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AUDITORS' REPORT TO THE FINANCIAL STATEMENTS OF

CAST PACKAGING FILMS (PRIVATE) LIMITED

FOR THE YEAR ENDED 30 JUNE 2023

EY Ford Rhodes
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INDEPENDENT AUDITOR'S REPORT

To the members of Cast Packaging Films (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Cast Packaging Films (Private) Limited** (the Company), which comprise of the statement of financial position as at **30 June 2023**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other 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 2023 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of 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.

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 Directors' report, but does not include the financial statements and our auditor's report thereon.

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

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

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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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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.

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) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Shaikh Ahmed Salman**.

Chartered Accountants

Place: Karachi

UDIN Number: AR2023100766WpYXGQ1s

Date: 3 October 2023

CAST PACKAGING FILMS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	June 30, 2023	June 30, 2022
		------------ Rupees ------------	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	1,326,955,522	1,396,000,010
Deferred taxation - net	7	-	5,428,473
		1,326,955,522	1,401,428,483
CURRENT ASSETS			
Stores, spares and consumables	8	15,277,548	9,627,930
Stock in trade	9	604,496,995	452,753,904
Trade debts	10	879,550,068	395,202,382
Advances, deposits and prepayments	11	26,093,219	78,920,947
Other receivables	12	112,410	548,425
Advance income tax		125,699,394	56,400,047
Sales tax refundable - net		89,220,575	169,221,497
Cash and bank balances	13	48,106,603	78,441,805
		1,788,556,812	1,241,116,937
TOTAL ASSETS		3,115,512,334	2,642,545,420
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
160,000,000 (2022: 160,000,000) ordinary shares of Rs. 10/- each		1,600,000,000	1,600,000,000
Issued, subscribed and paid-up capital			
158,800,000 (2022: 158,800,000) ordinary shares of Rs. 10/- each	14	1,588,000,000	1,588,000,000
Revenue reserve			
Accumulated profits / (losses)		360,060,442	(58,584,852)
Other component of equity			
Actuarial loss on defined benefit obligation - net of tax		(430,582)	-
		1,947,629,860	1,529,415,148
Advance against future issue of shares		-	803,992
		1,947,629,860	1,530,219,140
NON-CURRENT LIABILITIES			
Deferred taxation - net	7	181,544,544	-
Deferred staff benefit liability	15	3,328,110	1,511,665
Long-term financing	16	25,554,415	26,982,865
Deferred income	17	15,182,062	14,385,024
		225,609,131	42,879,554
CURRENT LIABILITIES			
Trade and other payables	18	401,472,595	773,213,042
Contract liabilities		26,700,328	3,396,566
Short-term borrowing	19	510,412,357	289,490,581
Current portion of long-term financing	16	1,923,163	684,757
Current portion of deferred income	17	1,764,900	2,661,780
		942,273,343	1,069,446,726
CONTINGENCIES AND COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		3,115,512,334	2,642,545,420

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CAST PACKAGING FILMS (PRIVATE) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023	June 30, 2022
		------------ Rupees	------------
Sales - net	21	3,277,391,773	1,297,669,601
Cost of goods sold	22	(2,324,190,239)	(1,113,284,840)
Gross profit		953,201,534	184,384,761
Distribution expense	23	(18,954,692)	(8,488,456)
Administrative expenses	24	(15,796,806)	(11,891,575)
Finance cost	25	(116,449,974)	(43,473,657)
Other income	26	6,601,749	3,240,030
Other expenses	27	(202,708,211)	(158,337,181)
		(347,307,934)	(218,950,839)
Profit / (loss) before tax		605,893,600	(34,566,078)
Taxation - deferred		(187,248,307)	(531,867)
Net Profit / (loss) for the year		418,645,293	(35,097,945)
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent years - net of tax			
Remeasurement loss on defined benefit plan		(705,872)	-
Deferred tax thereon		275,290	-
Other comprehensive loss		(430,582)	-
Total comprehensive income / (loss) for the year		418,214,711	(35,097,945)

