significant risk and reported the results thereof to us. We, as auditors of thr Group, also evaluated the work performed by the component auditors through their files review and discussions with them.</p>

Independent Auditor’s Report

To The Members of National Foods Limited

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 30 June 2022 but does not include the review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019, consolidated and unconsolidated 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 accounting and reporting standards as applicable in Pakistan and Companies Act, 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.

The Board of Directors is 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 skepticism 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.

Independent Auditor’s Report

To The Members of National Foods Limited

- 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.

The engagement partner on the audit resulting in this independent auditor’s report is **Amyr Pirani**.

Date: September 23, 2022
Karachi
UDIN: AR2022102015q1RglZbF

KPMG Taseer Hadi & Co.
Chartered Accountants

Consolidated Statement of Financial Position

As at 30 June 2022

Note	2022	2021
	(Rupees in thousand)	
ASSETS		
Non - current assets		
Property, plant and equipment	5 9,894,748	6,601,377
Intangibles and goodwill	6 972,163	796,903
Long-term investment	7 14,216	30,000
Long-term deposits	40,563	48,741
Deferred assets	8 53,656	46,816
	<u>10,975,347</u>	<u>7,523,837</u>
Current assets		
Stores, spare parts and loose tools	168,050	150,339
Stock-in-trade	9 9,459,718	6,463,684
Trade debts	10 2,723,850	971,398
Advances	11 806,235	278,046
Deposits and prepayments	12 499,110	344,097
Other receivables	13 273	30,316
Sales tax refundable	-	90,076
Short-term investments at FVTPL	14 1,324,795	1,001,199
Cash and bank balances	15 1,137,335	3,042,473
	<u>16,119,365</u>	<u>12,371,628</u>
TOTAL ASSETS	<u>27,094,712</u>	<u>19,895,465</u>
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital and reserves		
Authorised share capital 1,000,000,000 (30 June 2021: 1,000,000,000) ordinary shares of Rs. 5 each	5,000,000	5,000,000
Share Capital		
Issued, subscribed and paid-up capital	16 1,165,576	932,461
Revenue Reserves		
Unappropriated profit	6,961,970	5,703,120
Foreign exchange translation reserve	577,421	2,756
Equity attributable to owners of the Company	<u>8,704,968</u>	<u>6,638,337</u>
Non-controlling interest	17 767,772	635,103
Total equity	<u>9,472,740</u>	<u>7,273,440</u>
Non - current liabilities		
Long-term finance and deferred income	18 511,586	883,076
Lease liabilities	19 1,680,976	958,104
Long-term deposits	5,444	4,350
Deferred taxation - net	21 199,510	208,106
Long-term Provisions	20 22,461	39,441
Deferred liabilities	8 6,340	10,667
	<u>2,424,316</u>	<u>2,103,744</u>
Current liabilities		
Trade and other payables	22 7,781,881	5,390,663
Contract liabilities	23 109,100	195,391
Short-term borrowings	24 4,883,090	2,861,444
Current maturity of long-term finance	18 613,650	744,559
Current portion of lease liabilities	19 433,964	218,022
Mark-up accrued	80,882	10,453
Unclaimed Dividend	23,161	21,206
Taxation - net	1,269,928	1,076,543
	<u>15,195,655</u>	<u>10,518,281</u>
	<u>17,621,972</u>	<u>12,622,025</u>
Contingencies and Commitments	25	
TOTAL EQUITY AND LIABILITIES	<u>27,094,712</u>	<u>19,895,465</u>

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

Note	2022	2021
	(Rupees in thousand)	
Sales - Net	26 45,525,608	34,588,433
Cost of sales	27 (32,546,204)	(24,836,018)
Gross profit	<u>12,979,405</u>	<u>9,752,415</u>
Distribution costs	28 (6,280,339)	(5,319,701)
Impairment loss on trade debts	10.1 (47,365)	(32,551)
Administrative expenses	29 (2,922,066)	(1,443,960)
Other expenses	30 (296,878)	(143,055)
Other income	31 646,054	132,608
	<u>4,078,811</u>	<u>2,945,756</u>
Finance costs	32 (463,810)	(314,768)
Profit before taxation	<u>3,615,000</u>	<u>2,630,988</u>
Taxation - net	33 (897,925)	(656,314)
Profit after tax	<u>2,717,076</u>	<u>1,974,674</u>
Other comprehensive income		
Items that will not be reclassified to statement of profit or loss		
Remeasurements of retirement benefit liability	394	47,007
Related deferred tax thereon	(114)	(13,632)
	<u>280</u>	<u>33,375</u>
Items that are or may be reclassified subsequently to statement of profit or loss:		
Foreign operations - foreign currency translation differences	574,665	61,609
	<u>574,945</u>	<u>94,984</u>
Total comprehensive income for the year	<u>3,292,021</u>	<u>2,069,658</u>
Profit attributable to:		
Owners of the Parent Company	2,424,148	1,758,588
Non-controlling interest	292,928	216,086
	<u>2,717,076</u>	<u>1,974,674</u>
Total comprehensive income attributable to:		
Owners of the Parent Company	3,013,643	1,846,221
Non-controlling interest	278,378	223,437
	<u>3,292,021</u>	<u>2,069,658</u>
	(Rupees)	
Earnings per share - basic and diluted	34 10.40	7.54

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Consolidated Statement of
Changes in Equity

For the year ended 30 June 2022

	Attributable to shareholders of the Parent Company				Non controlling interest	Total Equity
	Share capital	Revenue Reserve		Sub-total		
		Retained earnings	Foreign exhchange translation reserve			
(Rupees in thousand)						
Balance as at 1 July 2020	745,969	4,843,618	(51,502)	5,538,085	525,431	6,063,516
Total comprehensive income for the year ended 30 June 2021						
Profit for the year	-	1,758,588	-	1,758,588	216,086	1,974,674
Other comprehensive income	-	33,375	54,258	87,633	7,351	94,984
	-	1,791,963	54,258	1,846,221	223,437	2,069,658
Transaction with owners in their capacity as owners directly recorded in equity						
Final cash dividend for the year ended 30 June 2020 @ Rs. 5 per Ordinary share	-	(745,969)	-	(745,969)	-	(745,969)
Dividend paid to NCI	-	-	-	-	(113,765)	(113,765)
1 Ordinary shares for each 4 shares held allotted as bonus shares for the year ended 30 June 2020	186,492	(186,492)	-	-	-	-
Balance as at 30 June 2021	932,461	5,703,120	2,756	6,638,337	635,103	7,273,440
Balance as at 1 July 2021	932,461	5,703,120	2,756	6,638,337	635,103	7,273,440
Total comprehensive income for the year ended 30 June 2022						
Profit for the year	-	2,424,148	-	2,424,148	292,928	2,717,076
Other comprehensive income	-	280	574,665	574,945	(14,550)	560,395
	-	2,424,427	574,665	2,999,093	278,378	3,277,471
Transaction with owners in their capacity as owners directly recorded in equity						
Final cash dividend for the year ended 30 June 2021 @ Rs. 5 per Ordinary share	-	(932,462)	-	(932,462)	-	(932,462)
Dividend paid to NCI	-	-	-	-	(145,709)	(145,709)
1 Ordinary share for each 4 Ordinary shares held - allotted as bonus shares for the year ended 30 June 2021	233,115	(233,115)	-	-	-	-
Balance as at 30 June 2022	1,165,576	6,961,970	577,422	8,704,968	767,772	9,472,740

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Consolidated Statement of
Cash Flows

For the year ended 30 June 2022

	Note	2022	2021
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	2,582,740	3,462,577
Finance cost paid		(392,876)	(320,124)
Income tax paid		(722,146)	(460,272)
Retirement benefits obligations paid		(15,621)	(154,587)
Long-term deposits		(5,677)	(1,144)
Net cash flows from operating activities		1,446,420	2,526,450
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,113,174)	(873,205)
Proceeds from disposal of property, plant and equipment		111,224	65,516
Purchase of intangible assets		(32,311)	(51,842)
Purchase of short term investment - Net		(323,596)	(1,000,000)
Net cash flows from investing activities		(3,357,857)	(1,859,531)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term finance - net		(576,323)	(6,425)
Proceeds from short-term borrowings-net		1,107,483	169,733
Repayment of lease liabilities		(294,494)	(148,149)
Dividend paid		(1,036,422)	(860,323)
Net cash flows from financing activities		(799,755)	(845,164)
Net decrease in cash and cash equivalents		(2,711,192)	(178,245)
Cash and cash equivalents at beginning of the year		851,678	1,196,143
Currency translation difference on cash and cash equivalents		(30,717)	(166,220)
Cash and cash equivalents at end of the year	36	(1,890,231)	851,678

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Notes to the Consolidated

Financial Statements

For the year ended 30 June 2022

1. THE GROUP AND ITS OPERATIONS

1.1 The group consists of:

- i) Parent Company - National Foods Limited
- ii) Subsidiary Company - National Foods DMCC, Dubai, United Arab Emirates.

National Foods Limited

National Foods Limited ("Parent Company") was incorporated in Pakistan on February 19, 1970 as a private limited company under the Companies Act, 1913 and subsequently converted into a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) by special resolution passed in the extra ordinary general meeting held on 30 March 1988. The Parent Company is principally engaged in the manufacture and sale of convenience based food products. The Company is listed on Pakistan Stock Exchange. The registered office of the Parent Company is situated at 12 / CL - 6, Claremont Road, Civil Lines, Karachi.

1.2 The ultimate parent entity of the National Foods Limited is ATC Holdings (Private) Limited based on control model as provided under IFRS 10 - 'Consolidated Financial Statements'.

1.3 Details of the susidiary companies are as follows:

National Foods DMCC

The Parent Company has a wholly owned (100%) subsidiary which was set up in United Arab Emirates in 2012 and is carried at cost. The subsidiary was formed as a limited liability company and commenced operations from March 2013. National Foods DMCC (NF DMCC) was registered on 7 November 2012 in Dubai Multi Commodities Centre ("DMCC") pursuant to Dubai (DMCC) Law No. 4 of 2001 and operates in the United Arab Emirates ("UAE") under a trade license issued by DMCC. The registered address of the Company is Unit No. R30-26, Floor No. 30, R Serviced Offices JLT, Reef Tower, Plot No. 01 Jumeirah Lakes Towers Dubai, United Arab Emirates.

The primary objective of NF DMCC is to boost export sales of its parent company through trading in food stuff and other services. NF DMCC also has following two wholly owned direct subsidiaries, one indirect subsidiary and one newly incorporated group Company as follows:

National Foods Pakistan (UK) Limited

National Foods Pakistan (UK) Limited was incorporated in United Kingdom on 29 May 2013 as a private company under the UK Companies Act, 2006. The company is a wholly owned subsidiary of National Foods DMCC and will be principally engaged in the trading of food products, although currently it is not operational.

National Epicure Inc.

National Epicure Inc. ("NEI") was incorporated in Canada on 16 October 2013 under the Canada Business Corporations Act. NEI is a wholly owned subsidiary of National Foods DMCC. NEI is the parent company of A-1 Bags & Supplies Inc. as mentioned below.

Notes to the Consolidated

Financial Statements

For the year ended 30 June 2022

A-1 Bags & Supplies Inc.

A 1 Bags & Supplies Inc. was incorporated under the Business Corporations Act of Ontario on March 14, 2001. National Epicure Inc. acquired 60% parent in A-1 Bags and Supplies Inc. in the year 2017 and is principally engaged in distribution and wholesale of food products, disposables, janitorial and sanitation products.

National Epicure USA Inc.

National Epicure USA Inc. was incorporated in USA on 1 December 2021 under the General Corporation Law of the State of Delaware, USA with an authorized share capital of 500 shares with a par value of \$0.0001 per share. Shares have not yet been issued by this entity and has not commenced its operations. The company is a subsidiary of National Foods DMCC.

1.4 The manufacturing facilities and sales offices of the Group companies are situated at the following l ocations:

Factories:

- Unit F-160/ C, F- 133, S.I.T.E., Karachi;
- Office A-13, North Western Industrial Zone, Bin Qasim, Karachi;
- 53-KM G.T. Road, Chainwala Mord Amanabad, Gujranwala;
- A-393, Nooriabad Industrial Estate, Nooriabad; and
- Plot No. 346 & 347 Phase - 2, M-3 Industrial City, Faisalabad. (Not Operational)

Sales offices:

- Office No.107, 1st Floor Parsa Tower Sharah-e-Faisal, Karachi.
- Banglow No. 225, Shahrah-e-Abbasi Akhuwat Nagar Society, Sukkur.
- 2nd Floor Mall 2 Plaza Main Boulevard Kohinoor City Jaranwala Road, Faisalabad.
- 18-CCA (Commercial Area) Phase V111 DHA Lahore, Cantt.
- Plot # 25 Din Plaza Canal Road Main Gate Canal View Housing Society, Gujranwala.
- 1st Floor Bilal Complex Main PWD Road sector O-9, Islamabad.
- Unit No. R30-26, Floor No. 30, R Serviced Offices JLT, Reef Tower, Plot No. 01 Jumeirah Lakes Towers Dubai, United Arab Emirates.
- 193 Maxome Avenue, Toronto, Ontario, Canada.
- 27 Second Floor, Gloucester Place, London, United Kingdom.
- 6400 Kennedy Road, Mississauga, Ontario
- 1110 Dearness Dr, Toronto, Ontario

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

Notes to the Consolidated

Financial Statements

For the year ended 30 June 2022

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

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

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except as stated otherwise.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees which is also the Group's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand of rupees, unless stated otherwise.

2.4 Use of significant estimates and judgments

The preparation of these consolidated financial statements is in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of 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 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. Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the consolidated financial statements and estimates with significant risk of material adjustment in the next year are described in the following:

	Note
Property, plant and equipment	4.3
Intangible assets and Goodwill	4.5
Stores, spares and loose tools	4.11
Stock-in-trade	4.12
Trade debts and other receivables	4.13.1
Provision for refund liability	4.17
Retirement benefits obligations	4.1
Taxation	4.9
Investment at fair value through profit or loss (FVTPL)	4.8
Leases	4.6

Notes to the Consolidated

Financial Statements

For the year ended 30 June 2022

3. ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 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 Group's financial reporting and therefore have not been detailed in these consolidated financial statements.

3.2 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 are not expected to have any significant impact on the Group's financial reporting based on the current balances:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

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

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

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

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.
- Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below has been consistently applied for all periods presented in these consolidated financial statements.

4.1 Basis of consolidation

These consolidated financial statements consists of financial statements of the Parent Company and its subsidiary companies as disclosed in note 1.1 to these consolidated financial statements (here in after referred as Group).

The financial statements of the Parent Company and its subsidiary companies are prepared up to the same reporting date and are combined on a line-by-line basis.

4.2 Business Combination

The Group accounts for business combination using the acquisition method when control is transferred to the Group. The consideration transferred (including contingent consideration) in the year of acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill acquired is not amortized but tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities. When the initial accounting for a business combination is incomplete at the end of a reporting period, provisional amounts are used. During the measurement period, the provisional amounts are retrospectively adjusted and additional assets and liabilities are recognized, to reflect new information obtained about the facts and circumstances that existed at the acquisition date which would have affected the measurement of the amounts recognized at that date, had they been known. The measurement period does not exceed twelve months from the date of acquisition.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity generally accompanying a shareparent of more than fifty percent of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and up to the date when the control ceases.

Non-controlling interest

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Parent Company. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Non-controlling interests are presented as a separate item in the consolidated financial statements.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in the equity. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

Transactions eliminated at consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

4.3 Property, plant and equipment

Operating assets and depreciation

Initial recognition

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

Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the items 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 are stated at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment includes:

- (a) its purchase price including import duties, non refundable purchase taxes after deducting trade discounts and rebates;
- (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 the management; and
- (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 (including normal repairs and maintenance)

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

Depreciation

Depreciation on all items is charged on straight line method. The useful lives for depreciation are indicated in note 5.1.

Depreciation on additions to property, plant and equipment is charged from the month the asset is available for use up to the month of 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 reporting date.

Gains and losses on disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized in the profit or loss.

Capital work in progress

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

4.4 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and, therefore are capitalized. Other borrowing costs are recognised as an expense. Borrowing cost are calculated based on the effective interest rate.

4.5 Intangible assets and Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Other intangible assets, including customer relationships that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Trademark have indefinite useful life and are not amortised, therefore, these are measured at cost less any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable, if any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

4.6 Leases

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Right-of-use asset and lease liability are recognised at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for any lease payments made at or before the commencement date, plus any direct initial costs incurred. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life . The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced for impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

The Group has elected not to recognise right-of-use asset and lease liabilities of lease contracts of those having lease term equal to or less than 12 months. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

4.7 Cash and cash equivalents

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

4.8 Financial Instruments

4.8.1 Recognition, classification and measurement - Financial Assets

Classification

The Company currently classifies its financial assets in the following measurement categories:

- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortised 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.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at FVOCI. However the Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income.

On initial recognition, the Group may, irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Initial measurement

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. However, at initial recognition, the Company measures trade receivables at their transaction price if the trade receivables do not contain a significant financing component.

Subsequent measurement

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in statement of profit or loss. Investments in mutual funds are carried at fair value based on net asset value of the fund on each balance sheet date and the unrealized gain / (loss) is recognized in the statement of profit or loss.
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Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.
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4.8.2 "Financial liabilities - Classification, subsequent measurement and gains and losses"

Financial liabilities are classified as measured at amortised cost or FVTPL. 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 gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses is recognised in statement of profit or loss. Any gain or loss on derecognition is also recognised in statement of profit or loss.

4.8.3 Derecognition

Financial assets:

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities:

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

4.8.4 Trade and other payables

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

4.8.5 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements only when the Group has currently legally enforceable right to set-off the recognised 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 Group or the counter parties.

4.9 Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to, or items recognised directly in equity or in other comprehensive income, in which case the tax amounts are recognized directly in other comprehensive income or equity, as the case may be.

i) Current

Current tax is the expected tax payable or receivable on the taxable income or loss for the year; calculated using tax rates enacted or substantively enacted by the end of the reporting period. The calculation of current tax takes into account tax credit and tax rebates, if any, and is inclusive of any adjustments to income tax payable or recoverable in respect of previous years.

ii) Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited in the profit or loss (except to the extent that it relates to items recognized directly in equity or other comprehensive income in which cases these are recognized directly in equity or other comprehensive income as the case may be).

4.10 Employee retirement benefits

Defined benefit plans - funded

The Group operates a funded pension scheme and post retirement medical benefit for the individuals mentioned in note 8 to these financial statements. The liability recognised in the statement of financial position in respect of the defined benefit plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Remeasurements which comprise actuarial gains and losses are recognised immediately in other comprehensive income. The latest actuarial valuation of the defined benefit plans was conducted at 30 June 2022.

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The current and past-service costs and interest income / expenses are recognized immediately in the statement of profit or loss. Surplus arising on the actuarial valuation is recognized to the extent these are available under the applicable trust deed at the present value of economic benefits available in the form of refund or reductions in future contribution to the fund.

Defined contribution plan

The Group operates an approved contributory provident fund for eligible employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% per annum of the basic salary.

Other long-term employee benefits - unfunded gratuity scheme

"The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees" have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise. Remaining policy is the same as mentioned above for funded define benefit plan.

4.11 Stores, spare parts and loose tools

These are valued at weighted average cost less provision for slow moving and obsolete stores, spare parts and loose tools, if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.12 Stock-in-trade

All stocks are stated at the lower of cost and estimated net realisable value. Cost is determined by weighted average method except for those in transit where it represents invoice value and other charges incurred thereon. Net realisable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale. Cost of work in process and finished goods includes direct cost of materials, direct cost of labour and production overheads. Also the provisions and write-offs for all damaged and obsolete stock in trade are made based on the specific identification of stock in trade by management.

4.13 Impairment losses

4.13.1 *Financial assets*

The Group recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime Expected Credit Losses (ECLs) for trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

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The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written-off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4.13.2 *Non-financial assets*

The carrying amount of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If such indications exist, the assets' recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in the statement of profit and loss.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.14 Ijarah

In ijarah transactions, significant portion of the risks and rewards of ownership are retained by the lessor. Islamic Financial Accounting Standard 2 – 'Ijarah' requires the recognition of 'ujrah payments' (lease rentals) against ijarah financing as an expense in the profit or loss on a straight-line basis over the ijarah term.

4.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

4.16 Foreign currency

4.16.1 *Foreign currency transactions*

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into rupees at the rates of exchange prevailing on the date of the statement of financial position.

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4.16.2 Foreign operations

The assets and liabilities of foreign operations are translated to Pakistani rupees at exchange rates prevailing at the date of the statement of financial position. The income and expenses of foreign operations are translated to Pakistani Rupees at average rates of exchange prevailing during the year.

Goodwill arising on the acquisition of an entity by an overseas subsidiary is treated as an asset of the overseas subsidiary and is translated at foreign exchange rates prevailing as at the date of the statement of financial position.

4.16.3 Translation gains and losses

Gains and losses arising from foreign currency translations are taken to the profit and loss account, except those arising from the translation of the net investment in foreign subsidiaries, which are recognized through the statement of other comprehensive income as an Exchange Translation Reserve (ETR). Balances in the ETR are only taken to the profit and loss account on the disposal of the investment.

4.17 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. It also specifies the accounting for the costs directly related to fulfilling a contract. Revenue from sale of goods is recognised 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 recognised 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.

The consideration which the Group receives in exchange for its goods or services may be fixed or variable. Variable consideration is only recognized when it is highly probable that a significant reversal will not occur. 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, other trade discounts, volume rebates and couponing, price promotions to consumers / customers and any other consideration payable to customers. The level of discounts, allowances and promotional rebates are recognized, on estimated basis using historical experience and the specific terms of the arrangement, as a deduction from revenue at the time that the related sales are recognized or when such incentives are offered to the customer or consumer. Sales return provisions are recognized as deduction from revenue based on terms of the arrangements with the customer and are included in trade and other payables. No asset is recognized for returns as they are not anticipated to be resold. A receivable is recognised 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.