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

CAST PACKAGING FILMS (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Share Capital	Revenue reserve	Other component of equity		
	Issued, subscribed and paid-up capital	Accumulated profits	Actuarial loss on defined benefit obligation - net of tax	Advance against future issue of shares	Total equity
	----------	----------	Rupees	----------	----------
Balance as at June 30, 2021	500,000,000	(23,486,906)	-	354,695,900	831,208,994
Advance received during the year	-	-	-	734,108,092	734,108,092
Issuance of 108,800,000 ordinary shares at Rs. 10/- each fully paid in cash	1,088,000,000	-	-	(1,088,000,000)	-
Net loss for the year	-	(35,097,945)	-	-	(35,097,945)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	(35,097,945)	-	-	(35,097,945)
Balance as at June 30, 2022	**1,588,000,000**	**(58,584,851)**	-	**803,992**	**1,530,219,141**
Advance returned during the year	-	-	-	(803,992)	(803,992)
Net profit for the year	-	418,645,293	-	-	418,645,293
Other comprehensive loss	-	-	(430,582)	-	(430,582)
Total comprehensive income for the year	-	418,645,293	(430,582)	-	418,214,711
Balance as at June 30, 2023	**1,588,000,000**	**360,060,442**	**(430,582)**	-	**1,947,629,860**

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

CAST PACKAGING FILMS (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023	June 30, 2022
		---------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		605,893,600	(34,566,078)
Adjustments for non-cash charges and other items:			
Depreciation on operating fixed assets	6.1	78,284,147	71,991,524
Unrealised exchange (gain) / loss		(459,704)	99,315,463
Provision for gratuity	15.1	1,481,809	1,546,280
Charge for allowance for expected credit loss	27	8,316,739	-
Amortisation of deferred income	17.1	(468,956)	(190,904)
Profit on saving accounts	26	(2,593,869)	(465,929)
Finance costs	25	116,449,974	43,473,657
		201,010,140	215,670,091
Working capital changes			
Increase in current assets			
Stores, spares and consumables		(5,649,618)	(8,746,798)
Stock-in-trade		(151,743,091)	(287,873,606)
Trade debts		(492,664,425)	(372,415,621)
Advances deposits and prepayments		52,827,733	(48,092,011)
Sales tax refundable - net		80,000,922	2,546,550
Other receivables		436,015	(348,409)
		(516,792,464)	(714,929,895)
(Decrease) / Increase in current liabilities			
Trade and other payables		(371,280,742)	38,337,184
Contract liabilities		23,303,762	424,642
		(347,976,980)	38,761,826
Cash used in operations		(57,865,704)	(495,064,056)
Taxes paid		(69,299,347)	(29,398,444)
Finance costs paid		(112,806,603)	(46,878,679)
Gratuity paid		(371,236)	(34,615)
Net cash used in operating activities		(240,342,890)	(571,373,794)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(9,239,660)	(75,504,670)
Profit on saving accounts	26	2,593,869	465,929
Net cash used in investing activities		(6,645,791)	(75,038,741)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance received against issue of shares	28	(803,992)	734,108,092
Long-term financing - obtained		1,014,000	44,586,000
Long-term financing - paid		(834,929)	-
Short term borrowings - net	19	217,278,400	(60,315,900)
Net cash generated from financing activities		216,653,479	718,378,192
Net (decrease) / increase in cash and cash equivalents		(30,335,202)	71,965,657
Cash and cash equivalents at the beginning of the year		78,441,805	6,476,148
Cash and cash equivalents at the end of the year		48,106,603	78,441,805

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

CAST PACKAGING FILMS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 THE COMPANY AND ITS OPERATIONS

Cast Packaging Films (Private) Limited (the Company) is incorporated in Pakistan as a Private Limited Company under the Companies Act, 2017 on April 01, 2020. The registered office of the Company is situated at Plot # 40-L-1, P.E.C.H.S, Block 6, Karachi. The Company is principally engaged in the manufacturing and sale of flexible packaging materials mainly comprising of CPP (Cast Polypropylene) film and it's allied products. The Company started commercial production on April 01, 2021.

The Company is the wholly owned subsidiary of International Packaging Films Limited (the Parent Company), holding 168,800,000 ordinary shares of Rs. 10 each as of the reporting date.

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 for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP), as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except where otherwise specifically stated.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistani rupee, which is the Company's functional and presentation currency.

3 NEW STANDARDS, AMENDMENTS, IMPROVEMENTS TO APPROVED ACCOUNTING STANDARDS AND THE FRAMEWORK FOR FINANCIAL REPORTING

3.1 Adoption of amendments to approved accounting standards effective during the year

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) and the framework for financial reporting which became effective for the current year:

Amendments to approved accounting standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities
IAS 41	Agriculture – Taxation in fair value measurements
IFRS 16	Leases: Lease incentives

The adoption of the above amendments and improvements did not have any material impact on these financial statements.