The Group provides discounts to its customers on all products purchased by the customer once the quantity of products purchased during the period exceeds a threshold specified in the contract. A contract liability is recognised for expected discount payable to customers in relation to sales made until the end of the reporting period. Further, a contract liability is also recognised for short term advances that the Group receives from its customers.

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4.18 Miscellaneous income

Miscellaneous income including export rebate is recognised on receipt basis.

4.19 Interest / Mark-up income / late payment by trade debtors

Income on Interest / Mark up income and rental income is recognised on a time proportionate basis and in case of interest and mark-up at the rate of return implicit in the arrangement.

4.20 Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

4.21 Rental income

Rental income from properties on operating lease is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

4.22 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Parent Company that makes strategic decisions.

4.23 Research and development

Research and development expenditure is charged to profit or loss in the period in which it is incurred.

4.24 Dividends

Dividend distribution to the Group's shareholders and appropriations to / from reserves are recognised in the period in which these are approved.

4.25 Government grants

Government grant includes any benefit earned on account of a government loan obtained at below market rate of interest. The loan is recognized and measured in accordance with IFRS 9 "Financial Instruments". The benefit of the below-market rate of interest shall be measured as the difference between the initial fair value of the loan determined in accordance with IFRS 9 and the proceeds received. The difference, representing the grant amount (income) is recognized over the period of the loan.

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	Note	2022	2021
5. PROPERTY, PLANT AND EQUIPMENT		(Rupees in thousand)	
Operating fixed assets	5.1	5,771,250	5,015,533
Capital work-in-progress	5.4	2,147,899	467,421
Right-of-use assets	5.5	1,975,599	1,118,423
		9,894,748	6,601,377

5.1 Operating fixed assets

	2022										
	Freehold land	Leasehold land	Leasehold improvements	Building on leasehold land	Plant and machinery	Furniture and fittings	Office and other equipments	Computers	Laboratory equipments	Vehicles	Total
	(Rupees in thousand)										
At 1 July 2021											
Cost	-	232,549	63,475	2,870,061	3,444,441	472,753	327,239	368,704	59,592	113,589	7,952,403
Accumulated depreciation	-	(45,285)	(31,062)	(510,558)	(1,668,847)	(301,628)	(222,163)	(236,077)	(27,992)	(70,632)	(3,114,244)
Net exchange difference	-	-	28,359	-	-	88,635	23,880	16,439	-	20,061	177,374
Net book value	-	187,264	60,772	2,359,503	1,775,594	259,760	128,956	149,066	31,600	63,018	5,015,533
Additions / transfer - note - 5.4.1	207,257	-	145,284	184,967	338,283	77,909	129,989	138,240	11,192	187,564	1,420,684
Disposals											
Cost	-	(2,200)	-	(5,651)	(72,467)	-	(11)	(13,035)	-	(69,323)	(162,687)
Accumulated depreciation	-	330	-	2,166	62,591	-	11	12,924	-	19,388	97,410
	-	(1,870)	-	(3,485)	(9,875)	-	-	(112)	-	(49,935)	(65,277)
Effect of movement in exchange rate	-	-	30,321	-	-	57,621	24,861	25,992	-	11,280	150,075
Depreciation charge for the year	-	(4,222)	(29,910)	(102,845)	(358,819)	(75,151)	(63,410)	(63,186)	(8,311)	(43,911)	(749,765)
Closing net book value	207,257	181,172	206,467	2,438,141	1,745,182	320,140	220,395	250,000	34,481	168,016	5,771,250
At 30 June 2022											
Cost	207,257	230,349	208,759	3,049,377	3,710,257	550,662	457,217	493,909	70,784	231,830	9,210,400
Accumulated depreciation	-	(49,177)	(60,972)	(611,236)	(1,965,074)	(376,779)	(285,562)	(286,340)	(36,303)	(95,155)	(3,766,599)
Net exchange difference	-	-	58,680	-	-	146,256	48,741	42,431	-	31,341	327,449
Net book value	207,257	181,172	206,467	2,438,141	1,745,182	320,140	220,395	250,000	34,481	168,016	5,771,250
Useful life (years)	-	38 - 99	4 - 5	5 - 60	5 - 10	5	5 - 10	3	5 - 10	5	

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	2021									
	Leasehold land	Leasehold improvements	Building on leasehold land	Plant and machinery	Furniture and fittings	Office and other equipments	Computers	Laboratory equipments	Vehicles	Total
	(Rupees in thousand)									
At 1 July 2020										
Cost	232,549	38,069	2,680,906	3,094,489	409,647	309,014	340,663	50,580	87,330	7,243,247
Accumulated depreciation	(41,057)	(16,256)	(418,993)	(1,343,616)	(240,054)	(175,795)	(188,866)	(22,209)	(67,567)	(2,514,413)
Net exchange difference	-	26,747	-	-	82,484	22,365	13,251	-	19,641	164,488
Net book value	191,492	48,560	2,261,913	1,750,873	252,077	155,584	165,048	28,371	39,404	4,893,322
Additions / transfer - note - 5.4.1	-	25,406	189,155	349,952	63,106	18,225	35,382	9,012	66,713	756,951
Disposals										
Cost	-	-	-	-	-	-	(7,341)	-	(40,454)	(47,795)
Accumulated depreciation	-	-	-	-	-	-	7,104	-	17,014	24,118
	-	-	-	-	-	-	(237)	-	(23,440)	(23,677)
Effect of movement in exchange rate	-	1,612	-	-	6,151	1,515	3,188	-	420	12,886
Depreciation charge for the year	(4,228)	(14,806)	(91,565)	(325,231)	(61,574)	(46,368)	(54,315)	(5,783)	(20,079)	(623,949)
Closing net book value	187,264	60,772	2,359,503	1,775,594	259,760	128,956	149,066	31,600	63,018	5,015,533
At 30 June 2021										
Cost	232,549	63,475	2,870,061	3,444,441	472,753	327,239	368,704	59,592	113,589	7,952,403
Accumulated depreciation	(45,285)	(31,062)	(510,558)	(1,668,847)	(301,628)	(222,163)	(236,077)	(27,992)	(70,632)	(3,114,244)
Net exchange difference	-	28,359	-	-	88,635	23,880	16,439	-	20,061	177,374
Net book value	187,264	60,772	2,359,503	1,775,594	259,760	128,956	149,066	31,600	63,018	5,015,533
Useful life (years)	38 - 99	4 - 5	5 - 60	5 - 10	5	5 - 10	3	5 - 10	5	

5.2 The depreciation charge for the year has been allocated as follows:

	Note	2022	2021
		(Rupees in thousand)	
Cost of sales	27	469,690	419,134
Distribution costs	28	161,927	103,596
Administrative expenses	29	118,149	101,219
		749,765	623,949

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5.3 The details of property, plant and equipment having net book value of Rs. 500,000 and above sold / disposed of during the year by the Parent Company are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of purchaser and relationship	Relationship with the purchaser
(Rupees in thousand)								
Buildings	5,651	2,166	3,485	1,200	(2,285)	Negotiation	Mr. Khayal Muhammad Nasir Afirdi Rafiq	Company's Vendor
Motor Vehicles	3,149	459	2,690	3,231	540	Company Policy	Mr. Saad Bin Khalid	Company's Executive
Motor Vehicles	2,914	364	2,550	3,011	461	Company Policy	Mr. Shayan Naseem	Company's Executive
Plant & Machinery	3,685	1,720	1,965	263	(1,702)	Negotiation	Mr. Amir Majeed	Third party
Motor Vehicles	2,268	331	1,938	2,533	595	Company Policy	Mr. Ahmad Ismail	Company's Executive
Plant & Machinery	3,318	1,410	1,908	237	(1,671)	Negotiation	Mr. Amir Majeed	Third party
Land - Lease Hold	2,200	330	1,870	2,090	220	Negotiation	Punjab Industrial Estates Development and Management Company (PIEDMC)	Company's Vendor
Motor Vehicles	2,297	431	1,866	2,110	244	Company Policy	Mr. Inam Ul Haq	Company's Executive
Motor Vehicles	2,124	310	1,814	2,296	482	Company Policy	Mr. Humayun Javed	Company's Executive
Motor Vehicles	2,090	425	1,665	0	(1,665)	Company Policy	Mr. Irfan Hafeez	Company's Executive
Plant & Machinery	7,045	5,399	1,646	503	(1,143)	Negotiation	Mr. Amir Majeed	Third party
Plant & Machinery	3,769	2,140	1,628	269	(1,359)	Negotiation	Mr. Amir Majeed	Third party
Motor Vehicles	1,934	387	1,547	1,870	322	Company Policy	Mr. Rahim Hasan	Company's Executive
Motor Vehicles	1,403	117	1,286	1,348	61	Company Policy	Mr. Hatif Yousuf	Company's Executive
Motor Vehicles	1,576	296	1,281	642	(638)	Company Policy	Mr. Abdul Kaleem	Company's Executive
Motor Vehicles	1,421	148	1,273	1,316	43	Company Policy	Mr. Wassi Abbas	Company's Executive
Motor Vehicles	1,320	83	1,238	992	(246)	Company Policy	Mr. Muhammad Ibrahim	Company's Executive
Motor Vehicles	1,573	393	1,180	1,268	88	Company Policy	Mr. M. Shahmir Khan	Company's Executive
Motor Vehicles	1,539	371	1,167	2,967	1,800	Company Policy	Mr. Syed Hasan Ali Khan	Company's Executive
Motor Vehicles	1,386	254	1,132	1,351	219	Company Policy	Mr. M. Uzair Ahmed Khan	Company's Executive
Motor Vehicles	1,292	188	1,104	550	(554)	Company Policy	Mr. Mian Anjum Hafeez	Company's Executive
Motor Vehicles	1,246	182	1,064	1,028	(37)	Company Policy	Mr. M.Aneeqe Khan Khakwani	Company's Executive
Motor Vehicles	1,451	411	1,040	1,266	227	Company Policy	Mr. Col. Khalid Mahmood	Company's Executive
Motor Vehicles	1,183	148	1,035	714	(322)	Company Policy	Mr. Taimoor Jamal Khan	Company's Executive
Motor Vehicles	1,405	375	1,031	1,414	384	Company Policy	Mr. Imran Akhtar	Company's Executive
Plant & Machinery	1,818	849	970	130	(840)	Negotiation	Mr. Amir Majeed	Third party
Motor Vehicles	1,237	283	953	1,886	933	Company Policy	Mr. Abdul Basit Mehmood	Company's Executive
Motor Vehicles	1,027	86	941	216	(725)	Company Policy	Mr. Mian Zohaib Rasool	Company's Executive
Motor Vehicles	1,059	132	927	1,317	390	Company Policy	Mr. Ahmad Salman	Company's Executive
Motor Vehicles	1,061	155	906	1,177	271	Company Policy	Mr. Abdul Rehman	Company's Executive
Motor Vehicles	1,200	300	900	422	(477)	Company Policy	Mr. M. Sheraz Khan	Company's Executive
Motor Vehicles	1,016	152	864	1,068	205	Company Policy	Mr. Taimoor Shahzad	Company's Executive
Motor Vehicles	958	180	778	378	(400)	Company Policy	Mr. Yasir Javed	Company's Executive
Motor Vehicles	938	215	723	643	(80)	Company Policy	Mr. Muhammad Umair	Company's Executive
Motor Vehicles	900	183	717	351	(366)	Company Policy	Mr. Mohsin Ul Ibad Haider	Company's Executive
Motor Vehicles	887	180	706	1,000	294	Company Policy	Mr. Taimoor Aslam	Company's Executive
Motor Vehicles	815	136	679	965	285	Company Policy	Mr. Shoaib Arshad	Company's Executive
Motor Vehicles	937	266	672	330	(342)	Company Policy	Mr. Muhammad Sheraz Khan	Company's Executive
Motor Vehicles	780	130	650	404	(246)	Company Policy	Mr. Zain Abbas	Company's Executive
Motor Vehicles	629	39	590	497	(93)	Company Policy	Mr. Syed Waqar Ahmed	Company's Executive
Motor Vehicles	745	168	578	284	(293)	Company Policy	Mr. Asif Mehmood	Company's Executive
Motor Vehicles	802	227	574	2,231	1,656	Company Policy	Mr. Muhammad Hammad	Company's Executive
Motor Vehicles	802	227	574	878	304	Company Policy	Mr. Mohsin Razzak	Company's Executive
Motor Vehicles	778	208	571	1,362	791	Company Policy	Mr. Faish Ullah	Company's Executive
Motor Vehicles	778	208	571	862	291	Company Policy	Mr. M. Ahsan Khan	Company's Executive
Motor Vehicles	802	240	561	845	284	Company Policy	Mr. Syed Hasan Jafri	Company's Executive
Motor Vehicles	720	192	528	978	451	Company Policy	Mr. Qasim Iqbal	Company's Executive
Plant & Machinery	3,846	3,329	517	275	(242)	Negotiation	Mr. Amir Majeed	Third party
Motor Vehicles	649	132	517	542	25	Company Policy	Mr. Zeeshan Ali	Company's Executive
Motor Vehicles	649	132	517	724	208	Company Policy	Mr. Ahmed Ismail	Company's Executive
Motor Vehicles	1,405	1,405	-	1,405	1,405	Negotiation	Mr. Salman Shad	Company's Executive
Total	86,475	28,590	57,887	55,638	(2,247)			

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5.4 Capital work-in-progress (CWIP)

	Note	2022	2021
		(Rupees in thousand)	
Civil works	5.4.1	1,308,446	50,278
Advance against civil work		599,542	-
Plant and machinery		161,431	114,228
Advance against Plant & Machinery and Office Equipment		60,118	-
Office equipment		8,335	112
Furniture & Fixtures		7,879	-
Advance against motor Vehicles and furniture & fixtures		2,148	2,252
Advance against computer		-	16,220
Advance against acquisition of land		-	284,331
		2,147,899	467,421

5.4.1 Includes borrowing costs capitalized during the year amounting to Rs. 103.9 million (2021: nil).

5.4.1.2 During the year the additions to CWIP and transfer of respective assets amounted to Rs. 1,703.16 million (2021: Rs. 438.98 million) and Rs. 362.06 million (2021: Rs. 347.18 million) respectively.

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

Location	Usage of immovable property	Geographical Location	Total Area (In Sq. Ft.)	Covered Area (In Sq. Ft.)
Corporate office	Office Building	12/CL-6 Claremount Road, Civil Lines, Karachi	45,099	40,589
S.I.T.E.	Manufacturing plant	Unit F-160/ C, F- 133, S.I.T.E., Karachi	76,491	62,029
Port Qasim	Manufacturing plant	Office A-13, North Western Industrial Zone, Bin Qasim, Karachi	435,600	265,556
Nooriabad	Manufacturing plant	A-393, Nooriabad Industrial Estate, Nooriabad	602,951	120,112
Gujranwala	Manufacturing plant	53-KM G.T. Road, Chainwala Mord Amanabad, Gujranwala	130,000	36,000
Faisalabad	Land	Plot No. 346 & 347 Phase - 2, M-3 Industrial City, Faisalabad	1,086,480	532,375

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5.5 Right-of-use assets

The Group leases many assets including buildings and vehicles with lease terms of two to five years.

	2022			
	Properties	Equipments	Vehicles	Total
	(Rupees in thousand)			
Balance at 1 July 2021				
Cost	1,390,885	17,700	101,070	1,509,655
Accumulated depreciation	(342,861)	(8,357)	(40,014)	(391,232)
Net Book Value	1,048,024	9,343	61,056	1,118,423
Additions	828,677	-	48,397	877,074
Charge for the year	(328,317)	(4,396)	(31,379)	(364,091)
Balance at 30 June 2022	1,548,384	4,947	78,075	1,631,406
Effect of movements in exchange rates	324,842	1,777	17,575	344,193
	1,873,226	6,724	95,649	1,975,599
Net book value				
As at 30 June 2022	1,873,226	6,724	95,649	1,975,599

	2021			
	Properties	Equipments	Vehicles	Total
	(Rupees in thousand)			
Balance at 1 July 2020				
Cost	870,982	8,463	78,221	957,666
Accumulated depreciation	(170,095)	(4,894)	(22,572)	(197,561)
Net exchange difference	-	-	-	-
Net Book Value	700,887	3,569	55,649	760,105
Charge for the year	(172,766)	(3,463)	(17,442)	(193,671)
Balance at 30 June 2021	1,022,544	9,160	59,321	1,091,025
Effect of movements in exchange rates	25,480	183	1,735	4,521
	1,048,024	9,343	61,056	1,118,423
Net book value				
As at 30 June 2021	1,048,024	9,343	61,056	1,118,423

5.5.1 The depreciation of right-of-use assets for the year has been allocated as follows:

	Note	2022	2021
		(Rupees in thousand)	
Cost of sales	27	8,390	-
Distribution costs	28	354,308	193,671
Administrative expenses	29	1,393	-
		364,091	193,671

5.5.2 Equipments and vehicles represent the asset obtained under finance lease arrangements.

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6. INTANGIBLES AND GOODWILL

	Note	2022	2021
		(Rupees in thousand)	
Goodwill and intangibles	6.1	930,505	764,916
System under development	6.3	41,658	31,987
		972,163	796,903

6.1 Goodwill and intangibles

	2022				
	Computer softwares and ERP System	Goodwill	Customer relationships	Trademark and other	Total
	(Rupees in thousand)				
Cost					
Balance as at 1 July 2021	346,735	362,202	138,762	291,172	1,138,871
Addition	22,640	-	-	-	22,640
Effect of movement in exchange rates	(39,546)	91,098	29,532	73,233	154,317
Balance as at 30 June 2022	329,829	453,300	168,294	364,405	1,315,828
Accumulated amortisation					
Balance as at 1 July 2021	312,051	-	61,904	-	373,956
Amortisation for the year	23,833	-	15,241	-	39,074
Effect of movement in exchange rates	(39,894)	-	12,187	-	(27,707)
Balance as at 30 June 2022	295,990	-	89,333	-	385,323
Carrying amounts					
As at 30 June 2022	33,839	453,300	78,961	364,405	930,505
Useful life (years)	3	Indefinite	10	Indefinite	

	2021				
	Computer softwares and ERP System	Goodwill	Customer relationships	Trademark and other	Total
	(Rupees in thousand)				
Cost					
Balance as at 1 July 2020	317,321	351,540	133,613	282,601	1,085,075
Addition	29,314	-	-	-	29,314
Effect of movement in exchange rates	100	10,662	5,149	8,571	24,482
Balance as at 30 June 2021	346,735	362,202	138,762	291,172	1,138,871
Accumulated amortisation					
Balance as at 1 July 2020	280,020	-	45,657	-	325,677
Amortisation for the year	32,024	-	13,587	-	45,611
Effect of movement in exchange rates	7	-	2,660	-	2,667
Balance as at 30 June 2021	312,051	-	61,904	-	373,955
Carrying amounts					
As at 30 June 2021	34,684	362,202	76,858	291,172	764,916
Useful life (years)	3	Indefinite	10	Indefinite	

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6.2 The amortization charge for the year has been allocated as follows:

	Note	2022	2021
		(Rupees in thousand)	
Cost of sales	27	409	129
Distribution costs	28	16,231	14,930
Administrative expenses	29	22,434	30,553
		39,074	45,612

6.3 This represent amount given to vendor for the development of software which is expected to be capitalised next year.

6.4 Impairment testing of goodwill, trademark and other indefinite useful life

For the purpose of the impairment testing, goodwill acquired through business combination and trademarks with indefinite useful lives are allocated to the A-1 Bags and Supplies.

The recoverable amount of business operations of AI Bags & Suppliers Inc. (acquired entity) has been determined based on its value in use, determined by discounting the future cash flows to be generated from its continuing use. The cash flow projections are prepared covering period from 2023 to 2025 till terminal period. The calculations used for cash flow projections are based on financial projections prepared by management.

The value in use determined for underlying cash generating unit is higher than its carrying amount.

The key assumptions used in the estimation of value in use were as follow:

	Percentage (%)
Sales (% annual growth rate)	7.0
Budgeted gross margin (%)	5.5
Other operating cost	5.4
Long term growth rate	5.0
Pre-tax discount rate (%)	11.9

Management has determined the values assigned to each of the above key assumptions as follows:

Assumptions	Approached used to determine values
Sales Volume	Average annual growth rate over the forecast period based on recent performance and management's expectations of market development. Management does not anticipate material impact owing to change in the assumptions used for growth in sales volume.
Sales Price	Average annual growth rate over the forecast period based on current industry trend and including long term inflation forecast. Management does not anticipate material impact owing to change in the assumptions used for growth in sales price.
Budgeted gross margin	Based on recent performance and management's expectation for the future.

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Other operating cost Fixed cost of the CGU, which do not vary significantly with sales volume or price. Management forecast these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructuring or cost saving measures. The amounts disclosed above are the average operating costs for the forecast period. Management does not anticipate material impact owing to change in the assumptions used for growth in other operating cost.

Long term growth rate This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. Management does not anticipate material impact owing to change in the assumptions used for growth in the long term rate.

Pre-tax discount rates Reflect specific risks relating to the business segment, and the country in which it operates.

Sensitivity to changes in assumptions Management have considered and assessed reasonably possible other changes for other key assumptions and have not identified any instances that could cause the carrying amount to exceed its recoverable amount.

7. LONG-TERM INVESTMENT

	Note	2022	2021
		(Rupees in thousand)	
Investment at fair value through profit or loss (FVTPL)			
Naimat Collateral Management Company Limited	7.1	30,000	30,000
Less: Provision for Impairment	7.1.1	(15,784)	-
		14,216	30,000

7.1 The movement in provision for impairment during the year is as follows:

	Note	2022	2021
		(Rupees in thousand)	
Balance at beginning of the year		-	-
Provision recognized during the year	7.1.1	(15,784)	-
Balance at end of the year		(15,784)	-

7.1.1 On 25 February 2020, the Company subscribed 2,999,500 ordinary shares of Rs.10 each in Naymat Collateral Management Company Limited (NCMCL). The Company's shareparent gives it ownership interest and voting power of 10% in it. NCMCL is an unlisted public company that was incorporated under Companies Act, 2017 on 21 January 2020 and has its registered office at C-25/B, Block 4, Clifton, Karachi Saddar Town, Sindh, Pakistan. It is engaged in the business of providing storage and preservation services for a range of agricultural commodities as well as issuing credible warehouse receipts for agricultural commodity financing.

Investment in NCMCL is carried at fair value through profit or loss (FVTPL). The assessment of the fair value is based on their unaudited accounts.

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8. DEFERRED ASSET / LIABILITIES

	Note	2022	2021
		(Rupees in thousand)	
Pension Plan - parent company	8.4	(43,806)	(46,816)
Pensioners' Medical Plan - parent company	8.4	(9,850)	7,006
Staff terminal benefits - subsidiary company	8.19	6,340	3,662
		<u>(47,316)</u>	<u>(36,149)</u>

8.1 The Parent Company operates a funded pension scheme and post retirement medical benefit for chief executive, one non-executive and spouse of one former director. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at 30 June 2022.

8.2 Plan assets held in trust are governed by local regulations which mainly include the Trust Act, 1882, the Companies Act, 2017, the Income Tax Rules, 2002 and Rules under the Trust Deed of the Plans. Responsibility for governance of the Plans, including investment decisions and contribution schedules, lies with the Board of Trustees. The Parent Company appoints the Trustees and all Trustees are employees of the Parent Company.

8.3 The latest actuarial valuation of the Fund as at 30 June 2022 was carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation of the plan assets of the parent company are as follows:

8.4 Balance sheet reconciliation of the plan assets of the parent company

	Note	Pension Plan		Pensioners' Medical Plan	
		2022	2021	2022	2021
		(Rupees in thousand)			
Present value of defined benefit obligations	8.8	210,740	181,747	54,087	67,517
Fair value of plan assets	8.9 & 8.10	(254,546)	(228,563)	(63,938)	(60,511)
		<u>(43,806)</u>	<u>(46,816)</u>	<u>(9,850)</u>	<u>7,006</u>

8.5 Movement in the net liability recognised in the balance sheet

	Note	2022	2021	2022	2021
		(Rupees in thousand)			
Opening balance		(46,816)	50,165	7,006	30,358
Remeasurements recognised in other comprehensive income	8.6	16,717	(21,043)	(17,111)	(25,964)
Charge / (income) for the year	8.7	1,915	11,162	5,573	4,495
Contribution made		(15,621)	(87,100)	-	-
Payments made to members by Parent Company		-	-	(1,892)	(1,884)
Closing balance		<u>(43,806)</u>	<u>(46,816)</u>	<u>(6,425)</u>	<u>7,006</u>

Notes to the Consolidated Financial Statements

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8.6 Remeasurements recognised in other comprehensive income

	Pension Plan		Pensioners' Medical Plan	
	2022	2021	2022	2021
	(Rupees in thousand)			
Re-measurements: Actuarial (gain) / loss on obligation				
- (Gain) / Loss due to change in financial assumptions	2,688	(35,300)	(13,104)	(171)
- (Gain) / Loss due to change in experience adjustments	3,577	16,463	(6,690)	(24,845)
Actuarial (gain) / loss on defined benefit obligation	6,265	(18,837)	(19,794)	(25,016)
Re-measurements: Return on plan assets				
Actuarial loss / (gain)	10,452	(2,206)	2,683	(948)
Total defined benefit cost recognised in other comprehensive income	<u>16,717</u>	<u>(21,043)</u>	<u>(17,111)</u>	<u>(25,964)</u>

8.6.1 Net actuarial gain recognised in other Comprehensive Income for the above to plans is Rs. 0.394 million (2021: Rs. 47.007 million)

8.7 Expense recognised in statement of profit or loss

	Pension Plan		Pensioners' Medical Plan	
	2022	2021	2022	2021
	(Rupees in thousand)			
Component of defined benefit costs recognized in profit and loss account				
Current service cost	6,485	6,511	1,463	1,809
Net interest cost				
- Interest cost on defined benefit obligation	18,819	16,770	6,792	7,742
- Interest income on plan assets	(23,390)	(12,119)	(2,683)	(5,056)
	<u>(4,570)</u>	<u>4,651</u>	<u>4,109</u>	<u>2,686</u>
	<u>1,915</u>	<u>11,162</u>	<u>5,573</u>	<u>4,495</u>

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8.8 Movement in the present value of defined benefit obligations

	Pension Plan		Pensioners' Medical Plan	
	2022	2021	2022	2021
	(Rupees in thousand)			
Obligation as at July 1	181,747	180,215	67,517	84,866
Current service cost	6,485	6,511	1,463	1,809
Interest cost	18,819	16,770	6,792	7,742
Benefits paid	(2,576)	(2,912)	(1,892)	(1,884)
Actuarial loss / (gain)	6,265	(18,837)	(19,794)	(25,016)
Obligation as at June 30	210,740	181,747	54,087	67,517

8.9 Movement in the fair value of plan assets

	Pension Plan		Pensioners' Medical Plan	
	2022	2021	2022	2021
	(Rupees in thousand)			
As at July 1	228,563	130,050	60,512	54,508
Income on plan assets	23,390	12,119	6,109	5,056
Contribution made	15,621	87,100	-	-
Benefits paid	(2,576)	(2,912)	-	-
Actuarial (gain) / loss	(10,452)	2,206	(2,683)	948
As at June 30	254,546	228,563	63,938	60,512

8.10 Components of Plan assets

	Pension Plan		Pensioners' Medical Plan	
	2022	2021	2022	2021
	(Rupees in thousand)			
Cash at bank	134,464	115,911	33,775	30,687
Special saving certificates	6,530	-	1,640	-
Investment in mutual fund	113,552	112,652	28,522	29,825
	254,546	228,563	63,938	60,512

8.11 These certificates of National Saving Schemes of the Government of Pakistan has matured.

8.12 This represents 331,446 units, 100,701 units, 604,129 units, 617,873 units and 109,210 units invested in NAFA Asset Allocation Fund, Al Meezan Asset Allocation Fund, HBL Money Market Fund, HBL Cash Fund and HBL Equity Fund respectively with the fair value of Rs. 4.95 million, Rs. 4.03 million, Rs. 62.02 million, Rs. 62.5 million and Rs. 8.5 million respectively.

Notes to the Consolidated Financial Statements

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8.13 Principal actuarial assumptions

	Pensioners' Medical Plan	
	2022	2021
	(Rupees in thousand)	
Expected rate of increase in salaries	13.50%	10.25%
Expected rate of increase in pension	6.50%	3.25%
Expected rate of increase in medical benefits	11.50%	10.25%
Discount factor used	13.50%	10.25%
Mortality rate	SLIC (2001-05)	SLIC (2001-05)
Rates of employee turnover	Light	Light

8.14 Cost for the next financial year

As per the actuarial valuation report charge for the next financial year is as follows:

	2023	
	Pension Plan	Pensioners' Medical Plan
	(Rupees in thousand)	
Current service cost	1,029	237

8.15 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2022		
	Change in assumption	Impact on defined benefit obligation - Increase / decrease in liability	
	(Rupees in thousand)		
Discount rate at June 30	1.00%	237,477	297,174
Future salary increases	1.00%	218,199	203,497
Future pension increases	1.00%	229,808	194,080
Medical cost increases	1.00%	59,841	49,175

	2021		
	Change in assumption	Impact on defined benefit obligation - Increase / decrease in liability	
	(Rupees in thousand)		
Discount rate at June 30	1.00%	221,080	283,120
Future salary increases	1.00%	189,771	174,032
Future pension increases	1.00%	198,438	167,211
Medical cost increases	1.00%	76,247	60,239

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The sensitivity analysis is based on a change in an assumption while parent all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the pension liability recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

8.16 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the plan, at the beginning of the period, for returns over the entire life of the related obligation.

8.17 The weighted average duration of defined benefit obligation of pension plan and pensioners' medical plan is 10.65 years and 9.06 years respectively.

8.18 During the year, the Parent Company contributed Rs. 78.06 million (2021: Rs. 70.33 million) to the provident fund.

8.19 Staff terminal benefits obligation relating to NF DMCC (Subsidiary Company)

	2022	2021
	(Rupees in thousand)	
Opening liability	3,662	6,291
Reversal for the year	(1,578)	(2,323)
Exchange difference	4,257	(306)
Closing liability	6,340	3,662

This represent staff terminal benefits calculated in accordance with U.A.E. labour laws. Three employees are covered under the above scheme.

9. STOCK-IN-TRADE

	Note	2022	2021
		(Rupees in thousand)	
Raw materials	9.1 & 9.4	3,185,293	1,940,112
Provision for obsolescence	9.3	(78,559)	(58,725)
		3,106,734	1,881,387
Packing materials	9.1	749,519	742,879
Provision for obsolescence	9.3	(170,659)	(41,595)
		578,860	701,284
Work-in-process	9.3	1,689,635	1,165,369
Provision for obsolescence		(72,348)	(73,219)
		1,617,287	1,092,150
Finished goods	9.1 & 9.2	4,204,232	2,914,503
Provision for obsolescence	9.3	(47,395)	(125,640)
		4,156,837	2,788,863
		9,459,718	6,463,684

Notes to the Consolidated Financial Statements

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9.1 Stock in trade includes Rs. 3.99 billion (2021: Rs. 2.78 billion) held with third parties for the purpose of further distribution to end customers and packaging purposes. This includes goods in transit of Rs. 17.5 million (2021: Nil) against the sale of National Foods DMCC.

9.2 The above balances include items costing Rs. 75.28 million (2021: Rs. 124.71 million) valued at net realisable value of Rs. 62.15 million (2021: Rs. 101.08 million).

9.3 During the year, the Group has booked provision for obsolescence of Rs. 355.77 million (charge 2021: Rs. 235.43 million) and has written off stocks against the provision amounting to Rs. 224.89 million (2021: Rs. 57.20 million).

9.4 This includes goods in transit pertaining to raw materials amounting to Rs. 171 million.

10. TRADE DEBTS

	Note	2022	2021
		(Rupees in thousand)	
Considered good - unsecured			
Others			
- Local		1,292,913	446,239
- Foreign		1,430,937	525,159
		2,723,850	971,398
Considered doubtful		150,255	96,072
		2,874,105	1,067,470
Allowance for impairment	10.1	(150,255)	(96,072)
		2,723,850	971,398

10.1 The movement in the allowance for impairment for trade debts is as follows:

	2022	2021
	(Rupees in thousand)	
Opening provision	96,072	84,463
Charge for the year - net	47,365	32,551
Write-offs	(23,668)	(16,506)
Exchange difference	30,486	(4,436)
Closing provision	150,255	96,072

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11. ADVANCES

		2022	2021
		(Rupees in thousand)	
Considered good	Note		
Employees - against expenses		-	443
Suppliers	11.1	806,235	277,603
		806,235	278,046
Considered doubtful			
Suppliers		41,929	27,684
		848,164	305,730
Provision for doubtful advances to suppliers		(41,929)	(27,684)
		806,235	278,046

11.1 These advances are unsecured and do not carry any mark up. This also includes cash margin of Rs. 397.6 million on account of imports of machinery. Remaining balance of Rs. 334.83 million has been paid to the supplier for the raw material purchase.

12. DEPOSITS AND PREPAYMENTS

		2022	2021
		(Rupees in thousand)	
Considered good			
Deposits		16,536	9,000
Prepayments		482,574	335,097
		499,110	344,097

12.1 These trade deposits and prepayments are mainly against rent, insurance and utilities and are not considered doubtful. These do not carry any mark up arrangement.

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13. OTHER RECEIVABLES

		2022	2021
		(Rupees in thousand)	
Due from related parties	Note		
- ATC parents (Private) Limited		-	956
- Director		-	205
		-	1,161
Others		273	18,611
Receivable from the Provident fund		-	4,575
Workers' Profit Participation Fund	13.1	-	5,969
		273	30,316

13.1 Workers' Profit Participation Fund

		2022	2021
		(Rupees in thousand)	
Payable as at July 1		5,969	(70,765)
Allocation for the year		(138,777)	(92,653)
		(132,808)	(163,418)
Amount paid during the year		130,621	169,387
(Payable) / receivable as at June 30		(2,187)	5,969

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14. SHORT TERM INVESTMENTS at FVTPL

Name of Fund	As at 1 July 2021	Invested during the year	Redeemed during the year	As at 30 June 2022
(Number of units)				
MCB Cash Management Optimizer	-	4,935,844	-	4,935,844
Habib Islamic Money Market Fund	-	3,555,631	3,555,631	-
HLB Cash Fund	-	7,436,464	2,501,263	4,935,201
Meezan Daily Income Fund	20,023,980	10,051,001	30,074,981	-
Meezan Rozana Amadni Fund	-	22,536,177	22,536,177	-
Faysal Stock Fund	-	1,350,554	681,448	669,106
Faysal Islamic Cash Fund	-	3,431,714	3,431,714	-
Faysal Money Market Fund	-	9,639,908	9,639,908	-
ABL Cash fund	-	49,113,206	24,590,583	24,522,623
Alfalah GHP Money Market Fund	-	10,068,035	10,068,035	-
Alfalah GHP Stock Fund	-	853,202	430,206	422,996
Alfalah Islamic Rozana Amadni Fund	-	3,480,179	3,480,179	-
Total	20,023,980	126,451,915	110,990,125	35,485,770

Name of Fund	As at 1 July 2021	Invested during the year	Redeemed during the year	As at 30 June 2022
(Rupees in thousand)				
MCB Cash Management Optimizer	-	500,000	-	500,000
ABL Cash fund	-	500,409	250,354	250,055
Meezan Daily Income Fund	-	502,550	502,550	-
Habib Islamic Money Market Fund	-	359,739	359,739	-
HLB Cash Fund	-	751,611	251,611	500,000
Meezan Rozana Amadni Fund	1,001,199	1,126,809	2,128,008	-
Faysal Islamic Cash Fund	-	343,171	343,171	-
Faysal Money Market Fund	-	508,523	508,523	-
Faysal Stock Fund	-	36,427	-	36,427
Alfalah GHP Money Market Fund	-	512,106	512,106	-
Alfalah GHP Stock Fund	-	38,313	-	38,313
Alfalah Islamic Rozana Amadni Fund	-	348,721	348,721	-
Total	1,001,199	5,528,379	5,204,783	1,324,795

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15. CASH AND BANK BALANCES

		2022	2021
	Note	(Rupees in thousand)	
Cash in hand		2,230	1,874
Cash at bank - current account			
- local currency	15.1	425,022	2,274,505
- foreign currency		703,507	762,885
		1,128,529	3,037,390
Cash at bank - saving account			
- local currency		6,575	3,209
		1,137,335	3,042,473

15.1 The current accounts are placed with banks under conventional banking arrangements.

15.2 These carry markup rates of 8% per annum (2021: 6.5% per annum).

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2022	2021		2022	2021
	(Number of shares)			(Rupees in thousand)	
	3,139,975	2,511,980	Ordinary shares of Rs. 5 (2020: Rs. 5) each issued for consideration paid in cash	15,700	12,560
	229,975,450	183,980,360	Ordinary shares of Rs. 5 (2020: Rs. 5) each as fully paid bonus shares	1,149,876	919,901
	233,115,425	186,492,340		1,165,576	932,461

16.1 As at 30 June 2022, ATC parents (Private) Limited (ultimate parent company) held 78,911,813 (2021: 62,649,451) ordinary shares of the Company

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17. NON-CONTROLLING INTEREST (NCI)

Below is summarised financial information of A-1 Bags & Supplies Inc. that has a non-controlling interest (40% stake) that is material to the Group. The amounts disclosed are before inter-group eliminations.

Summarised balance sheet

	2022	2021
	(Rupees in thousand)	
Non-current assets	2,852,928	1,589,191
Current assets	4,131,293	2,266,745
Non-current liabilities	(1,905,078)	(1,069,282)
Current liabilities	(2,917,388)	(1,434,607)
	<u>2,161,755</u>	<u>1,352,047</u>
Accumulated NCI	<u>767,772</u>	<u>635,103</u>

Summarised statement of profit or loss and comprehensive income

	2022	2021
	(Rupees in thousand)	
Sales	24,085,143	11,170,705
Profit for the period	912,328	553,802
Total comprehensive income	809,132	553,802
Profit allocated to NCI	337,525	216,086
Eligible dividend to NCI	<u>167,892</u>	<u>113,765</u>

Summarised cash flows

	2022	2021
Cash flow from operating activities	538,426	459,205
Cash flow from investing activities	(498,012)	(116,613)
Cash flow from financing activities	(63,515)	(513,171)
Net (decrease) / increase in cash and cash equivalents	<u>(23,100)</u>	<u>(170,579)</u>

18. LONG-TERM FINANCE AND DEFERRED INCOME

	Note	2022	2021
		(Rupees in thousand)	
Long-term finance			
- MCB Bank Limited - Pakistan	18.1	491,351	608,675
- Habib Bank Limited - Pakistan	18.1	178,802	591,277
- MCB Bank Dubai	18.2	98,619	224,056
- TD Commercial Bank - Canada	18.4	354,426	174,161
- Deferred income - government grant	18.3	2,037	29,466
		<u>1,125,236</u>	<u>1,627,635</u>
Less: Current maturity of long-term finance		(611,613)	(717,130)
Less: Current portion of deferred income - government grant		(2,037)	(27,429)
		<u>511,586</u>	<u>883,076</u>

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

18.1 This represents original long term finance facilities of Rs. 793 million and salary refinance loan of 824.6 million obtained from a commercial bank. These finances carry markup at 3 month Kibor + 0.1%, + 0.4% & SBP rate + 0.3%, + 1% & + 2% (effective rate 9.03% to 9.84%). The loan are secured by way of hypothecation of Company's present and future fixed assets and hypothecation of company's present and future stocks and receivables. These loans are from 3 years to 10 years. These loans are fully repayable in equal quarterly installment of rupees 132.45 million between July 2022 to September 2029.

18.2 The Group has entered into a long term loan agreement with MCB Bank Dubai. It carries profit at the rate of 3 month LIBOR + 3% per annum. At the year end, the applicable effective rate was 4.36% per annum. The tenor of facility is 5 years with grace period of 1 year from insurance deposit account - IDA (for each tranche). The principal is payable in equal quarterly installments. This facility is secured against 60% shares of AI Bags & Suppliers Inc., undated security cheque, promissory note and assignment of receivables of the Group.

18.3 Due to the effects of pandemic. State Bank of Pakistan took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing.

The company has obtained the said borrowing from Habib Bank Limited at subsidized rate of 2% on 25th June 2020 and 1% on 21st August 2020 which are repayable by October 2022 in 8 quarterly installments to HBL under the SBP scheme. Above balance shall be recognized in income by October 2022.

18.4 A-1 Bags & Supplies Inc., obtained loan from TD commercial bank details of whose are as follows:

TD commercial loan and detailed breakdown are as follows:

	Note	2022	2021
		(Rupees in thousand)	
Vehicle loan	18.4.1	-	274
TD bank loan	18.4.2	17,660	41,373
TD bank loan	18.4.3	11,299	22,015
TD bank loan	18.4.4	54,809	61,001
TD bank loan	18.4.5	50,055	49,498
TD bank loan	18.4.6	14,692	-
TD bank loan	18.4.7	136,969	-
TD bank loan	18.4.8	15,516	-
TD bank loan	18.4.9	41,224	-
Vehicle loan	18.4.10	12,202	-
		<u>354,426</u>	<u>174,161</u>

Notes to the Consolidated

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For the year ended 30 June 2022

- 18.4.1

Vehicle loan payable to Royal Bank of Canada - loan is secured by a charge of the vehicle, it is non-interest bearing with monthly payments of \$ 721, matured in September 2021.
- 18.4.2

TD bank loan, secured by accounts receivable, bears interest at a rate of 4.64% per annum and is repayable in 60 equal monthly payments of \$ 18,787 including interest, maturing in December 2022.
- 18.4.3

TD bank loan, secured by accounts receivable, bears interest at a rate of 5.06% per annum and is repayable in 60 equal monthly payments of \$ 9,066 including interest, maturing in February 2023.
- 18.4.4

TD bank loan, secured by accounts receivable, bears interest at a rate of 4.85% per annum and is repayable in 60 equal monthly payments of \$ 13,064 including interest, maturing in October 2024.
- 18.4.5

TD bank loan, to finance equipment purchase, secured by accounts receivable, bears interest at a rate of 3.85% per annum and is repayable in 60 equal monthly payments of \$ 6,530 including interest, maturing in October 2026.
- 18.4.6

TD bank loan, to finance equipment purchase, secured by accounts receivable, bears interest at a rate of 3.55% per annum and is repayable in 24 equal monthly payments of \$ 6,430 including interest, maturing in July 2023.
- 18.4.7

TD bank loan, to finance equipment purchase, secured by accounts receivable, bears interest at a rate of 4.09% per annum and is repayable in 60 equal monthly payments of \$ 16,045 including interest, maturing in October 2026.
- 18.4.8

TD bank loan, to finance equipment purchase, secured by accounts receivable, bears interest at a rate of 4.67% per annum and is repayable in 60 equal monthly payments of \$ 93,825 including interest, maturing in January 2027.
- 18.4.9

TD bank loan, to finance equipment purchase, secured by accounts receivable, bears interest at a rate of 5.79% per annum and is repayable in 60 equal monthly payments of \$ 4,484 including interest, maturing in May 2027.
- 18.4.10

Vehicle loan payable to Royal Bank of Canada - loan is secured by a charge of the vehicle, bears interest at a rate of 3.65% per annum and is repayable in 96 equal monthly payments of \$ 949, maturing in March 2030.

Under the terms of the TD credit facility, the A-1 Bags & Supplies Inc., is required to comply with certain financial and non-financial covenants. As at June 30, 2022, the A-1 Bags & Supplies Inc., is in compliance of these covenants.