3.2 STANDARDS, AMENDMENTS AND IMPROVEMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards and amendments to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards and amendments:

Amendments		Effective date (annual periods beginning on or after)
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single	January 01, 2023
IAS 12	International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12	January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalised

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Amendments		IASB effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

The Company expects that above standards and amendments to approved accounting standards will not have any material impact on the Company's financial statements in the period of initial application.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

4.1.1 Operating fixed assets

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 Company 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 item is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to statement of profit or loss using straight line method at the rates as disclosed in note 6.1 to these financial statements. Depreciation on additions is charged from the date on which the asset is available to use till the date on which asset is disposed off.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for provision is met.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised when it is probable that respective future economic benefits will flow to the Company.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the year the asset is derecognised.

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

4.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment, if any, and consists of expenditure incurred in respect of operating fixed assets in the course of their acquisition, erection, construction and installation, including salaries and wages directly attributable to capital work-in-progress, determined by the management. The assets are transferred to relevant category of operating fixed assets when they are available for use.

4.2 Stores, spares and consumables

These are stated at weighted average cost less provision against slow-moving items, if any. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over net realizable value. Provision is made for obsolete and slow moving items where necessary and is recognised in the statement of profit or loss.

4.3 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value. Cost is determined using weighted average method.

Cost comprises all costs of purchase and other cost incurred in bringing the inventories to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated cost of completion and cost to sale.

Stock-in-transit is valued at cost comprising invoice price and charges thereto up to the reporting date.

Provision for obsolescence is made where necessary and recognised in statement of profit or loss.

4.4 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less allowance for expected credit loss, if any. Bad debts are written-off when identified and charged to statement of profit or loss.

4.5 Advances, deposits and prepayments

These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition assessment is made at each reporting date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

4.6 Cash and cash equivalents

Cash and cash equivalents are stated at cost and are defined as cash in hand, cash at banks and short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of statement of cashflow, cash and cash equivalent comprises of cash and bank balances.

4.7 Taxation

Current

Provision for current taxation is based on taxable income at current rate of taxation after taking into account tax credits and tax rebates available, if any, in accordance with provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised.

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

Deferred tax relating to items recognised directly in the other comprehensive income is recognised in the other comprehensive income and not in statement of profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

4.8 Trade and other payables

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

4.9 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.10 Financial Instruments

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

4.10.1 Financial assets

a) Initial recognition and measurement

The financial assets of the Company include trade debts, deposits, loans, other receivables and cash and bank balances.

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is 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 the principal amount outstanding.

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

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

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

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

b) Subsequent measurement

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any.

Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on derecognition is recognised in the statement of profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses including on account of derecognition are recognised in OCI and are never reclassified to the statement of profit or loss.

c) Derecognition of financial assets

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

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

4.10.2 **Impairment of financial assets**

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

4.10.3 **Financial Liabilities**

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

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

4.11 **Offsetting of financial instruments**

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

4.12 **Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates, and sales tax or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. The Company has concluded that it is acting as a principal in all its revenue arrangements. The following are the specific recognition criteria that must be met before revenue is recognised.

Revenue from sale of goods is recognised at a point in time when control of goods have been transferred to a customer i.e. when the performance obligations are met.

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

A contract asset is initially recognised for revenue earned in exchange for goods that the Company has transferred to the customer when the right is conditioned on something other than the passage of time. Upon satisfaction of the condition, the amount recognised as contract asset is reclassified to trade receivables. Contract assets are subject to impairment assessment, if any.

Others

- Profit on bank accounts is recognised on effective interest rate method.
- Other revenues are accounted when performance obligations are met.

4.13 **Government grant**

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

4.14 **Foreign currency translation**

Transactions in foreign currencies are recorded at the rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Exchange differences on foreign currency translations are taken to the statement of profit or loss.

4.15 **Dividend and appropriation to reserves**

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognised in the financial statements in the period in which such transfers are made.

4.16 **Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

4.17 **Contingent liabilities**

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

4.18 **Contract liabilities**

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

4.19 **Share Capital**

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.20 **Sales Tax**

Revenues, expenses and assets are recognised, net of the amount of sales tax except:

- where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- when receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the statement of financial position.