Notes to the Consolidated

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For the year ended 30 June 2022

19. LEASE LIABILITIES	2022	2021
	(Rupees in thousand)	
Opening balance	1,176,126	778,017
Additions	866,974	545,024
Interest expense	163,954	80,818
Rental paid	(457,418)	(228,967)
Effect of movements in exchange rates	365,304	1,234
	2,114,940	1,176,126
Current portion	(433,964)	(218,022)
Balance as at 30 June 2022	1,680,976	958,104

	Rentals	Interest charge	Present value
	(Rupees in thousand)		
Not later than one year	534,353	100,381	433,972
Later than one year but not later than three years	1,664,253	174,367	1,489,886
Later than five years and above	213,502	22,419	191,083
	2,412,108	297,167	2,114,940

20. LONG TERM PROVISIONS

This represents liability against Gas Infrastructure Development Cess (GIDC) amounting to Rs. 76.01 million and are presented at present value of the total liability of Rs. 72.5 million (2021: Rs. 69 million) discounted in accordance with ICAP technical service guidelines 'Accounting for Gas Infrastructure Development Cess (GIDC)' dated 19 January 2021.

Current portion of the liability amounts to Rs. 50.04 million (2021: Rs. 29.87 million). The future value has been discounted 71 % per annum. Monthly installments due under a court order amounts to Rs. 1.58 million and is due by September 2024.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

21. DEFERRED TAXATION - net

Credit / (debit) balance arising in respect of:
Accelerated tax depreciation / amortisation
Provision for retirement benefits obligations and other provisions
Right-of-use assets

Provision for stock obsolescence
Provision for doubtful trade debts
Lease liabilities
Finance costs
Provisions for GIDC and others

2022	2021
(Rupees in thousand)	
393,878	344,331
13,746	(2,481)
9,293	-
416,917	341,850
(112,833)	(79,772)
(11,232)	(6,685)
(9,916)	-
-	(254)
(83,427)	(47,033)
(217,407)	(133,744)
199,510	208,106

- 21.1 During the year tax effect of temporary differences of Rs. 6.8 million (2021: Rs. 100.8 million) was recognized in profit or loss and Rs. 0.114 million (2021: 13.63 million) recognized in other comprehensive income.

22. TRADE AND OTHER PAYABLES

Creditors
Accrued liabilities
Workers' Profits Participation Fund
Workers' Welfare Fund
Payable to provident fund
Refund Liabilities
Tax deducted at source
Other liabilities
Provisions classified as current
Due to related parties - Directors
Sales tax payable

Note	2022	2021
	(Rupees in thousand)	
	2,411,970	1,752,960
	4,537,576	3,071,468
13.1	2,267	-
22.1	221,700	165,763
22.2	4,963	-
22.3	69,694	61,034
	393,701	237,629
	59,551	48,386
20	50,038	29,875
22.4	29,408	23,548
	1,012	-
	7,781,881	5,390,663

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

- 22.1 The Finance Act 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Company is of the view that it is not liable to pay this liability. However, the management has made provision for WWF for the years from 2015 to 2022 amounting to Rs. 221 million as a matter of abundant caution.

The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

"The management, as a matter of abundant caution, has decided to maintain the provision of WWF till the decision of Supreme Court in respect of Civil Review Petition."

- 22.2 All investments out of provident fund maintained by the Parent Company have been made in accordance with the provisions of Section 218 of the Companies Act 2017 and the conditions specified there under.

- 22.3 This relates to consideration received from the customers for goods sold which the Company expects to refund to the customers.

- 22.4 This relates to remuneration payable to directors.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

23. CONTRACT LIABILITIES	Note	2022	2021
(Rupees in thousand)			
Advances from customers		109,100	195,391
24. SHORT-TERM BORROWINGS			
<i>Conventional</i>			
Running finance under mark up arrangements	24.1	1,828,359	2,103,935
Demand operating loan	24.2	613,207	70,649
Export re-finance	24.3	800,000	600,000
Money market loan		450,000	-
<i>Islamic</i>			
Running finance under Musharakah	24.4	1,191,524	86,860
		4,883,090	2,861,444
24.1	The parent company has facilities for running finance available from various commercial banks are for the purpose of meeting working capital requirements. The effective rates of mark-up on these finances range from 9.77% to 10.30% (2021: 7.29% to 7.92%) per annum. The facilities offer are valid upto 30 June 2022 to 31 May 2023.		
24.2	A demand operating loan has been authorized by Toronto Dominion ("TD") bank to a maximum of AED 28.471 million and bears interest at TD bank's prime lending rate plus 0.3% per annum and is secured by a general security agreement, an assignment of insurance and postponement of related party loans. As at 30 June 2022, the Company has used AED 10.857 million (2021: AED 1.647 million) of the bank credit facility.		
24.3	The Company has short term running finance facility under Export Refinance Scheme of the State Bank of Pakistan from a commercial bank. The effective rate of mark-up on this facility is 2.5% (2021: 2.5%) per annum. The facilities offer are valid upto 30 June 2022.		
24.4	The Company has obtained facilities for short-term finance under Running Musharakah. The effective rate of profit is 9.99% to 10.73% (2021: 6.73% to 9.43%) per annum. This facility matures within twelve months and is renewable. The facilities offer are valid upto 30 June 2022 to 31 January 2023.		
24.5	The facilities available from various banks amount to Rs. 4.2 billion (2021: Rs. 2.7 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Company's current and future movable assets having aggregate charge amounting to Rs.6.5 billion. These facilities offer are valid upto 31 July 2022.		
24.6	As at 30 June 2022, the unavailed facilities from the above borrowings by the parent company amounted to Rs. 1.9 billion (2021: Rs. 2.2 billion). The details of the facility available to a subsidiary company are given in note 24.2.		

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

25. CONTINGENCIES AND COMMITMENTS

- 25.1** There are cases against the company which are outstanding as at 30 June 2022. The management is confident that the decision will be in favor of the Company.
- 25.2** The facilities for opening letters of credit amount to Rs. 4.295 billion (2021: Rs. 1.84 billion) and for letters of guarantee amount to Rs. 515 million (2021: Rs. 215 million) as at 30 June 2022 of which the amount remaining unutilised at year end were Rs 3.49 billion (2021: Rs. 1.59 billion) and Rs. 136 million (2021: Rs. 116 million) respectively.
- 25.3** Aggregate commitments for capital expenditure as at 30 June 2022 amount to Rs. 3.1 billion (2021: Rs. 467.43 million). Aggregate commitments in respect of ujarah payments for ijarah financing of motor vehicles bearing from first habib metro ranging from three months KIBOR + 0.75% (2021: three months KIBOR + 0.75%) while meezan bank ranging from three to six months KIBOR + 1.25% respectively (2021: six months KIBOR + 1.25%) per annum for rentals payable monthly as at 30 June 2022 amount to:

	2022	2021
(Rupees in thousand)		
Not later than one year	330,443	199,461
Later than one year but not later than five years	755,640	432,806
	1,086,083	632,267

Total sanctioned facilities from banks amount to Rs. 1,801 million, out of which Rs. 1,013 million has been utilized by the company.

- 25.4** Aggregate commitments in respect of ujarah payments for ijarah financing of motor vehicles bearing a mark up ranging from six months KIBOR + 0.75% to six months KIBOR + 1.25% (2021: six months KIBOR + 0.75% to six months KIBOR + 1.25%) per annum for rentals payable monthly as at 30 June 2022 amount to:

26. SALES - NET

	Note	2022	2021
(Rupees in thousand)			
- Local sales		36,644,222	32,194,639
- Export sales	26.1	22,219,472	14,396,972
Gross sales		58,863,695	46,591,611
Less: Sales tax		(5,919,275)	(5,011,067)
		52,944,419	41,580,544
Less:			
- Discount, rebates and allowances		(6,880,404)	(6,388,125)
- Sales return		(538,407)	(603,986)
		(7,418,811)	(6,992,111)
		45,525,608	34,588,433

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

26.1 Export sales comprise of sales made in the following regions:

	2022	2021
	(Rupees in thousand)	
Middle East	645,620	574,247
USA/Canada	20,640,328	12,788,723
Kingdom of Saudi Arabia	235,599	323,487
Europe/UK	484,905	431,962
Others	213,021	278,553
	22,219,472	14,396,972

26.2 Local sales are within Pakistan only. The Group has disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

	2022	2021
	(Rupees in thousand)	
Major Product Lines:		
Condiments	16,941,727	16,682,515
Culinary	22,536,242	18,075,313
Cash and Carry - retail business	19,385,726	11,833,783
	58,863,695	46,591,611

26.3 Net sales, net of sales return is Rs. 58.3 million (2021: 45.9 million).

27. COST OF SALES

Note

	2022	2021
	(Rupees in thousand)	
Raw material consumed	24,981,960	17,441,177
Packing material consumed	4,030,332	3,853,071
Stores and spares consumed	175,941	206,995
Impairment loss against inventory	346,733	309,224
Brine and cutting charges	25,771	53,066
Salaries, wages and other benefits	1,550,391	1,400,337
Contribution to provident fund	23,466	22,758
Depreciation	469,690	419,134
Depreciation of right-of-use assets	8,390	-
Amortisation	409	129
Ujrah payments	26,811	29,286
Fuel and power	553,189	440,149
Insurance	33,494	22,243
Laboratory, research and development	15,985	14,634
Postage and communications	5,340	13,893
Printing and stationery	8,217	4,697
Rent, rates and taxes	370,020	208,816
Travelling	239,969	200,103
Repairs and maintenance	144,151	78,355
Security charges	34,276	21,316
Inventory destruction charges	20,793	24,011
Others	61,516	70,484
	33,126,844	24,833,877
Opening work in process	1,092,150	1,344,413
Closing work in process	(1,617,287)	(1,092,150)
Cost of goods manufactured	32,601,707	25,086,140
Opening stock of finished goods	1,270,543	1,020,421
Closing stock of finished goods	(1,326,047)	(1,270,543)
	32,546,204	24,836,018

27.1

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

27.1 This includes professional service charges amounting to Rs. 24 million.

28. DISTRIBUTION COSTS

Note

	2022	2021
	(Rupees in thousand)	
Salaries, wages and other benefits	1,402,536	1,767,563
Advertising and sales promotion	2,088,031	1,457,949
Outward freight and handling charges	1,043,534	874,853
Contribution to provident fund	35,412	30,042
Depreciation	161,927	103,596
Depreciation of right-of-use assets	354,308	193,671
Amortisation	16,231	14,930
Ujrah payments	142,944	99,238
Fuel and power	6,540	6,132
Forwarding charges	71,165	59,713
Insurance	32,481	57,319
Legal and professional charges	130,929	1,470
Postage and communications	11,417	20,411
Printing and stationery	126,895	62,154
Rent, rates and taxes	251,876	251,211
Travelling	291,727	214,830
Repairs and maintenance	87,675	77,713
Others	24,712	26,906
	6,280,339	5,319,701

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

29. ADMINISTRATIVE EXPENSES

	Note	2022	2021
		(Rupees in thousand)	
Salaries, wages and other benefits		1,898,701	603,024
Contribution to provident fund		19,192	17,771
Depreciation	5.2	118,149	101,219
Depreciation of right-of-use assets	5.5.1	1,393	-
Amortisation	6.2	22,434	30,553
Ujrah payments		35,160	36,982
Fuel and power		117,883	108,839
Insurance		49,079	11,646
Legal and professional charges		142,221	184,745
Postage and communications		23,569	7,456
Printing and stationery		13,788	7,573
Rent, rates and taxes		51,265	7,175
Travelling		96,282	49,737
Repairs and maintenance		281,087	218,975
Security charges		4,710	4,492
Others	29.1	47,153	53,773
		2,922,066	1,443,960

29.1 This includes expenses in relation to office supplies amounting to Rs. 32 million.

30. OTHER EXPENSES

	Note	2022	2021
		(Rupees in thousand)	
Workers' Profits Participation Fund		138,350	92,653
Workers' Welfare Fund		55,937	37,061
Impairment on long term Investments	7.1	15,784	-
Unrealized loss on short term investments at FVTPL		13,819	-
Auditors' remuneration	30.1	8,120	7,299
Demurrage and other related costs		60,160	-
Donations	30.2	4,708	6,042
		296,878	143,055

30.1 Auditors' remuneration

	2022		2021	
	KPMG Taseer Hadi & Co.	Other KPMG firms	KPMG Taseer Hadi & Co.	Other KPMG firms
Audit fee	2,486	3,147	2,260	2,778
Limited review, special reports and other certifications	2,145	-	1,950	-
Out of pocket expenses	342	-	311	-
	4,973	3,147	4,521	2,778

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

30.2 Donations to following Organizations and Trusts exceed 10% of the Group's total amount of donation or Rs. 1 million, whichever is higher:

	2022	2021
	(Rupees in thousand)	
Pakistan Agricultural Coalition	-	3,250

Donations did not include any amount paid to any person or organization or institution in which a Director or his / her spouse had any interest.

31. OTHER INCOME

	Note	2022	2021
		(Rupees in thousand)	
Income from financial instruments			
Exchange gain / (loss)		374,339	(58,995)
Return on profit or loss sharing bank account and term deposits - conventional		16,794	59,333
Unrealized gain on short term investments at FVTPL		-	1,199
Realized gain on short term investments at FVTPL		997	-
Income from short term investments at FVTPL - dividend income		42,854	-
		434,984	1,537
Income from non-financial instruments			
Gain on disposal of property, plant and equipment		45,946	41,838
Export rebate		7,844	10,818
Rental income		3,074	3,638
Amortisation of government grant	18.3	27,429	46,977
Scrap sales		54,880	-
Insurance claim		31,441	-
Others		40,458	27,800
		211,071	131,071
		646,054	132,608

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

32. FINANCE COSTS

Mark-up on:

- Short-term running finances
- Export refinance facility
- Short-term loans
- Long-term loans
- Interest on ROUA

Bank charges

2022	2021
(Rupees in thousand)	
66,279	3,098
18,701	13,589
22,813	204
70,222	216,179
82,850	46,760
202,944	34,938
463,810	314,768

33. TAXATION - net

Current

- for the year

Deferred

2022	2021
(Rupees in thousand)	
904,793	757,199
(6,868)	(100,885)
897,925	656,314

33.1 Income Tax assessments of the parent Company for various tax and accounting years 2004, 2005, 2008, 2011, 2012 and 2014 to 2018, taken as deemed assessments under section 120 of the Income Tax Ordinance, 2001 were subsequently amended under section 122(5A) of the Income Tax Ordinance, 2001 in which the learned Tax authorities has raised several demands. The Company has filed appeals before various appeal forums and has maintained a provision for any potential future liability.

33.2 The parent Company has filed its income tax returns for tax years 2019 to tax year 2021. Tax returns filed by the parent Company are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001 unless selected for an amendment / audit by the taxation authorities. Tax return may be selected for detailed audit within six years from the end of tax year to which it relates and the Income Tax Commissioner may amend the assessment.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

33.3 Relationship between income tax expense and accounting profit

Profit before taxation

Tax at applicable rate of 33% (2021: 29%)

Tax effect of permanent differences

Tax effect of final tax regime

Income subject to lower rate

Effect of tax in foreign jurisdictions

Others

2022	2021
(Rupees in thousand)	
3,615,000	2,630,988
1,273,176	762,987
63,478	7,411
(278,194)	(21,623)
(15,055)	
(148,137)	(64,184)
2,657	(28,277)
897,925	656,314

34. EARNINGS PER SHARE - basic and diluted

34.1 Basic

Profit after taxation attributable to owners of the parent company

Weighted average number of ordinary shares outstanding during the year

Earnings per share

2022	2021
(Rupees in thousand)	
2,424,148	1,758,588
(Number of shares)	
233,115,425	233,115,425
(Rupees)	
10.40	7.54

* weighted average number of ordinary shares outstanding during the comparative year has been adjusted for issuance of bonus shares.

34.2 A diluted earnings per share has not been presented as the Group did not have any convertible instruments in issue as at balance sheet date which would have any effect on the earnings per share if the option to convert is exercised.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

35. CASH GENERATED FROM OPERATIONS

	2022	2021
	(Rupees in thousand)	
Profit before taxation	3,615,000	2,630,988
Adjustments for non-cash charges and other items		
Depreciation	749,765	623,949
Amortisation	39,075	45,612
Depreciation of right-of-use assets	364,092	193,671
Profit on disposal of property, plant and equipment	(45,946)	(41,838)
Amortisation of government grant	(27,429)	(46,977)
Provision for slow moving stock	69,782	195,571
Impairment loss on long term investment	15,784	
Impairment loss on trade debts	47,365	32,551
Gain on remeasurement of investment at FVTPL	-	(1,199)
Interest expense - ROUA	1,509	
Finance costs	463,810	299,873
Retirement benefits expense	(909)	78,937
	1,676,898	1,380,150
Profit before working capital changes	5,291,898	4,011,138
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(17,711)	(11,055)
Stock in trade	(2,576,640)	(1,478,868)
Trade debts	(1,387,139)	111,245
Advances	(488,170)	(140,971)
Trade deposits and prepayments	(1,318)	(135,218)
Sales tax refundable	90,076	(90,076)
Other receivables	12,274	4,121
	(4,368,628)	(1,740,822)
Increase / (decrease) in current liabilities		
Trade and other payables	1,714,488	1,079,525
Sales tax payable	-	(11,586)
Contract liability	(55,019)	124,322
	1,659,470	1,192,261
	2,582,740	3,462,577

36. CASH AND CASH EQUALIVENTS

	2022	2021
	(Rupees in thousand)	
Cash and bank balances	1,137,335	3,042,473
Short term borrowings	(3,027,565)	(2,190,795)
	(1,890,231)	851,678

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

37. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

37.1 The aggregate amounts charged in these financial statements in respect of remuneration including all benefits to chief executive, directors and executives of the Group are as follows:

	Chief Executive Officer		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees in thousand)					
Managerial remuneration and allowances	39,127	34,405	-	-	472,457	364,264
Utilities	3,913	3,441	-	-	43,067	36,426
Bonus / variable pay	47,020	41,381	-	-	197,912	190,530
Housing	17,607	15,482	-	-	193,805	163,919
Retirement benefits	3,913	3,441	-	-	40,441	35,677
Meeting fee	-	-	6,250	3,500	-	-
Other expenses	3,965	849	205	3,689	293,271	188,109
	115,544	98,999	6,455	7,189	1,240,953	978,925
Number of persons	1	1	6	6	143	120

37.2 The Chief Executive, two non-executive directors and certain executives of the parent company are also provided with Company maintained cars, residence and mobile telephones.

38. RELATED PARTY DISCLOSURES

Related parties comprise the parent Company, entities with common directors, key management personnel, staff retirement funds, directors, major shareholders and key management personnel. The Group continues to have a policy whereby transactions with related parties are entered into at commercial terms, approved policy and at rates agreed under a contract/arrangement/agreement.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Transaction with related parties other than those disclosed else where in the notes are disclosed below:

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

Relationship with the Group	Nature of transaction	2022	2021
		(Rupees in thousand)	
Parent Company	Rental income	3,074	3,638
	Rental paid	3,026	-
	Dividend paid	313,247	250,398
		(No of Shares)	
	Bonus Shares issued	15,662,363	12,519,890
		(Rupees in thousand)	
Associates	Purchases	168,619	-
	Dividend paid	188,911	137,027
	Annual subscription	2,000	2,000
		(No of Shares)	
	Bonus Shares issued	9,445,560	6,851,000
		(Rupees in thousand)	
Staff retirement funds	Expense charged for the year	78,070	64,414
	Payments to retirement contribution plan	73,107	112,510
	Contribution to defined benefit plans	22,365	92,669
Key management personnel compensation:		(Rupees in thousand)	
Salaries and other short-term employee benefits		892,898	767,047
Contribution to Provident Fund		36,600	34,390
Retirement benefits		4,062	18,743

38.1 The following are the related parties with whom the Group had entered into transaction or have arrangement / agreement in place:

Name of the Related Party	Basis of association	Aggregate % of Shareholding
ATC Holdings (Private) Limited	Parent Company*	33.85%
Pakistan Business Council	Common directorship	0%
Cherat Packaging Limited	Common directorship	0%

* It is the ultimate parent company based on control model as provided under IFRS 10.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

39. PLANT CAPACITY AND PRODUCTION

	2022	2021
	(Metric tons)	
Actual production of plants	108,104	105,071

39.1 The capacity and production of the Parent Company plants are indeterminable as these are multi-product and involve varying processes of manufacture.

40. NUMBER OF EMPLOYEES

	2022	2021
	(Number)	
The detail of number of employees are as follows:		
Total employees of the Parent Company at the year end	859	788
Average employees of the Parent Company during the year	824	755

41. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Board of Directors of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's activities expose it to variety of financial risks namely credit risk, liquidity risk and market risk (including foreign exchange risk and interest rate risk). The Group's overall risk management programme focuses on having cost effective funding as well as managing financial risk to minimise earnings volatility and provide maximum return to shareholders

41.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counter parties failed to perform as contracted. The financial assets exposed to the credit risk amount to Rs. 5.6 billion (2021: Rs. 5.2 billion) appropriately.

The Company's maximum exposure to credit risk as at the reporting date is as follows:

	2022	2021
	(Rupees in thousand)	
Financial assets:		
Deposits	57,099	57,741
Trade debts	2,723,850	972,493
Short term investments at FVTPL	1,324,795	1,001,199
Bank balances	1,135,104	2,952,965
Other Receivables	273	18,080
	5,241,121	5,002,478

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2022	2021
	(Rupees in thousand)	
Local	1,292,913	446,239
UAE	6,616	5,088
Canada	1,332,292	479,095
Other region	92,029	70,777
	2,723,850	1,001,199

The following table provides information about the exposure to credit risk for trade debts from individual customers as at June 30, 2022:

	Gross carrying amount	Expected credit loss	Net carrying amount
	(Rupees in thousand)		
30 June 2022	1,091,361	122,686	968,676
Current (not past due)	1,237,234	21,069	1,216,165
1-30 days past due	290,421	4,592	285,830
31-60 days past due	79,940	231	79,709
61-180 days past due	162,974	1,451	161,523
180-360 days past due	12,174	226	11,948
More than 360 days past due	2,874,104	150,255	2,723,850
30 June 2021	268,733	8,253	260,570
Current (not past due)	84,721	13,691	71,030
1-30 days past due	444,056	10,849	433,208
31-60 days past due	260,488	63,038	197,450
61-180 days past due	1,206	139	1,067
180-360 days past due	9,418	250	9,168
More than 360 days past due	1,068,623	96,221	972,493

Based on the past experience, consideration of financial position, past track records and recoveries, the Group believes that the impairment on trade debts past have been adequately accounted for in these financial statements.

The cash and bank balances represent low credit risk as major balances are placed with banks having credit ratings of A1+ or above as assigned by PACRA or JCR-VIS and other reputed credit agencies.

Other financial assets are neither material to the financial statements nor exposed to any significant credit risk. The management does not expect any losses from non-performance by these counterparties.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focuses on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Management does not consider that it has any concentration of credit risk at reporting date. Following are the details:

	2022	2021
	(Rupees in thousand)	
Trade Debts		
-Local	1,292,913	446,239
-UAE	6,616	5,088
-Canada	1,332,292	479,095
-Other region	92,029	70,777
Banks	1,135,104	2,952,965
Mutual funds	1,324,795	1,001,199
Deposits	57,099	57,741
Other Receivable	273	18,080
	5,241,121	5,031,184

41.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk reflects the Group's inability in raising funds to meet commitments. The Group manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements. Management monitors rolling forecasts of the Group's liquidity reserve which comprises of undrawn borrowing facility and cash and cash equivalents on the basis of expected cash flows.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

	2022			
	Contractual Cashflows			
	Carrying amount	Total Contractual Cash flows	Within one year	More than one year
	(Rupees in thousand)			
Non-derivative				
Financial Liabilities				
Long-term borrowings	1,123,199	1,431,221	581,432	849,789
Trade and other payables	7,014,984	7,014,984	7,014,984	-
Lease liabilities	2,114,941	2,412,344	534,425	1,877,919
Short-term borrowings (including accrued markup)	4,963,162	4,963,162	4,963,162	-
Unclaimed dividend	23,161	23,161	23,161	-
Deposit Payable	5,444	5,444	5,444	-
	15,239,446	15,844,871	13,117,163	2,727,708
	2021			
	Contractual Cashflows			
	Carrying amount	Total Contractual Cash flows	Within one year	More than one year
	(Rupees in thousand)			
Non-derivative				
Financial Liabilities				
Long-term borrowings	4,876,321	4,876,321	4,876,321	-
Trade and other payables	1,178,577	1,348,936	276,331	1,072,605
Lease liabilities	2,867,381	2,867,381	2,867,381	-
Short-term borrowings (including accrued markup)	21,202	21,202	21,202	-
Unclaimed dividend	4,359	4,359	4,359	-
Deposit Payable	10,542,481	10,740,197	8,786,241	1,953,957

41.3 Market risks

Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. As at 30 June 2022 net financial assets of Rs. 1.35 billion (2021: Rs. 915.79 million) were denominated in foreign currency which were exposed to foreign currency risk.

As at 30 June 2022 if the Pak Rupee had strengthened by 5% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 67.96 million (2021: Rs. 45.79 million).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Company only as at the balance sheet date.

	2022									
	Rupees in ('000)	AED in ('000)	CNY in ('000)	Euro in ('000)	GBP in ('000)	SAR in ('000)	USD in ('000)	AUD in ('000)	CAD in ('000)	
Trade debts	667,441	10,420.50	-	-	-	-	-	-	543.90	
Bank balance	1,676,289	4,864.05	-	-	-	-	3,424.58	-	-	
Trade liabilities	(3,428,838)	(2.06)	(66.07)	(25.51)	(0.22)	(0.11)	(3,200.00)	(20.56)	(17,333.89)	
	(1,085,108)	15,282.49	(66.07)	(25.51)	(0.22)	(0.11)	224.58	(20.56)	(16,789.99)	
	2021									
	Rupees in ('000)	AED in ('000)	CNY in ('000)	Euro in ('000)	GBP in ('000)	SAR in ('000)	USD in ('000)	AUD in ('000)	CAD in ('000)	
Trade debts	992,912		-	-	-	-	3,179.15	-	-	
Bank balance	429,171		-	-	-	-	2,661.93	-	-	
Trade liabilities	(366,657)	(6,683.12)	(82.94)	(144.94)	(0.26)	(0.14)	(249.74)	-	-	
	1,055,425	(6,683.12)	(82.94)	(144.94)	(0.26)	(0.14)	5,591.34	-	-	

The following significant exchange rates were applied during the year:

	2022	
	Average rate	Reporting date rate
Rupees / USD	177.78	204.85
Rupees / CNY	27.48	30.54
Rupees / AED	48.40	55.77
Rupees / CAD	140.71	158.65
	2021	
	Average rate	Reporting date rate
Rupees / USD	160.02	156.16
Rupees / CNY	24.18	24.33
Rupees / AED	44.56	42.89
Rupees / CAD	125.23	126.87

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For the year ended 30 June 2022

Interest rate risk

At 30 June 2022 the Group had variable interest bearing financial liabilities of Rs. 3,846.5 million (2021: Rs. 2,660.7 million), had the interest rates varied by 100 basis points (2021: 100 basis points) with all the other variables held constant, profit before tax for the year would have been lower / higher by approximately Rs. 38.4 million (2021: Rs. 26.6 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

Details of the financial instruments, exposed to interest rate risk, based on the earlier of re-pricing or contractual maturity dates are as follows:

	Exposure to Interest / Mark up rate risk			
	Upto 1 month	Upto 3 Months	More than 3 Months	Total
	(Rupees in thousand)			
Financial assets				
Bank balances	6,575	-	-	6,575
30 June 2022	6,575	-	-	6,575
30 June 2021	3,209	-	-	3,209
Financial liabilities				
Long term finance	-	1,123,199	-	1,123,199
Lease liabilities	-	456,918	1,658,023	2,114,941
Short term borrowings	4,883,090	-	-	4,883,090
30 June 2022	4,883,090	1,580,117	1,658,023	8,121,230
30 June 2021	2,861,591	1,340,100	937,144	5,138,835

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For the year ended 30 June 2022

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

	2022					
	Short term borrowings used for cash management purpose	Other short term borrowings including related accrued markup	Lease liabilities	Long term borrowings including loan classified as current [including related accrued markup] (refer note 19)	Retained earnings	Total
	(Rupees in thousand)					
Balance as at 1 July 2021	2,190,923	665,637	1,211,284	1,607,812	5,703,120	11,378,776
Changes from financing cash flows						
Repayment of loan	-	-	(294,494)	(576,323)	-	(870,817)
Proceeds from long term loan	-	-	-	-	-	-
Amortisation of government grant	-	-	-	-	-	-
New lease obligations	-	-	-	-	-	-
Proceeds from short term borrowings	-	584,363	-	-	-	584,363
Dividend Paid	-	-	-	-	(930,503)	(930,503)
Total changes from financing activities	-	584,363	(294,494)	(576,323)	(930,503)	(1,216,957)
Other changes - interest cost						
Interest expense	66,655	44,643	-	50,965	-	162,263
Interest paid	(66,655)	(44,643)	-	(50,965)	-	(162,263)
Additions in Lease Liabilities	-	-	805,544	-	-	805,544
Changes in running finance	827,832	-	-	-	-	827,832
Exchange difference	1,128	-	392,606	121,176	-	514,910
Total loan related other changes	828,960	-	1,198,150	121,176	-	2,148,285
Total equity related other changes	-	-	-	-	2,189,349	2,189,349
Balance as at 30 June 2022	3,019,883	1,250,000	2,114,940	1,152,665	6,961,966	14,499,453

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

41.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital. During the year, the Group's strategy was to maintain leveraged gearing. The gearing ratio as at 30 June 2022 was as follows:

	2022	2021
	(Rupees in thousand)	
Total borrowings	8,123,266	5,665,205
Cash and bank balances	(1,137,335)	(3,042,473)
Net debt	6,985,932	2,622,732
Total Equity	9,472,740	7,273,440
Total capital	16,458,672	9,896,172
Gearing ratio	42%	27%

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

Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management considers fair value of financial assets approximate its fair value owing to their short term maturities and credit quality of counter parties.

42. OPERATING SEGMENT

The Group has the two operating segments namely core business and retail (cash and carry). The core business providing wide range of food products to consumers. The retail (cash and carry) offer different products / supplies to restaurants, retailers and industrial customers based in Canada.

The Group's chief executive officer reviews the internal management reports of each segment separately.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

42.1 Segment revenue and results

For the year ended 30 June 2022

	Core Segment - Food & Food related products	Retail - (cash and carry)	Total
	(Rupees in thousand)		
Sales	27,140,312	18,385,296	45,525,608
Cost of sales	(17,650,686)	(14,671,503)	(32,322,189)
Gross profit	9,489,626	3,713,793	13,203,419
Distribution expenses	(5,915,197)	(589,156)	(6,504,353)
Impairment loss on trade debts	(23,698)	(23,668)	(47,366)
Administrative expenses	(1,109,920)	(1,812,146)	(2,922,066)
Finance cost	(202,394)	(261,416)	(463,810)
Other expenses	(296,878)	-	(296,878)
Other income	644,158	1,896	646,054
Profit before taxation	2,585,697	1,029,304	3,615,001
Taxation	(616,173)	(281,752)	(897,925)
Profit after taxation	1,969,524	747,552	2,717,076

For the year ended 30 June 2021

Sales	23,417,728	11,170,705	34,588,433
Cost of sales	(15,782,769)	(9,053,249)	(24,836,018)
Gross profit	7,634,959	2,117,456	9,752,415
Selling and distribution expenses	(4,643,829)	(675,872)	(5,319,701)
Impairment loss on trade debts	(9,408)	(23,143)	(32,551)
Administrative expenses	(925,661)	(518,299)	(1,443,960)
Finance Cost	(165,748)	(149,020)	(314,768)
Other operating charges	(143,055)	-	(143,055)
Other income	122,294	10,314	132,608
Profit before taxation	1,869,552	761,436	2,630,988
Taxation	(448,681)	(207,633)	(656,314)
Profit after taxation	1,420,871	553,803	1,974,674

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

42.2 Segment assets and liabilities

	Core Segment - Food & Food related products	Retail - (cash and carry)	Total
	(Rupees in thousand)		
As at 30 June 2022			
Segment assets	<u>20,116,111</u>	<u>6,978,601</u>	<u>27,094,712</u>
Segment liabilities	<u>12,803,386</u>	<u>4,818,585</u>	<u>17,621,972</u>
As at 30 June 2021			
Segment assets	<u>16,373,959</u>	<u>3,855,936</u>	<u>20,229,895</u>
Segment liabilities	<u>10,452,566</u>	<u>2,503,889</u>	<u>12,956,455</u>

42.3 Segment assets reported above comprise of property, plant and equipment, stock in trade and trade debts.

42.4 Information about major customers

The Group's customer base is diverse with no single customer accounting for more than 10% of net sales. Sales to domestic customers in Pakistan are 62.25% (2021: 69.10%) and to customer outside Pakistan are 37.75% (2021: 30.90%) of the revenue.

42.5 Geographical Location

The Group's gross revenue from external customers by geographical location is detailed below:

	2022	2021
	(Rupees in thousand)	
Domestic sales	<u>36,644,222</u>	32,194,639
Export sales	<u>22,219,472</u>	14,396,972
	<u>58,863,695</u>	<u>46,591,611</u>
42.5.1 Region wise export sales are as under:		
Middle East	<u>645,620</u>	574,247
Canada	<u>20,640,328</u>	12,788,723
Kingdom of Saudi Arabia	<u>235,599</u>	323,487
Europe/UK	<u>484,905</u>	431,962
Others	<u>213,021</u>	278,553
	<u>22,219,472</u>	<u>14,396,972</u>

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For the year ended 30 June 2022

42.6 Management considers that revenue from its ordinary activities are shariah compliant.

42.7 Non-current assets of the Group are located in Pakistan except non-current assets amounting to Rs. 3,705.725 million (2021: 2,269.983 million) are located outside Pakistan.

43. EVENTS OCCURRING AFTER BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on 8 September, 2022 has proposed a final dividend of Rs. 5 per share (2021: Rs. 5 per share) amounting to Rs. 1,165.58 million (2021 : 932.5 million) and bonus issue of Nil shares (2021 : 1 share for each 4 shares) for the year ended 30 June 2022. The approval of the shareholders of the Company for the dividend shall be obtained at the upcoming Annual General Meeting for the year ended 30 June 2022. The financial statements for the year ended 30 June 2022, do not include the effect of the proposed final cash dividend which will be accounted for in the year ending 30 June 2023.

44. DATE OF AUTHORISATION

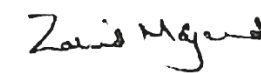
These financial statements were authorised for issue by the Board of Directors of the Company on 8 September, 2022.



Chief Executive Officer



Chief Financial Officer



Director

Notice of 51st Annual General Meeting

Notice is hereby given that the 51st Annual General Meeting of National Foods Limited will be held on Thursday, October 20, 2022, at 3:00 pm at Beach Luxury Hotel, Karachi to transact the following business. The shareholders who wish to attend the AGM via video link facility may do so.

Ordinary Business:

1.
- To confirm the Minutes of Annual General Meeting held on October 14, 2021.
2.
- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2022, together with the Directors’ and Auditors’ Reports thereon, together with Audited consolidated financial statements of the Company and the Auditors’ reports thereon for the year ended June 30, 2022.
3.
- To approve and declare the dividend on the Ordinary Shares of the Company. The Directors have recommended final dividend of 100% (Rs. 5/- per Ordinary Share of Rs. 5/- each), for the year ended June 30, 2022.
4.
- To appoint External Auditors of the Company for the ensuing year, and to fix their remuneration. The Board of Directors, on the recommendation of Audit Committee of the Company, has proposed re-appointment of M/s KPMG Taseer Hadi & Co. Chartered Accountants as external auditors, for the year ending June 30, 2023.

Special Business:

5.
- To consider, and if thought fit, to pass the following resolutions as special resolutions, (a) to ratify and approve the transactions carried out with related parties during the financial year ended June 30, 2022, and (b) & (c) to authorize the Board of Directors to approve all related party transactions carried out and to be carried out during the year ending June 30, 2023.
- a)
- “RESOLVED THAT the transactions, in which majority of directors are interested, carried out by the company with the following related parties for the financial year ended June 30, 2022, be and are hereby ratified and approved”.

ATC Holdings (Private) Limited- Parent Company
National Foods DMCC- Subsidiary

b)

“FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve all related party transactions, in which majority of directors are interested, carried out and to be carried out with any related party including the above-named related parties, on case-to-case basis, for the financial year ending June 30, 2023, and till next Annual General Meeting of the Company”.

c)

“FURTHER RESOLVED THAT the approval of transactions by the Board, as aforesaid, shall be deemed to have been approved by the shareholders and the transactions for the year ending June 30, 2023, shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval”.

Notice of 51st Annual General Meeting

6.

To consider and, if thought fit, to pass with or without modification(s), the following as a Special Resolution for the approval of Rent Agreement between ATC Holdings (Private) Limited-(ATCH) and National Foods Limited for use of ATCH Lahore premises.

“RESOLVED THAT the Rent Agreement for use of ATC Holdings (Private) Limited Lahore premises to be entered into by the Company with its parent Company for an indefinite period, is hereby ratified and approved as per the details appearing in statement of material facts”.

7.

To consider and, if thought fit, to pass with or without modification(s), the resolution appearing below as ordinary resolution to authorize Mr. Adam Fahy Majeed for holding of office of profit in the Company in terms of Section 171 (1) (c) (i) of the Companies Act, 2017.

“RESOLVED THAT pursuant to the provisions of Section 171 (1) (c) (i) of the Companies Act, 2017, consent of Members be and is hereby accorded to authorize Mr. Adam Fahy Majeed for holding office or place of profit under the Company, as Executive Director of the Company, for the remaining term of the Board, at a remuneration, other entitlements and terms and conditions as may be determined by the directors and altered from time to time, as per the Company’s policies”.

8.

To transact any other business with the permission of the Chair.

Statements under Section 134(3) of the Companies Act, 2017 in respect of special business contained in Agenda Item Number 5,6,7 and is annexed to the notice being sent to the members.

Karachi
September 29, 2022

By Order of the Board

Fazal ur Rehman Hajano
Company Secretary

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Notice of 51st Annual General Meeting

Notes:

1. PARTICIPATION IN THE AGM PROCEEDINGS VIA VIDEO LINK FACILITY

In addition to in person meeting, the Company shall also hold its AGM through video link facility in pursuance to Circulars notified by the Securities and Exchange Commission of Pakistan (SECP). The members/proxies interested to participate in the AGM through this facility, are requested to get themselves registered with the Company at cdcsr@cdcsrsl.com by providing the following details: –

Name of Shareholder	Company name	Folio/ CDC Number	CNIC Number	Cell Number	Registered Email Address

Video-link and login credentials will be shared with the members/proxies whose email containing all the above particulars are received at the given email address by the close of business on October 18, 2022.

The members can also provide their comments and questions for the agenda items of the AGM on WhatsApp Number: 0321-8200864 and email: cdcsr@cdcsrsl.com

2. NOTICE OF BOOK CLOSURE

The share transfer books of the Company will remain closed from October 14, 2022 to October 20, 2022 (both days inclusive). Transfers received, in order, at the office of our Share Registrar M/s. CDC Share Registrar Services Limited, CDC House-99B, Block 'B', S.M.C.H.S., main Shahrah-e-Faisal, Karachi-74000, by the close of business on October 13, 2022, will be considered in time for the determination of the entitlement of the shareholders to final cash dividend and to attend and vote at the meeting.

3. Appointment of Proxy and participation in the AGM

- a) A member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another member as his/her proxy to attend, speak and vote for his/her behalf. A proxy must be a member of the Company. A proxy shall also have the right to demand and join in demanding a poll and vote on a poll.
- b) The instrument appointing proxy, together with the power of attorney or other authority under which it is signed, as the case may be, or a notarial certified copy of the power or authority, must be deposited at the Registered Office of the Company situated at 12/CL-6, Claremont Road, Civil Lines, Karachi-75530, at least 48 working day hours before the time of the meeting. Form of Proxy is enclosed. Attested copies of valid CNIC or the passport of the member and the Proxy shall be furnished with the Proxy Form.
- c) Owners of the physical shares and of the shares registered in the name of Central Depository Company of Pakistan Ltd. (CDC) and / or their proxies are required to produce their original valid Computerized National Identity Card (CNIC) or Passport, for identification purposes, at the time of attending the meeting in person. In case of a corporate entity, the Board of Directors' resolution/Power of Attorney, with specimen signature of the nominee, shall be produced at the time of the meeting (unless it has been provided earlier).

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4. Submission of Copies of Valid CNICs

Members, who have not yet submitted attested photocopy of their valid CNIC along with folio number, are requested to send the same, at the earliest, directly to the Company's Share Registrar.

5. Changes in Members Addresses

Members are requested to notify any change in their addresses immediately to the Company's Share Registrar.

6. E-Dividend

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that 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 given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company.

7. Deduction of Income Tax under Section 150 of the Income Tax Ordinance, 2001

Pursuant to the Finance Act, 2022, effective July 01, 2022, the rate of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001, from payment of dividend to a NON-FILER of income tax return is prescribed as 30% and for FILER of Tax Returns as 15%. List of Filers is available at Federal Board of Revenue's (FBR) website:<http://www.fbr.gov.pk>. Members are therefore advised to update their tax FILER status latest by October 13, 2022.

Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Folio/CDC Account #	Total No. of Shares	Principal Shareholder		Joint Shareholder(s)	
		Name and CNIC	Shareholding Proportion (No. of Shares)	Name and CNIC	Shareholding Proportion (No. of Shares)

Notice of 51st Annual General Meeting

The required information must reach our Share Registrar by the close of business (5:00 p.m.) on October 13, 2022; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

The information received within the above specified time would enable the Company to deduct income tax at the applicable rates from the payment of dividend if announced by the Company on October 20, 2022.

Members seeking exemption from deduction of income tax or deduction at a reduced rate under the relevant provisions of the Income Tax Ordinance, 2001, are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be, latest by October 13, 2022.

For any query/problem/information, the investors may contact the company and/or the Share Registrar at the following email addresses:

Company: corporate.secretary@nfoods.com
Share Registrar: info@cdcsrsl.com

8. Unclaimed Dividend/Shares

Shareholders, who by any reason, could not claim their dividend/shares, if any, are advised to contact our Share Registrar M/s. CDC Share Registrar Services Limited, CDC House-99B, Block 'B', S.M.C.H.S., main Shahrah-e-Faisal, Karachi-74000, to collect / enquire about their unclaimed dividend/shares, if any.

9. Postal Ballot/E-Voting

In accordance with the Companies (Postal Ballot) Regulations, 2018, for the purpose of election of directors and for any other agenda item subject to the requirements of section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot i.e. by post or e-voting, in the manner and subject to conditions contained in aforesaid regulations.

10. Video-Conferencing Facility in Other Cities

If the members holding ten percent of the total paid up capital or such other percentage of the paid-up capital as may be specified by the Commission, are resident in any other city, the company shall provide the facility of video-conferencing to such members for attending annual general meeting of the company, if so required by such members in writing to the company at least seven days (7) before the date of the meeting. The Company will intimate members regarding venue of conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

Notice of 51st Annual General Meeting

Consent for Video-Conferencing Facility

I/We, of being a member of National Foods Limited holder of Ordinary Share(s) as per Register Folio No. _____ hereby opt for participation in the Annual General Meeting to be held on October 20, 2022 or any adjourned meeting through video-conferencing facility at _____ (Please insert name of the City)

Signature of member

11. Circulation / Transmission of Annual Report 2022 and Notice of Meeting

The Annual Report of the Company for the year ended June 30, 2022 has been placed on the Company's website at the given link: <https://nfoods.com/investor-relations/financial-report/>.

Annual Report 2022 and notice of AGM is also being circulated through post/courier to the members in accordance with section 223(6) of the Companies Act, 2017 and electronically to members via email to all those shareholders whose email addresses are available with the CDC or the Share Registrar.

Members who desire to receive annual report and notice of meeting onward through e-mail, instead of registered post/courier, may submit their consent on the FORM available for the purpose on Company's website.

12. Conversion of Physical Shares into Book-Entry Form

Pursuant to Section 72 of the Companies Act and directive issued by SECP vide its letter No. CSD/ED/Misc./2016-639-640 dated 26 March 2021, all listed companies are required to pursue their shareholders who still hold shares in physical form, requiring them to convert their shares in Book-Entry-Form.

In view of the aforesaid requirement shareholders of the Company are requested to convert their physical shares into book-entry form as soon as possible. Conversion of shares into book-entry form would facilitate the shareholders i.e. readily available market for instant sale and purchase of shares, elimination of risk of loss & damage, easy & safe transfer and less formalities as compared to physical shares. Shareholders may contact Share Registrar of the Company for assistance in conversion of shares. Guidelines for Conversion of Physical Shares into Book-entry Form are available on the website of CDC Share Registrar Services Limited at the given link: https://www.cdcsrsl.com/?jet_download=7429

Notice of 51st Annual General Meeting

STATEMENTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement set out all the material facts concerning Special Business under Agenda Item No 5, 6, 7 and be transacted at the 51st Annual General Meeting.

AGENDA ITEM NO. 6 SPECIAL RESOLUTIONS – TRANSACTIONS WITH RELATED PARTIES

(a) Ratification and approval of transactions with related parties carried out during the financial year ended June 30, 2022

The company carries out transactions with its related parties on an arm’s length basis, as per the approved policy with respect to ‘transactions with related parties’, in the normal course of business. All transactions entered into with related parties require the approval of the Board Audit Committee of the Company, which is chaired by an independent director of the Company. Upon the recommendation of the Board Audit Committee, such transactions are placed before the Board of Directors for their approval. However, in terms of Regulation 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Code) approval of shareholders is required for such transactions with related parties in which majority of directors of the company are interested. The Companies Act, 2017 (the Act) also requires approval of such related party transaction by shareholders where majority of directors are interested.

In view of the above, following transactions, in which majority of directors are interested due to their common directorship, carried out in normal course of business on an arms’ length basis with related parties during the financial year ended June 30, 2022, are being placed before the shareholders for their ratification and approval.

Name of related party	Relationship	Nature of Transaction	Amount in Rupees ‘000’	Pricing Policy
ATC Holdings (Private) Limited	Parent Company	Rental income	3,074	Arm’s length / under approved agreement with related party
National Foods DMCC	Subsidiary Company	Net Sales	2,220,238	Arm’s length / under approved agreement with related party

(b) and (c) Authorization for the Board of Directors to approve the related party transactions during the financial year ending June 30, 2023, and till next Annual General Meeting

Notice of 51st Annual General Meeting

The Company is and shall be conducting transactions with its related parties during the financial year ending June 30, 2023, and subsequently, on arm’s length basis as per the approved policy with respect to ‘transactions with related parties’ in the normal course of business or otherwise.

The related parties’ transactions in which majority of Directors are interested due to their common directorship and/or shareholding, therefore necessitate approval of shareholders. Accordingly, approval of shareholders is being sought to authorize the Board of Directors of the Company to approve all such transactions, in which majority of directors are interested, carried out and to be carried out with such related parties during the financial year ending June 30, 2023, and till next Annual General Meeting, which transactions shall be deemed to be approved by the Shareholders.

The nature and scope of such related party transactions is explained above in the statement of under clause (a) of the agenda. The related party transactions, requiring shareholders’ approval, conducted during financial year ending June 30, 2023, shall then be placed before the shareholders in the next AGM for their formal approval/ratification.

Disclosure of Interest of Directors: Mr. Abrar Hasan, Mrs. Noreen Hasan, Mr. Adam Fahy Majeed and Mr. Zahid Majeed are interested in the agenda to the extent of their common directorships and/or their shareholding in respective related parties.

AGENDA ITEM NO. 7 SPECIAL RESOLUTION – APPROVAL OF RENT AGREEMENT WITH ATC HOLDINGS (PRIVATE) LIMITED

National Foods Limited (NFL) will be entering into a rent Agreement for the use of ATC Holdings (Private) Limited Lahore premises for an indefinite period (the Agreement). The Board approved the Agreement on September 08, 2022 and proposed to seek approval/ratification by the members of the Company in the Annual General Meeting.

As the majority of directors were interested in the arrangement due to their common directorship and shareholding, in ATC Holdings (Private) Limited, the shareholders are requested to approve the Agreement by NFL, by passing special resolution in terms of Section 208 of the Companies Act, 2017.

The disclosure of information under Regulation 5 of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 [SRO 1194 (I)/2018, dated October 2, 2018].

Notice of 51st Annual General Meeting

i)	Name of related party;	ATC Holdings (Private) Limited
ii)	Names of the interested or concerned directors;	<div><div>Abrar Hasan</div><div>Adam Fahy Majeed</div><div>Noreen Hasan</div><div>Zahid Majeed</div></div>
iii)	Nature of relationship, interest or concern along with complete information of financial or other interest or concern of directors, managers or key managerial personnel in the related party;	Common Directorship
iv)	Detail, description, terms and conditions of transactions;	Renting office premises for the employees of National Foods Limited
v)	Amount of transactions;	Rs. 728,550 (Per Quarter)
vi)	Timeframe or duration of the transactions or contracts or arrangements;	Indefinite Period
vii)	Pricing policy;	On arm's length basis
viii)	Recommendations of the audit committee;	Yes
ix)	Any other relevant and material information that is necessary for the shareholders to make a well-informed decision regarding the approval of related party transactions.	Rent has been benchmarked against similar properties within the same vicinity

Inspection: The Agreement relating to special business can be inspected by the shareholders from the date of issuance of this notice till the date of meeting at the registered office of the Company during usual business hours from Monday to Friday (9.00 a.m. – 5.00 p.m.)

AGENDA ITEM NO. 8 ORDINARY RESOLUTION – HOLDING OFFICE OF PROFIT

The Board of Directors of the Company in their meeting held on September 8, 2022, approved appointment of Mr. Adam Fahy Majeed as Executive Director of the Company as “Chief Growth Officer” – International Division – Exports in terms of Section 208 (1) (f) of the Companies Act, 2017. This appointment is subject to approval by members of the Company in terms of Section 171 (1) (c) (i) of the Companies Act, 2017.

Accordingly, the Board of Directors proposed ordinary resolution pursuant to Section 171 (1) (c) (i) of the Companies Act, 2017, to accord approval of the members in general meeting to the appointment of Mr. Adam Fahy Majeed as Executive Director of the Company for holding of office of profit.

Material facts and disclosures, required under Para B(3) and C (2) of the aforesaid SRO 423 of 2018, are provided herein below:

Notice of 51st Annual General Meeting

i)	Details of the office of profit proposed to be held by the director;	Mr. Adam Fahy Majeed as Executive Director of the Company on account of his appointment as “Chief Growth Officer”
ii)	Brief job description of the office to be held by the director;	<div><div>To implement board’s strategy;</div><div>Manage overall operations and resources;</div><div>Focal point of communication between board of directors and the management;</div></div>
iii)	Remuneration of the director, including perks and benefits, pecuniary or otherwise;	Rs. 5 million per annum plus inflationary adjustments (if any).
v)	Benefits to the company and its members as a result of such office of profit to be held by the director; and	<div>Expansion into international markets and to increase exports;</div> <div><div>To implement board’s International Strategy</div><div>Innovation, New Product Developments, Route to Market Restructuring</div><div>Enter new geographical markets</div><div>Oversea Market and Sales Strategy</div><div>Develop International Hubs</div></div>
v)	Period of holding of such office.	Till next election.
vii)	Nature and extent of interest, if any, therein of every director, whether directly or indirectly.	Mr. Adam Fahy Majeed himself and Mr. Zahid Majeed being his father are interested in this matter.

Dividend Mandate

Date_____

Folio No._____

Name of Shareholder

F/H Name

Address

Bank Account Details for Payment of Cash Dividend
(Mandatory Requirement as per the Companies Act, 2017)

Dear Shareholder,

This is to inform you that in accordance with the 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 shareholder. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information:

	Details of Shareholder
Name of shareholder	
Folio / CDS Account No.	
CNIC No.	
Cell number of shareholder	
Landline number of shareholder, if any	
Details of Bank Account	
Title of Bank Account	
International Bank Account Number (IBAN) "Mandatory"	PK _____ (24 digits) (Kindly provide your accurate IBAN number after consulting with your respective bank branch since 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).
Bank's name	
Branch name and address	
It is stated that the above mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly.	
_____ Signature of shareholder	

You are requested to kindly send us photocopy of this letter immediately duly filled in and signed by you along with legible photocopy of your valid CNIC at our address, CDC Share Registrar Services Limited, Head Office, CDC House, 99-B, Block B, Main Shahrah-e-Faisal, Karachi. 74400, Pakistan.

Regards,

Share Registrar Department
CDC Share Registrar Services Limited
Share Registrar: National Foods Limited

Note: This letter is being computer generated and does not require any signature.

Dividend Mandate

Letter format for CDS Shareholders

Date_____

CDS Account No._____

Name of Shareholder

F/H Name

Address

Bank Account Details for Payment of Cash Dividend
(Mandatory Requirement as per the Companies Act, 2017)

Dear Shareholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank accounts of entitled shareholder as designated by them. In pursuance of the direction given by Securities and Exchange Commission of Pakistan (SECP), kindly immediately contact your relevant CDC Participant/CDC Investor Account Services Department and provide them your bank mandate information including International Bank Account Number (IBAN) which is now mandatory for all cash dividend payments.

In order to comply with regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide requisite bank mandate information to your respective Participant/CDC Investor Account Services Department immediately.

Regards,

Share Registrar Department
CDC Share Registrar Services Limited,
Share Registrar: National Foods Limited

Note: This letter is being computer generated and does not require any signature.

Glossary

ATL:	Above the Line
APLAC:	Asian Pacific Laboratory Accreditation Cooperation
BTL:	Below the Line
CEO:	Chief Executive Officer
CSR:	Corporate Social Responsibility
DDS:	Door to Door Service
DMCC:	Dubai Multi Commodities Centre
FSSC:	Food Safety System Certification
HACCP:	Hazard Analysis and Critical Control Points
HMA:	Halal Monitoring Authority
HR:	Human Resource
ID:	International Division
ISO:	International Standard Organisation
NFL:	National Foods Limited
PNAC:	Pakistan National Accreditation Council
PR:	Purchase Requisition
RDP:	Rural Development Programs
SAP:	System, Applications and Products in data processing
SIP:	Sales Incentive Plan
SKU:	Stock Keeping Units
SnOP:	Sales and Operations Planning
TVC:	Television Commercial
UNICEF:	United Nations International Children's Emergency Fund

کیا ہے اور ہم اپنے بانی کے فلسفے اور “ہماری اقدار” کو مدِ نظر رکھتے ہوئے اپنی سماجی اور معاشی ذمے داریوں کو پورا کرنے کے لئے کمر بستہ ہیں۔

اعتراف

بورڈ اس کمپنی سے وابستہ تمام افراد کا تہہ دل سے شکریہ ادا کرنا چاہتا ہے جنہوں نے اسے نشوونما کے قابل بنایا اور گزشتہ پانچ سالوں میں متواتر کارکردگی دکھائی۔ ہمارے لوگ کمپنی کی فلاح و بہبود کے لئے ثابت قدم ہیں اور عملیاتی ماحول سے پیدا ہونے والی مشکلات پر قابو پا کر اپنی استعداد کا مظاہرہ کرتے ہیں۔ ہم ان کی دلجمعی کو قدر کی نگاہ سے دیکھتے ہیں اور ان کے انتہائی شکر گزار ہیں۔

پیش بینی کا بیان اور مستقبل کا نقطہ نظر

انتظامیہ مقامی اور بین الاقوامی سطح پر موجودہ جغرافیائی سیاسی صورتحال سے پیدا ہونے والے حالات کا اعتراف کرتی ہے۔ مزید یہ کہ حالیہ وقت میں کرنسی کی قدر میں کمی، افراطِ زر کا دباؤ، سپلائی چین کا انتظام اور مارکیٹ کی صورتحال، لاگت اور مارکیٹ کی خدمت کرنے کی صلاحیت کو بری طرح متاثر کر سکتی ہے۔ تاہم کمپنی کی انتظامیہ کاروباری بنیادوں کو آگے لے جانے اور ہنگامی منصوبہ سازی کے ذریعے تمام بڑے شعبوں میں، مارکیٹ میں اپنی قیادت کی حیثیت کو بہتر بنانے / برقرار رکھنے کے لئے پُر عزم ہے۔ نیشنل فوڈز نے اس بحران میں اچھے ردِ عمل کا اظہار

بورڈ آف ڈائریکٹرز کی جانب سے

فہیمہ نسیم
ڈائریکٹر

Ahmad
چیف ایگزیکٹو آفیسر

2022-2021 میں بورڈ اور اس کی کمیٹیوں کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس، بزنس ایڈوائزری کونسل کے پانچ اجلاس اور انسانی وسائل اور مشاہرہ کمیٹی(HR & RC) کے چار اجلاس کا انعقاد ہوا۔ تمام اجلاس ہمارے کارپوریٹ آفس واقع CL-6/12، گلبرمونٹ روڈ سول لائنز، کراچی، پاکستان میں منعقد ہوئے۔ ڈائریکٹرز کی حاضری ذیل میں درج ہے:

Sr #	Director	Designation	Status	کمیٹی		حاضری		
				BAC	HR&RC	BOD	BAC	HR&RC
1	Mr. Zahid Majeed	Chairman/ Non-Executive	Appointed on April 20, 2022	-	-	5/5	3/5	3/4
2	Mr. Abrar Hasan (Executive)	Chief Executive Officer	Re-elected on October 14, 2021	-	-	5/5	-	4/4
3	Mr. Ehsan Ali Malik	Independent Director	Re-elected on October 14, 2021	P	P	5/5	5/5	3/4
4	Mr. Ali H. Shirazi	Independent Director	Elected on October 14, 2021	-	P	4/5	-	3/4
5	Mr. Adam Fahy Majeed	Non-Executive	Appointed on April 20, 2022	-	-	1/5	-	-
6	Mrs. Saadia Naveed	Non-Executive	Re-elected on October 14, 2021	P	-	4/5	5/5	-
7	Mrs. Noreen Hasan	Non-Executive	Re-elected on October 14, 2021	P	P	5/5	5/5	4/4
8	Mr. Abdul Majeed	Ex-Chairman	Passed away on February 21, 2022	-	-	2/5	-	-
9	Mr. Towfiq H. Chinoy	Non-Executive	Retired as a Director on October 14, 2021	-	-	1/5	-	-

ڈائریکٹرز کے انتخابات سن 2021 کے سالانہ اجلاسِ عام میں ہوئے اور محترم توفیق ایچ چنائے نے دوبارہ انتخاب کے لئے خود کو پیش نہیں کیا اور سبکدوش ہو گئے۔ بورڈ کے چیئر مین محترم عبدالحمید 21فروری2022کو انتقال فرما گئے اور بورڈ میں ان کی جگہ عارضی طور پر خالی رہی جسے باقی میعاد کے لئے محترم آدم فائز حمید نے پُر کیا جو 20اپریل2022ڈائریکٹر نامزد ہوئے تھے۔ موجودہ ڈائریکٹرز کی مدت 13اکتوبر2024کو ختم ہو جائے گی۔

حصصکی شراکت داری کا خاکہ (پیٹرن آف شیئر ہولڈنگ)

30 جون 2022 تک کمپنی کا حصص کی شراکت داری کا خاکہ (پیٹرن آف شیئر ہولڈنگ) رپورٹ کے ساتھ منسلک ہے۔

محترمہ مریم ملک (شریکِ حیات محترم احسان علی ملک، ڈائریکٹر)نے 5 اپریل 2022 کو 157.26 روپے فی شیئر کی شرح سے 33,800 شیئر حاصل کئے۔

دیگر ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانسئل آفیسر، کمپنی سیکریٹری اور ان کے شرکائے حیات اور چھوٹے بچوں نے سال کے دوران کمپنی کے شیئرز کا کوئی سودا نہیں کیا۔

غیر ایگزیکٹیو اور خود مختار ڈائریکٹرز کے مشاہرے کی پالیسی

کمپنی کے آرٹیکل کی رُو سے بورڈ آف ڈائریکٹرز کو اختیار حاصل ہے کہ وہ غیر ایگزیکٹیو اور خود مختار ڈائریکٹرز کا مشاہرہ وقتاً فوقتاً مقرر کریں۔ اس سلسلے میں بورڈ آف ڈائریکٹرز نے کمپنی کے غیر ایگزیکٹیو اور خود مختار ڈائریکٹرز کے مشاہرے کی ایک پالیسی وضع کی ہے۔ ڈائریکٹرز کے مشاہرے کی تفصیلات اختتام سال 30جون 2022 کے مالیاتی گوشواروں کے بیان 36 میں ظاہر کر دی گئی ہیں۔

بورڈ آف ڈائریکٹرز اور ان کی کمیٹیوں کی کارکردگی کا تخمینہ

لیسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کے ضابطے 2019 کی تعمیل کرتے ہوئے بورڈ نے اپنی کارکردگی کا جائزہ لینے کے لئے جامع طریقہی کار اپنایا ہے۔

کمپنی نے بورڈ کی تشکیل، قیادت، اثربخیری، منصوبہ سازی اور مجموعی طور پر کمپنی کی حکمتِ عملی، کارکردگی اور نگرانی پر ایک سوال نامہ متعارف کروایا ہے۔ بورڈ سالانہ ہر ڈائریکٹر سے موصول ہونے والی معلومات کی بنیاد پر تمام عوامل کا تخمینہ لگاتا اور جائزہ لیتا ہے۔

متعلقہ فریق کے لین دین

30جون 2022کو ختم ہونے والے سال کے مالیاتی بیانات و گوشواروں کے نوٹ 37میں کمپنی کی طرف سے دورانِ سال درج متعلقہ فریق کے لین دین کا اظہار کیا گیا ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان:

کمپنی نے فہرست میں درج تعمیل (کوڈ آف کارپوریٹ گورننس) کے ضابطوں، 2019 کے تقاضوں کی مکمل پاسداری کی ہے۔ تعمیل کا بیان رپورٹ کے متعلقہ حصے کے تحت فراہم کیا گیا ہے۔

بیرونی پڑتال کنندگان (ایکسٹرنل آڈیٹرز)

موجودہ پڑتال کنندگان میسرزKPMG تاثیر ہادی اینڈ کو (چارٹرڈ اکاؤنٹینٹس)سبکدوش ہو چکے ہیں اور اہلیت کی بنیاد پر خود کو دوبارہ تقرری کے لئے پیش کر چکے ہیں۔ 30جون2023کو ختم ہونے والے مالی سال کے لئے بورڈ آف ڈائریکٹرز نے کمپنی کے پڑتال کنندگان (آڈیٹرز) کے طور پر ان کی دوبارہ تقرری کے لئے بورڈ آڈٹ کمیٹی کی سفارش کی توثیق کر دی ہے۔

اندرونی پڑتال کنندگان (آڈیٹرز) کا عمل

کمپنی کے اندرونی پڑتال کے کام کی دیکھ بھال ہیڈ آف انٹرنل آڈٹ کر رہے ہیں جن کی معاونت M/s EY Ford Rhodes کرتے ہیں۔ اندرونی پڑتال (آڈٹ) کا سربراہ، بورڈ آڈٹ کمیٹی کو براہِ راست رپورٹ کرتا ہے۔

پروویڈنٹ اور ریٹائرمنٹ فنڈز

کمپنی تمام ملازمین کے لئے شراکتی پروویڈنٹ فنڈ اور کمپنی کے چیف ایگزیکٹیو اور مرحوم بانی ڈائریکٹرز کی شریکِ حیات کے لئے ایک تعین شدہ سینیفٹ پینشن اور پینشنرز میڈیکل پلان کو برقرار رکھتی ہے۔ 30 جون 2022کو ختم ہونے والے سال کے مالیاتی بیانات کے نوٹ8میں فنڈز کے اثاثوں اور شراکت کی تفصیلات فراہم کی گئی ہیں۔

دورانِ مالی سال شرحِ مبادلہ کی قدر میں کمی کی وجہ سے مقامی کاروبار میں کمپنی کے مجموعی منافع پر اثر پڑ سکتا ہے، جس کی وجہ کلیدی قیمتوں پر اثر پڑتا ہے۔ تاہم برآمدات اور درآمدات کے صحیح توازن کے ساتھ کمپنی کو غیر ملکی کرنسی کے اتار چڑھاؤ سے قدرتی طور پر نقصان سے تحفظ ملتا ہے۔

کاروباری تسلسل اور مصیبت سے بحالی کے منصوبے (ڈیزاسٹر ریکوری پلانز) اس امر کو یقینی بنانے کے لئے موجود ہیں کہ کمپنی کی پیداوار اور فروخت کے امور میں خلل اندازی نہ ہو۔ مصیبت سے بحالی کے منصوبے (ڈیزاسٹر ریکوری پلانز) تمام کاروباری پہلوؤں کا احاطہ کرتا ہے جس میں انفارمیشن ٹیکنالوجی اور ای آر پی (ERP) شامل ہیں، جو متعدد افعال کا احاطہ کرتے ہیں۔ کاروباری خلل کی صورت میں اس سے تیزی سے نمٹنے کو یقینی بنانے کے لئے ڈیزاسٹر ریکوری پلانز کے ذمے داروں، اسٹیرنگ کمیٹی اور ٹیم کے اہم ارکان کی ذمے داریوں کی تفصیلی وضاحت کی گئی ہے۔

کمپنی کی سرمایہ کاری میں قرض اور ایکویٹی کا ایک مناسب امتزاج ہے تاکہ کم لاگت اور زیادہ سے زیادہ مالی نفع کو یقینی بنایا جاسکے۔ بڑھتے ہوئے قرضے لینے کے حالات کی وجہ سے کمپنی سود کی شرحوں میں منفی تبدیلیوں کے سلسلے میں متاثر ہے۔ کمپنی مختلف اداروں کے ذریعے مالی اختیارات کے امتزاج، جیسے کہ رنگ فنانس، منی مارکیٹ کے قرضوں اور طویل المیعاد قرضوں کے ذریعے اس میں تخفیف کرتی ہے۔ کمپنی برآمدی کارکردگی کے عوض رعایتی طویل المیعاد سرمایہ کاری کی سہولت اور اقتصادی نرمی کا فنڈ بھی حاصل کر رہی ہے۔

کمپنی کے پاس ادارے کے قانونی ڈھانچے اور کمپنی پر لاگو مالیاتی رپورٹنگ کے ڈھانچے کے لئے درونِ خانہ قانونی اور رپورٹنگ ٹیم موجود ہے جو ان کی بیک وقت تعمیل کو یقینی بناتی ہے۔ بیرونی طور پر قانونی اور ٹیکس کے مشیر موجود ہیں اور جب بھی ماہر مشورہ درکار ہو، ان سے مشاورت کی جاتی ہے۔

قومی خزانے میں حصہ

سال کے دوران قومی خزانے میں شراکت میں مزید اضافہ ہوا ہے اور کمپنی نے مختلف سرکاری محصولات کی مد میں حکومت اور اس کے مختلف محکموں کو 6,369 ملین روپے (2021: 5,281 ملین روپے) ادا کئے جن میں سٹم ڈیوٹی، سیلز ٹیکس اور انکم ٹیکس شامل ہیں۔ مزید یہ کہ 2,290 ملین روپے (2021: 2,068 ملین روپے) کا زرِ مبادلہ بھی کمایا جو کہ مصنوعات کی برآمد اور ذیلی کمپنیوں

سے منافع میں حصے کے ذریعے حاصل کیا گیا، یہ بھی قومی معیشت میں ہماری شرکت کا مزید عکاس ہے۔

منافع میں حصہ

مجلسِ عامہ (بورڈ آف ڈائریکٹرز) نے منافع میں حصہ (ڈیویڈنڈ) وصول کرنے کے حقدار کے تعین کی تاریخ پر ہر حصص کے لئے 5 روپے فی حصص کے حتمی نقد منافع اور اضافی حصص کی سفارش کی ہے۔ کل علیحدہ منافع جو منافع کے حصے کی رقم کی صورت میں تقسیم کیا گیا 59 فیصد (2021: 92 فیصد)۔

ادارہ جاتی اور مالیاتی رپورٹنگ کا ڈھانچہ:

کمپنی کا انتظامی مقصد ادارے کا اچھا انتظام اور بہترین طریقہ کار پر عملدرآمد ہے۔ جیسے کہ فہرست میں درج کمپنیوں (ادارہ جاتی انتظام کا ضابطہ = کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (کوڈ) کے تحت درکار ہے، کمپنی نے اس ضابطے کو حسبِ ذیل طریقے پر اپنایا ہے:

- مالی بیانات کمپنی کے معاملات کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور مساوی حصوں میں تبدیلیاں پیش کرتے ہیں۔
- کمپنی کے حساب کے کھاتوں کی مناسب طریقے سے دیکھ بھال کی گئی ہے۔
- مناسب اکاؤنٹنگ پالیسیوں جیسا کہ مالیاتی گوشواروں کے تبصروں میں بیان کیا گیا ہے، کو مالی بیانات کی تیاری میں مستقل طور پر عمل میں لایا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- مالیاتی بیانات کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے اور اس میں سے کسی بھی ترک شدہ معاملے کا مناسب طور پر انکشاف کیا گیا ہے۔
- اندرونی دائرہ کار کا نظام ساخت کے اعتبار سے درست ہے اور اسے مؤثر طور پر لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔ بورڈ نے کمیٹی کے چیئر مین سمیت تین اراکین پر مشتمل کمیٹی تشکیل دی ہے۔ بورڈ آڈٹ کمیٹی کا چیئر مین ایک خود مختار ڈائریکٹر ہے اور کمیٹی ضابطے کی ضروریات کے مطابق باقاعدگی سے میٹنگ کرتی ہے۔

- ادارے کے انتظام کے بہترین طریقوں میں سے کوئی چیز ترک نہیں کی گئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بیان کیا گیا ہے۔
- ایک جاری کاروبار کے سلسلے میں کمپنی کی صلاحیت کی ضمن میں کوئی اندیشہ نہیں ہیں۔
- اگر کوئی ڈیوٹیز، قانونی معاوضے، اور ٹیکسز بقایا ہیں تو وہ مالیاتی گوشواروں میں واضح طور پر ظاہر کئے گئے ہیں۔
- گزشتہ چھ سالوں کے اہم مالیاتی اعداد و شمار سے متعلق ایک بیان اس رپورٹ کے ساتھ منسلک کیا گیا ہے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں:

بورڈ سات ڈائریکٹرز بشمول دو خود مختار ڈائریکٹرز، ایک ایگزیکٹو ڈائریکٹر اور چار غیر ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔

درجہ	نام
خود مختار ڈائریکٹرز	محترم علی ایچ شیرازی
	محترم احسان علی ملک
ایگزیکٹو ڈائریکٹر	محترم ابرار حسن (سی ای او)
خواتین ڈائریکٹرز	محترمہ سعدیہ نوید
	محترمہ نورین حسن
غیر ایگزیکٹو ڈائریکٹرز	محترم زاہد مجید (چیئر مین بورڈ)
	محترم آدم فارغ مجید

بورڈ آڈٹ کمیٹی

بورڈ آڈٹ کمیٹی نگرانی کی ذمے داریوں کو پورا کرنے میں بورڈ کی مدد کرتی ہے، جس میں بنیادی طور پر مالیاتی اور غیر مالیاتی معلومات پر نظر ثانی کرنا اور حصص یافتگان کو فراہم کرنا، اندرونی کنٹرول کے نظام اور خطرات کے انتظام اور پڑتال کے عمل شامل ہیں۔ اسے انتظامیہ سے معلومات طلب کرنے اور موزونیت کی مناسبت سے بیرونی پڑتال کنندگان (آڈیٹرز) یا مشیروں سے براہِ راست مشاورت کی خود مختاری حاصل ہے۔ چیف فنانسٹل آفیسر اکاؤنٹ پیش کرنے کے مطالبے پر

بورڈ آف آڈٹ کمیٹی کے اجلاسوں میں باقاعدگی سے شریک ہوتا ہے۔ ہر اجلاس کے بعد کمیٹی کا چیئر مین، بورڈ کو رپورٹ کرتا ہے۔ 2021-2022 کے دوران کمیٹی کا اجلاس پانچ مرتبہ ہوا۔

آڈٹ کمیٹی کا بورڈ

محترم احسان اے ملک	چیئر مین
محترمہ سعدیہ نوید	رکن
محترمہ نورین حسن	رکن

انسانی وسائل اور مشاہرہ کمیٹی (HR & RC)

کمیٹی، مشاہروں کے تمام عناصر کا جائزہ لینے اور ان کی سفارش کرنے، تنظیم اور ملازمین کی ترقی کے منصوبوں جن کا تعلق سینئر ایگزیکٹو کے مشاہرے سے ہو، اور ایگزیکٹو ڈائریکٹر اور چیف فنانس آفیسر، کمپنی سیکریٹری اور ہیڈ آف انٹرئل آڈٹ کے مشاہرے سے متعلق تمام معاملات اور ان کی منظوری کے لئے اجلاس کرتی ہے۔

انسانی وسائل اور مشاہرہ کمیٹی(HR & RC)

محترم علی ایچ شیرازی	چیئر مین
محترم احسان اے ملک	رکن
محترمہ نورین حسن	رکن

کی ثقافت کو فروغ دینے کے لئے ہم تمام کمپنی میں قیادت کرنے والی ٹیم اور ہر فرد کو تیار کرنے پر اپنی توجہ مرکوز رکھیں گے اور انہیں آنے والے وقت سے مقابلہ کرنے کے لئے قابلیت سے لیس کریں گے۔ اس کی پیمائش جانشینی کی منصوبہ بندی کے ڈھانچے سے کی جائے گی جہاں تنظیم اپنی تنظیم میں جانشینی کے گروہوں کی تعمیر اور استحکام پر توجہ دے گی۔

اس کے علاوہ نیشنل فوڈز لمیٹڈ نے TEVTA کی معاونت سے اکسلیریٹ (Xcelerate) کے ذریعے ’کلوزنگ دا اسکلز گپ‘ (Closing the skills gap) پر نیشنل ایکسلیریٹرز کے عالمی نیٹ ورک میں شمولیت اختیار کی ہے جس کے ذریعے تعلیم یافتہ ڈپلوما ہولڈرز کی ایک کھیپ کمپنی میں بطور زیر تربیت افراد شامل ہوئی ہے۔

سسٹینیبلٹی

برادری سے عہد کے حصے کے طور پر، کمپنی تعلیم پر توجہ میں اضافے کی کوشش کرتی ہے۔ ہمارا یقین ہے کہ طالب علموں کو دنیا کے لئے تیار کرنا ان کے اپنے لئے ایک علامت بنانے کے مواقع کو بہتر بنانے کے لئے موزوں ہے۔ اس کو ذہن میں رکھتے ہوئے، اپنی جشن رزس (گولڈن جوبلی) تقریبات کے ایک حصے کے طور پر کمپنی نے ملازمین کے اسکول جانے والے بچوں کو 20 وظائف دیئے۔ وظیفے میں تعلیمی فیس اور ایک سال کے لئے کتابوں کی قیمت شامل ہوتی ہے۔ وظیفہ حاصل کرنے والے بچوں میں نصف لڑکیاں ہیں۔ یہ پالیسی ای۔بیلنگنگ کے ذریعے منتخب ہونے والے فرد کے اسکول جانے والے ایک بچے پر لاگو ہوتی ہے۔ یہ اہلیت فی ملازم ایک بچے کا احاطہ کرتی ہے جو فی الوقت اسکول میں داخل ہے (جماعت اول تا جماعت دہم)۔ یہ ایک خواندہ اور باختیار پاکستان بنانے کے لئے کئے گئے اقدامات میں سے ایک ہے۔

ملک میں خواندگی کی شرح بڑھانے کی ہماری کاوشوں میں نیشنل فوڈز لمیٹڈ نے پاکستان کے نوجوانوں میں تعلیم کا پیغام عام کرنے اور پڑھنے کی عادت ڈالنے کے لئے سی لیل ایف (CLF) کے ساتھ شراکت کی ہے۔ یہ ایک سہ روزہ تقریب تھی جو پاکستان کی 73 ویں سالگرہ کے موقعہ پر منعقد کی گئی۔

کمپنی نے اُبو نتو کیئر (Ubuntu Care) کے ساتھ مل کر، جو ڈے کیئر سروسز کے ماہرین ہیں اور فٹش ماڈل آف آرلی چائلڈ ہڈ ڈیولپمنٹ (Finnish Model

of Early Childhood Development=ECD) کی طرز پر کام کرتے ہیں، کے ساتھ 2019 کے اواخر میں ہاتھ ملایا تاکہ کمپنی کے اندر ڈے کیئر کو دوبارہ فعال کیا جاسکے۔ کمپنی اور اُبو نتو نے مل کر ایک ایسی جگہ ڈیزائن کرنے پر کام کیا جو بچوں کے لئے نہ صرف نشوونما کے لحاظ سے موزوں ہو بلکہ اس سلسلے میں حفاظت کو بھی مد نظر رکھا گیا۔ بد قسمتی سے کووڈ 19 کی عالمی وبا ئی پھیلنے کی وجہ سے کمپنی کا ڈے کیئر 18 مہینوں تک غیر فعال رہا، تاہم اس نے ستمبر 2021 میں نئے انتظامات کے ساتھ کووڈک کے پھیلاؤ سے متعلق احتیاط کے ساتھ نئی جگہ پر اپنا کام دوبارہ شروع کر دیا ہے۔

اس جگہ کھیل کے ذریعے سیکھنے کی حوصلہ افزائی کی جاتی ہے اور اس میں سیکھنے کے لئے کافی سامان اور مواد موجود ہے جو ذہانت کے متعدد شعبوں کی حوصلہ افزائی کرتا ہے، جیسے کہ پڑھنا، سمجھنا، موسیقی، فنونِ لطیفہ، مزید یہ کہ یہاں ایسا سازو سامان موجود ہے جس سے موثر تیار کرنے میں مہارت حاصل کی جاسکتی ہے۔ یہ ڈے کیئر وبائی امراض کے دوران پیدا ہونے والے بچوں کو اپنے اساتذہ، دیکھ بھال کرنے والوں اور اپنے ساتھیوں کے ساتھ سماجی مہارتیں حاصل کرنے اور انہیں بروئے کار لانے کا موقعہ فراہم کرتا ہے جبکہ آزادی کی ضرورت میں توازن برقرار رکھتا ہے۔

نیشنل فوڈز لمیٹڈ کئی سالوں سے کراچی میں واقع ایک غیر منافع بخش تنظیم بہبود (جس کا مطلب اردو میں ”ترقی“ ہے) کی امداد کر رہا ہے۔ بنیادی طور پر بہبود کی توجہ پسماندہ برادریوں کی ترقی پر ہوتی ہے جس میں معیاری تعلیم، صحت کی دیکھ بھال کے پروگرام کے معاوضے میں معاونت اور خصوصی پیشہ ورانہ تربیت اور آمدنی حاصل کرنے والے پروگرام پسماندہ برادریوں کو فراہم کئے جاتے ہیں۔ بہبود مکمل طور پر خواتین رضاکار عملے کے زیرِ انتظام ہے۔ مارچ 2022 میں نیشنل فوڈز نے بہبود اسپرنگ فیسٹا (بہبود جشن بہار) کے انعقاد میں جزوی طور پر معاونت کی جو ہر سال منعقد ہونے والا ایک مشہور بازار ہے جہاں کاریگر اور دوکاندار اپنی اشیائ کی تشہیر اور فروخت کرتے ہیں۔ تقریب سے حاصل ہونے والی آمدنی، انہی کے کیو نی ڈیولپمنٹ پروگرام کی مالی اعانت میں صرف کی جاتی ہے۔

کرہ ئی ارض کی حرارت اور موسمیاتی تبدیلی پر مسلسل بڑھتی ہوئی توجہ دیتے ہوئے ہم سب کو اجتماعی طور پر اس سیارے کو، آنے والی نسلوں کے لئے سرسبز و شاداب بنانے میں اپنا اپنا کردار ادا کرنے کی ضرورت ہے۔ کمپنی کی ماحول دوست

مہم کے ایک جزو کے طور پر، ریسپچی کسز کی پیکیجنگ میں کاغذ کے استعمال کو 25 فیصد تک کم کرنے کا اقدام شامل ہے۔ اس اقدام کے نتیجے میں سینکڑوں درختوں کی کٹائی میں کمی واقع ہوگی۔ ذمہ دار کاروباری طرزِ عمل کی طرف یہ ایک بڑا سنگِ میل ہے۔ اس مہم کو مزید آگے بڑھانے کے سلسلے میں نیشنل فوڈز لمیٹڈ نے پاکستان میں ورلڈ وائلڈ لائف فنڈ (WWF) کے ساتھ تعاون کیا ہے تاکہ شجر کاری اور جنگلات کی بحالی کی حوصلہ افزائی کی جائے اور ماحولیات کی حفاظت کی جا سکے۔ کمپنی کی “لیٹس پلانٹ آر فیوچر” (#LetsPlantOurFuture) مہم کے لئے اس وسائل سے بھرپور تعاون کے ضمن میں مینگروو کے ہزاروں پودے لگائے گئے ہیں جو پاکستان کے ساحلی علاقوں میں سمندری حیات اور اس پر انحصار کرنے والوں کے تحفظ کے لئے اہم ہیں۔

کاروباری اخلاقیات

کمپنی کی ابتدائی سے ہی یہ حکمتِ عملی رہی ہے اور اب تک جاری ہے کہ کمپنی اور اس کے تمام ملازمین کمپنی کے کاروباری طرزِ عمل میں انتہائی اعلیٰ اخلاقی معیارات کو برقرار رکھتے ہیں۔ ہمارا ضابطہ ئی اخلاق معیارات اور قواعد کا ایک مجموعہ تشکیل دیتا ہے جو ہمارے ادارے کی ثقافت کا لازمی حصہ بنتا ہے اور یہ بیان ہے کہ ہم کون ہیں اور ہم کس طرح کام کرتے ہیں۔ وہ کاروباری اصولوں پر، اپنے ملازمین کے ضمن میں کمپنی کی ذمے داریوں پر اور کمپنی کے ضمن میں ملازمین کی ذمے داریوں پر روشنی ڈالتے ہیں۔ اچھی کارپوریٹ گورننس کے ساتھ ساتھ اخلاقی رویہ، کمپنی کے ہر کام کا ایک بنیادی جزو ہے۔

صحت و حفاظت

صحت، حفاظت، ماحول ہماری کاروباری ثقافت میں رچ بس گیا ہے کیونکہ گروپ اس اہم شعبے میں متواتر ترقی کر رہا ہے۔ کمپنی کا ہر فرد ادارے میں مثبت صحت، حفاظت، ماحول کی ثقافت کو فروغ دینے کے لئے غیر معمولی طریقے سے اپنے حصے کا فرض ادا کر رہا ہے۔ اعلیٰ انتظامیہ کی وابستگی، انسانی وسائل (HR) کے شعبے کی ملازم دوست حکمتِ عملی، حفاظت کے ضمن میں آگہی میں اضافہ، خطرات اور واقعات کی بروقت اطلاعات اور آگے بڑھ کر خطرات و واقعات کی معلومات فراہم کرنے والوں کے لئے غیر تعزیری نقطہی نظر اس شعبے میں مجموعی کامیابی کی بنیادیں ہیں۔

صحت و حفاظت کا بہترین انتظام کمپنی کا حتمی ہدف ہے اور اس رخ پر ایک چھوٹی سی کاوش ہمیں اپنے مقصد کے قریب لے جائے گی۔ کمپنی نہ صرف روایتی پیشہ ورانہ صحت اور حفاظت کے انتظام کے نظام کو قائم کرنے کو ضروری سمجھتی ہے بلکہ

زیادہ طاقتور اور قابلِ اعتماد“پروسیس سیفٹی مینجمنٹ اسٹینڈرز” کو قائم کرنے کے لئے بڑی حد تک آگے جانے کا ارادہ رکھتی ہے۔

ماحولیاتی تحفظ

نیشنل فوڈز لمیٹڈ پائیداری اور ماحولیاتی تحفظ سے منسلک بڑھتے ہوئے تقاضوں کو پورا کرنے کو اپنا مقدس فریضہ سمجھتی ہے۔ کمپنی وقتاً فوقتاً آنے والی نسلوں کے لئے ایک صاف ستھرے ماحول کی تعمیر کے لئے حکومت کی کاوشوں کو بڑھانے کے طریقے اور ذرائع پیش کرتی ہے۔ اس سال میمبرین بائیو ری ایکٹر (MBR) ایڈوانس ٹیکنالوجی پر مبنی 240 ملین روپے کی لاگت والا ایلیوینٹ ٹریٹمنٹ پلانٹ (ETP) کو مکمل طور پر فعال کر دیا گیا ہے اور یہ پاکستان اینوائزمنٹل پروٹیکشن ایجنسی / سندھ اینوائزمنٹل پروٹیکشن ایجنسی کی شرائط کے معیار کے مطابق ہے۔ اسی طرح سخت احتیاطی نگہداری کا نظام اس بات کو یقینی بنانے کے لئے موجود ہے کہ اخراج کی اقدار آیا قانونی تقاضوں کو پورا کرتی ہیں۔ نجی لیبارٹریوں کے ذریعے ماحولیاتی نگرانی، تمام اہم حدود یعنی محیط ہوا، سواری / اخراج و خروج، شور، کس اور پینے کے پانی کی تعمیل کو یقینی بنانے کے لئے، باقاعدہ وقفوں سے کی جاتی ہے۔ فضلے کے انتظام کا ایک باقاعدہ نظام موجود ہے، مضر اور غیر مضر فضلے کا انتظام قانونی تقاضوں کے مطابق کیا جاتا ہے، باوجود اس کے کہ اینوائزمنٹل پروٹیکشن ایجنسی نے وینڈرز منظور کئے ہیں۔

بنیادی خطرات اور غیر یقینی صورتِ حال

مقامی کاروبار اور سیاسی منظر نامے سال بھر متغیر رہے ہیں، خاص کر دورانِ سال حکومت کی تبدیلی کے ساتھ۔ سیاسی اور اقتصادی پالیسی کی غیر یقینی صورتحال نے سرمایہ کاروں کے اعتماد کو ہلا کر رکھ دیا ہے۔ سود کی شرح نے افراط زر کی بلند شرحوں کی تقلید کی ہے اور کاروبار کرنے کی لاگت میں اضافہ کیا ہے۔ نتیجتاً کمپنی نے اچھی کارکردگی دکھائی ہے اور ماحول میں مسابقتی پائیدار ترقی کو یقینی بنانے کے لئے حکمتِ عملی تشکیل دی ہے۔

آسان اشیائے خوردونوش کے حصے پر مبنی کمپنی کا مجموعی نفع اہم مقامی اور درآمدی عوامل پر منحصر ہے۔ قیمتوں کی غیر یقینی صورتحال کی وجہ غیر یقینی موسمی تبدیلیاں ہیں۔ مقامی پیداوار میں کمی کے نتیجے میں اضافی در آمدات خام مال کی قیمتوں کے تعین کو انتہائی مسابقتی ماحول میں قیمتوں کے محدود مواقع کے درمیان نقصان پہنچاتی ہیں۔

لاندچ کیمپین

کمپنی ریسپیی کسمرز کی نئی پیکچرنگ کے بارے میں آگاہی پیدا کرنے کے لئے ایک وسیع اور جامع مہم شروع کی گئی جس میں ٹیلیوژن، ڈیجیٹل ذرائع، ریڈیو، پرنٹ میڈیا اور گھر سے باہر اشتہاروں سمیت مختلف اشتہاری ذرائع شامل تھے۔ ہمارا کھانا ترانہ ‘آج رنگ ہے’ معروف ٹیلیوژن چینلز پر نشر کیا گیا جس کا مقصد یہ تھا کہ سب سے زیادہ دیکھے جانے والے خبر رساں اور تفریحی چینلز بذریعہ ٹی وی روڈ بلاکس، معاونت، برانڈنگ اور مارننگ شوکی ہم آہنگی کے ذریعے بھید کو چیرنے والا میڈیا تاثر پیدا کریں۔ اس مہم نے ڈیجیٹل فتح کر کے سرفہرست پلیٹ فارمز، ناشران اور پاکستان میں دستیاب سب سے زیادہ ممتاز جگہ کے تعین کے ذریعے انٹرنیٹ پر بھی دھوم مچا دی۔

زیادہ سے زیادہ تاثر پیدا کرنے کے لئے 9 سے زائد تجارتی ٹچ پوائنٹس بشمول یو ٹیوب، اسپونشیائی، گوگل، ٹک ٹاک، فیس بک اور انسٹاگرام استعمال کئے گئے۔ یو ٹیوب کے اولین اشتہارات جو ویڈیوز سے پہلے چلائے گئے تھے ان کی بہت زیادہ مارکیٹنگ کی گئی تھی اور اشتہار کو پہلے صفحے پر سب سے زیادہ اشتہاری اہمیت دی گئی تھی جس کی وجہ سے سامعین نے اسے زیادہ یاد رکھا۔ فیس بک اور انسٹاگرام پر مختلف سوشل میڈیا پوسٹس ڈیزائن اور اسپانسر کی گئیں۔ مزید برآں، گوگل بلاسٹ مسلسل تین روز فعال رہا اور پرنٹ میڈیا میں سرفہرست اشاعتوں میں پورے صفحے کی برانڈنگ کی گئی۔ تمام بڑے ریڈیو چینلز، چوبیس گھنٹے‘آج رنگ ہے’ کی دھن پر بج رہے تھے۔ مارکیٹنگ کی اس جارحانہ اور مضبوط حکمتِ عملی نے تمام پلیٹ فارمز پر متاثر کن نتائج حاصل کئے۔

ضرورت کے مطابق اسٹور برانڈنگ بھی کی گئی تاکہ مصنوعات زیادہ دکھائی دیں اور مجموعی طور پر صارف کے تجربے میں اضافہ ہو، جو کہ متعدد اسٹورز میں کی گئی اور ساتھ ہی ساتھ تجربات بھی کئے گئے۔

مہم نے مجموعی طور پر ہر پلیٹ فارم پر تخمینہ شدہ کلیدی کارکردگی کے اشاروں سے بڑھ کر کارکردگی دکھائی اور یہ ایک بڑی کامیابی تھی۔ اس نے نیشنل فوڈز ریسپیی کسمرز کو دورِ حاضر کی تصویر میں پیش کیا اور پاکستان کے اوّل نمبر ریسپیی کس برانڈ کے طور پر اس کی بنیاد ڈالی۔

سادہ مصالحے اور اجزاء:

قیمت کی مسابقتی مارکیٹ میں اپنی حیثیت برقرار رکھنا:

اس زمرے میں سرخ مرچ کی مقدار سست رو مارکیٹ سے چلتی ہے جس کے بعد اوسط درجے کے / خوردہ ملکیت رکھنے والے برانڈز ROBS ہوتے ہیں۔ وہ صارفین کے لئے کم قیمت میں دستیاب ہوتے ہیں اور خوردہ فروشوں کو زیادہ تجارتی منافع میں الجھائے رکھتے ہیں اور خوردہ فروش مصنوعات کے معیار پر زیادہ توجہ نہیں دیتے۔

سال کی ابتدا میں کمپنی کا حجم (سرخ مرچ) متاثر ہوا جس کی وجہ تیزی سے بڑھتی ہوئی قیمت کانڈیکس بمقابلہ کاروباری سلسلہ (ROB) رہی، جس کے نتیجے میں صارفین اوسط درجے کے برانڈز کی طرف منتقل ہو رہے ہیں۔ لہذا قیمتوں کے تعین کی حکمتِ عملی میں ایک جرأت مندانہ تبدیلی لائی گئی اور کاروباری سلسلے (ROBs) کے مقابلے میں قیمت کے فرق کو کم کرنے کے لئے کمپنی کی سرخ مرچ کی قیمتوں میں SKUs میں زبردست کمی کرنا پڑی۔

کیچپ

• نیشنل اسکویزی کا آغاز، تفریق کو آگے بڑھانے اور حیثیت کی برتری حاصل کرنے کے لئے نیشنل اسکویزی بازار میں متعارف کروایا گیا جو ایک امتیازی ترتیب ہے جو کہ سہولت فراہم کرتے ہوئے صارفین کے طرز زندگی کو بہتر کرتا ہے۔ اس تعارفی عمل کو ایک مربوط مارکیٹنگ کے منصوبے کے ذریعے سہارا دیا گیا تھا، جس میں ڈیجیٹل ویڈیو کمیونیکیشن کی پیش رفت، اسٹور میں معاونت، بنیادی تحریکی سرگرمیوں، سوشل میڈیا اور ای کامرس سے فوائد حاصل کرنا تھا۔

• کنزیومر پروموشنز پر کامیابی سے عمل درآمد کئی موقعوں (عمید الاضحی، موسمِ سرما اور رمضان) پر سرمایہ کاری سال بھر صارفین اور غیر صارفین کو متوجہ کرتا ہے۔ کنزیومر پروموشنز کی معاونت پوائنٹ آف سیل مارکیٹنگ، سوشل میڈیا کے ذریعے کی گئی اور ای۔ کامرس پر ان سے فوائد حاصل کئے گئے۔

• نیشنل کیچپ فیکٹری‘ (جون 2022) کو ڈیجیٹل طریقے پر کامیابی سے نشر کیا گیا اور اسے ایک انتہائی پرکشش ڈیجیٹل اور تعلقاتِ عامہ کی مہم کی حمایت حاصل رہی۔

اچار

• ٹیلیوژن، ڈیجیٹل، سوشل میڈیا، ای۔ کام اور این اسٹور نمائشوں پر ایک مربوط 360 ڈگری پلان کے ذریعے موسم اور صارفین کی خریداری کی سائیکل کا فائدہ اٹھایا۔

• مسابقتی پروگرام کے ذریعے پسے ہوئے اچار کے نمونے اور بنیادی مقامی بازار میں کاروبار (LMT) پر متقابل زمرے کی اجناس کی بنڈلنگ کرنا، تاکہ آزمائش اور رسائی ممکن ہو سکے۔

• کھانا پکانے / اسٹیکس پر مبنی تعلقاتِ عامہ کی مہم فیس بک گروپس، انسٹاگرام اور ٹک ٹاک میں باورچیوں (شیفس) اور فوڈ بلاگرز کے ساتھ 10 ملین کی مشترکہ رسائی تاکہ استعمال کی عادت کو فروغ دیا جائے۔

• اہم شہروں میں 28 بازاروں میں عمومی تجارتی سرگرمی، 44 ہزار مداخلتوں کے ہدف کے برخلاف 101 فیصد مداخلت۔ آزمائش اور تحریکی عمل کے ذریعے صارفین کی مصروفیت و دلچسپی۔

کے لیل آئی (KLI) میں اہم مقامی بازاروں میں تجارت (اسٹور کا شمار) میں جدید تجارتی سرگرمی، پسے ہوئے اچار کے لئے نمونے بنانا اور صارفین کی توجہ حاصل کرنا۔ ای۔ کام چینل کو فروغ دینے کے لئے میڈ ایزی کے واؤچر ز بطور انعام تقسیم کئے گئے۔ 56 ہزار مداخلتوں کے ہدف کے برخلاف 101 فیصد کامیابی سے حاصل کئے۔

بین الاقوامی

ہمارے مرکز توجہ بازاروں میں رسائی کو بڑھایا اور نئے بازاروں میں داخل ہوئے۔ موجودہ بازاروں تک تیزی سے ترسیل کے لئے اضافی تقسیم کنندگان کو شامل کرکے بازاروں کے لئے اپنی راہ کی تنظیم نو کی اور خوردہ کے بہاء اور کاروبار کے دریا میں کودنے کے لئے بنیادی منڈیوں میں اہم تقرریوں کے ذریعے سنگِ بنیاد رکھی۔ شمالی امریکہ میں لمپیزون، وال مارٹ، ای۔ بے اور ہمارے اپنے اسٹور فرنٹ پر ای کامرس سیٹ اپ کیا گیا ہے۔

برطانیہ میں ریسپیی کسمرز پورٹ فولیو پر کلیدی اسٹریٹیجک رول آؤٹ مکمل کئے گئے تاکہ برانڈ کی رسائی کو آگے بڑھایا جاسکے اور صارفین کے لئے بالائی اخراجات کو کم کرکے ٹرانسل میں سہولت فراہم کی جاسکے، جب کہ ہم نے اپنے بنیادی سازس کے پورٹ فولیو کو گلف کوآپریشن کونسل کے علاقے تک بڑھا دیا تاکہ عام لوگوں

کی ضروریات کو پورا کیا جاسکے اور مارکیٹ میں خلائی اور خطوں کے درمیان ہمارے پورٹ فولیو پیشکشوں میں مستقل مزاجی کو یقینی بنایا جاسکے۔

ہماری ذیلی کمپنی A1 کیش لینڈکیری کے ساتھ قریبی معاونت سے وسیع پیمانے پر کام بھی کیا گیا ہے تاکہ ایک نیا پورٹ فولیو تیار اور متعارف کیا جاسکے اور اس شعبے میں کام کرے جس میں ہم فی الحال کام نہیں کر رہے ہیں۔

ہم نے مالی سال 2021 میں نیشنل کا پاکستان میڈ ایزی متعارف کروایا، ہمارا پہلا کثیر الطبقاتی (ملٹی لیئرڈ) ڈیجیٹل پلیٹ فارم کھانے، ثقافت اور تجربے پر مبنی ہے جس میں شمالی امریکہ بھر کے بلاگرز کے ساتھ متعدد نسلوں کے باورچیوں (شیفس) نے مزیدار امتزاج کے ساتھ کھانے تیار کئے ہیں جس میں مشرقی رنگ جھلکتا ہے۔ اس سال ہم نے نیشنل کا پاکستان میڈ ایزی کو اپنی اب تک کی مہنگی ترین پیشکش بنایا ہے جس کو کو سرحدوں کے پار اور نسلوں میں پھیلا کر صارفین کو 4 مختلف خطوں یعنی امریکہ، کینیڈا، برطانیہ اور متحدہ عرب امارات کے سفر پر لے کر جائیں گے، جس میں ہر مارکیٹ میں 5 ماہر باورچی (ماسٹر شیفس) اور متعدد مؤثر شخصیات شامل ہوں گی۔

گوگل کے ساتھ اپنی مشترکہ کاروباری منصوبہ سازی (JBP) کا فائدہ اٹھاتے ہوئے حسبِ ضرورت منصوبے، کم لاگت کے سیمپلنگ یونٹس، جنہوں نے بڑے پیمانے پر ٹرانسل حاصل کرنے اور کلیدی انفلیکشن پوائنٹس میں تہواروں میں ہماری مدد مارکیٹ کی طرف سے کی تاکہ بنیادی پورٹ فولیو اور اسٹریٹیجک نئے پروڈکٹ رول آؤٹ، دونوں کو آگے بڑھایا جاسکے جن کا آغاز پچھلے سال ہوا تھا، تاکہ اپنے ذیلی حصوں کو آگے بڑھا کر بڑے زمروں میں لایا جاسکے، جن میں ہم کام کرتے ہیں۔

ہمارے لوگ

ہمارے لوگ ہمارا سب سے بڑا اثاثہ ہیں۔ ہر قدم اور ہر طرح کی خدمات کی ترسیل کے پیچھے یہی لوگ کار فرما ہوتے ہیں۔ وبا کے بعد دنیا نے جو ہنگامہ خیز وقت اور متغیر کاروباری حرکیات دیکھیں، انہیں ذہن میں رکھتے ہوئے نیشنل فوڈز لمیٹڈ نے کمپنی کی ترقی کے لئے 10 سالہ حکمتِ عملی کے منصوبے کو حتی شکل دے کر مستقبل کے مبارزات (چیلنجوں) کے لئے تیاری کر لی ہے۔ توجہ کی مرکزیت اور تیز رفتاری کے ساتھ اس نئی سمت کو متعین کرنے کے لئے تنظیم نے کمپنی کو دو خود مختار یونٹس میں تقسیم کر کے اپنے تنظیمی ڈھانچے کو ایک بڑی تبدیلی سے گزارا ہے: کونڈیمنٹس اور کولیزری۔

نئے معمول میں سیکھنے کے نئے طریقوں کو اپنا کر سیکھنے کی ثقافت کو فروغ دینے اور مستحکم کرنے کے لئے نیشنل ہاؤس آف لرننگ لینڈ ڈیولپمنٹ نے اپنے ادارے میں قائم کردہ سیکھنے کے انتظام کے نظام پر سرمایہ کاری کی ہے۔ کمپنی میں سیکھنے

ڈائریکٹرز رپورٹ

معزز حصص داران

نیشنل فوڈز لمیٹڈ (کمپنی) کے ڈائریکٹرز مالیاتی نتائج، معہ سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں جس میں اختتام سال30جون 2022 کے لئے علیحدہ علیحدہ اور یکجا، پڑتال شدہ مالیاتی بیانات شامل ہیں۔

کمپنی کی بنیادی سرگرمیاں

کمپنی “نیشنل” کے برانڈ نام کے تحت اشیائے خوردو نوش بناتی ہے، ان کی ترویج کرتی ہے اور فروخت کرتی ہے۔

کاروباری کارکردگی کاجائزہ

عملی اور مالی کارکردگی

گروپ

رخصت ہونے والے سال کے لئے گروپ بالترتیب 32 فیصد اور38 فیصد خطِ بالا اور خطِ زیریں نمو کا شاہد ہے۔ سنگین معاشی مہارزات (چیلنجز) کے باوجود خطِ بالا نے اپنی رفتار جاری رکھی جس میں لاگت اور ریونیو کی تبدیلی کے اقدامات سے منافع بعد از ٹیکس کی سطح پر 29 فیصد اور 5 فیصد کے اچھے مجموعی نفع کو ممکن بنایا۔

بنیادی کاروبار

مقامی کاروبار، بڑھتے ہوئے افراطِ زر کے دباؤ اور ڈالر کی قدر میں اضافے کے درمیان مضبوط آمدنی اور لاگت میں تبدیلی کے اقدامات کے ساتھ منافع کی پائیداری پر مرکوز ہے۔ دورانِ سال کمپنی نے توجہ مرکوز کرنے کے لئے تجارتی کاموں کو

دوبارہ منظم کیا، حکمتِ عملی سے خریداری کے فیصلے کئے، پورٹ فولیو کے منطقی اصول کو متاثر کیا اور اعلیٰ اشتہارات اور مارکیٹنگ پروموشنز کے ساتھ اپنی بنیادی ترکیب کے سلسلے کو دوبارہ برانڈ کیا۔ فیصل آباد کی صنعتی سہولت میں کمپنی کی سرمایہ کاری جاری ہے اور متوقع ہے کہ دسمبر 2023 تک یہ فعال ہو جائے گی۔ کمپنی نے اسٹیکس کی تیاری عارضی طور پر روک دی ہے اور فیصل آباد کے منصوبے کے فعال ہونے کے بعد انہیں دوبارہ جاری کرنے کا ارادہ رکھتی ہے۔ دورانِ سال مال برداری اور نقل و حمل کی رکاوٹوں کی وجہ سے برآمدی کاروبار مہارزت (چیلنج) کی نذر رہا ۔ ترقی دراصل کرنسی کی قدر میں کمی واقع ہونے کی وجہ سے ہوئی۔

اے وُن بیگز اینڈ سپلائیرز انکارپوریٹڈ

کاروبار نے قدر میں کمی کے اثرات معہ مضبوط حجم کی نمو کے ساتھ کاروبار نے 65 فیصد خطِ بالا کی نمو حاصل کی۔ کاروبار کو مزید اسٹورز تک وسیع کیا جبکہ موجودہ اسٹور کے نقوش کو بھی ابھارا۔ اس کے نتیجے میں زیادہ عملیاتی اخراجات اور افراطِ زر کے معاشی ماحول کے مابین بنیادی نفع کی مطابقت ہوئی۔

اس مالی سال کے لئے گروپ کے اہم مالیاتی اعداد و شمار کا خلاصہ درج ذیل ہے:

رقم پاکستانی روپے ملین میں

گروپ			بنیادی کاروبار			اے وُن بیگز اینڈ سپلائرز انکارپوریٹڈ		
Change	FY21	FY22	Change	FY21	FY22	Change	FY21	FY22
34,588	32%	27,141	23,417	16%	18,386	11,171	65%	خالص فروخت
9,752	33%	9,267	7,354	29%	3,714	2,398	55%	مجموعی منافع
2,942	26%	2,433	2,042	19%	1,289	900	43%	عملیاتی منافع
1,759	38%	2,216	1,573	41%	748	554	35%	خالص منافع بعد از ٹیکس
7.5	-	9.5	6.7	-	-	-	-	کمائی فی حصص (روپے)
28.2%	0.3%	34.1%	31.4%	2.7%	20.2%	21.5%	-1.3%	مجموعی منافع
8.5%	-0.3%	9.0%	8.7%	0.2%	7.0%	8.1%	-1.0%	عملیاتی منافع
5.1%	0.2%	8.2%	6.7%	1.4%	4.1%	5.0%	-0.9%	منافع بعد از ٹیکس

✧ اس میں اے وُن بیگز اینڈ سپلائرز انکارپوریٹڈ کے استحکام پر تسلیم شدہ غیر ماڈی پر 15 ملین روپے (2021:13 ملین روپے) قرضے کی بے باقی شامل ہے۔

✧ گروپ منافع بعد از ٹیکس میں 60 فیصد پر اے وُن شامل ہے اور کمپنی کے مابین حصہ 186 ملین (2021:140 ملین) شامل نہیں ہے۔

فروخت اور ترسیل

نئی ریسپی میکسز پیکجنگ کی تعارفی مہم

پیکجنگ کا فلسفہ

نیشنل فوڈز لمیٹڈ نے قومیت کا احساس بیدار کرنے اور ٹیکس کو جمالیاتی ذوق کے مطابق خوشگوار اور صارف دوست بنانے کے لئے اپنے تمام تر ریسپی کمسن کی پیکجنگ کو بہتر کیا ہے۔

کمپنی کو اپنی پاکستانی بنیادوں اور قومی علامت ہونے پر فخر ہے۔ ریسپی کمسن کا جدید ترین ڈیزائن مختلف اور متحرک رنگوں کے تصور کے گرد گھومتا ہے جو پاکستان کی بھرپور ثقافت، روایات اور قابل فخر قوم کی عکاسی کرتا ہے۔ اسے صارفین کی آسانی کے لئے ہر زمرے یعنی چاول، سالن (کری)، باربی کیو، فرانڈ، حلیم اور روزانہ کو علیحدہ رنگ سے نشان زد کیا ہے۔

اپنی پیکجنگ میں پاکستانی پرچم کے ہلال اور ستارے کا استعمال کر کے ہم اپنی پاکستانی شناخت کو مضبوط اور مستحکم کر رہے ہیں۔ پاکستان کے پرچم کا ہلال کا نمونہ نیشنل ریسپی

کمسن ڈیزائن کے بالکل وسط میں ہے جو پیک پر دیئے گئے عناصر کو متحد کرتا ہے۔ پیک پر دیا گیا ہر نقش اس مختلف رتج کو ممتاز بناتا ہے جو اس زمرے کو پیش کرنا ہے، جیسے کہ چاول کی رتج کا نقش رواۃتی چاول کے پیالے کے ذریعے دکھایا گیا ہے جب کہ سبج اور گرلز منہ میں پانی لانے والی باربی کیو رتج کو ظاہر کرتے ہیں۔ ستارے کی شکل کے مختلف اقسام کے آرائشی اجزا آ پاکستان کے پرچم پر موجود ستارے کی نمائندگی کرتے ہیں۔

مزید یہ کہ ایک صارف کے ارادے کو کئی طریقوں سے یقینی بنایا گیا ہے، یعنی کھانے کی تیاری کی وضاحت اردو اور انگریزی دونوں زبانوں میں ہر طرح کی بصری عکاسی کے ساتھ کی گئی ہے۔ ایک منفرد اسپانس میٹر ریسپی کمسن میں گرمی کی سطح کی نشاندہی کرتا ہے۔ میڈ ایزی کیو آر کوڈ

(Made Easy QR code) صارفین کو مزید نئے نئے کھانوں کے لئے ویب سائٹ پر لے جاتا ہے، جبکہ ہاٹ لنک (Hotlink) صارفین اور کمپنی کے درمیان براہِ راست رابطے کا ذریعہ ہے۔

ایک مستقل شناخت کو برقرار رکھنے کے لئے تمام اسٹاک کیپنگ یونٹس میں ایک جیسے خاکے استعمال کئے جاتے ہیں جن میں سائے، سنگل اور ڈبل پیکجنگ شامل ہے۔