4.21 **Staff retirement benefit - defined benefit plan (gratuity scheme)**

The Company operates defined benefit plan i.e. unapproved and unfunded gratuity schemes for its employees. The eligible service for the purpose of gratuity benefits shall be calculated from six months from date of appointment whichever is later. Provisions are made in these financial statements in accordance with actuarial valuation carried out annually using the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the other comprehensive income. The latest valuation was carried out as at June 30, 2023. The benefit is payable on completion of prescribed qualifying period of the service.

5 **Significant accounting estimates and judgement**

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

Estimates

- Useful lives, residual values and depreciation method of property, plant and equipment – note 4.1.1 and 6.1.
- Impairment loss of non-financial assets other than inventories – note 4.16.
- determining the provision for obsolescence of stores, spares and consumables and stock in trade - note 4.2, 4.3, 8 and 9.
- Allowance for expected credit losses – note 4.4, 4.10.2, 10 and 27.
- Estimation of provisions - note 4.9.
- Recognition of deferred tax asset - note 4.7 and 7.

Judgement

- Outcome of contingent liabilities - note 4.17.

The revisions to accounting estimates (if any) 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.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2023	June 30, 2022
		Rupees	
Operating fixed assets	6.1	1,326,955,522	1,349,633,181
Capital work-in-progress	6.2	-	46,366,829
		1,326,955,522	1,396,000,010

6.1 Operating fixed assets

	COST					ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	As at July 01, 2022	Additions	Transfer from CWP	Disposals	As at June 30, 2023	As at July 01, 2022	Charge for the year (note 6.1.2)	On Disposal	As at June 30, 2023	As at June 30, 2023	Depreciation Rate %
	Rupees										
Freehold land	18,691,500	-	-	-	18,691,500	-	-	-	-	18,691,500	-
Buildings on freehold land	93,416,089	1,308,614	125,000	-	94,849,703	5,392,370	4,718,528	-	10,110,898	84,738,805	5
Plant and machinery	1,290,189,493	4,665,172	46,126,496	-	1,340,981,161	72,260,444	66,585,307	-	138,845,751	1,202,135,410	5-10
Vehicles	-	2,855,999	-	-	2,855,999	-	428,459	-	428,459	2,427,540	15
Electrical installations	29,575,512	150,000	-	-	29,725,512	6,906,750	5,935,078	-	12,841,828	16,883,684	20
Office equipment	1,388,512	259,875	75,333	-	1,723,720	285,087	328,865	-	613,952	1,109,768	20
Furniture and fittings	1,399,550	-	40,000	-	1,439,550	182,825	287,910	-	470,735	968,815	20
	1,434,660,656	9,239,660	46,366,829	-	1,490,267,145	85,027,476	78,284,147	-	163,311,623	1,326,955,522	

	COST					ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	As at July 01, 2021	Additions	Transfer from CWP	Disposals	As at June 30, 2022	As at July 01, 2021	Charge for the year (note 6.1.2)	On Disposal	As at June 30, 2022	As at June 30, 2022	Depreciation Rate %
	Rupees										
Freehold land	18,691,500	-	-	-	18,691,500	-	-	-	-	18,691,500	-
Buildings on freehold land	81,244,502	6,665,166	5,506,421	-	93,416,089	947,087	4,445,283	-	5,392,370	88,023,719	5
Plant and machinery	877,216,032	18,809,521	394,163,940	-	1,290,189,493	10,838,708	61,421,736	-	72,260,444	1,217,929,049	5
Electrical installations	25,863,012	2,567,500	1,145,000	-	29,575,512	1,227,701	5,679,049	-	6,906,750	22,668,762	20
Office equipment	917,012	243,700	227,800	-	1,388,512	17,284	267,803	-	285,087	1,103,425	20
Furniture and fittings	131,100	1,268,450	-	-	1,399,550	5,171	177,653	-	182,824	1,216,726	20
	1,004,063,156	29,554,337	401,043,161	-	1,434,660,656	13,035,951	71,991,524	-	85,027,475	1,349,633,181	

6.1.1 The installed and actual production capacity of the Company is 9,900 tons and 3,348 tons per annum respectively (2022: 9,900 tons and 168 tons). The Company started commercial production form April 01, 2021

		Note	June 30, 2023	June 30, 2022
			---------- Rupees ----------	
6.1.2	**Depreciation charge for the year on operating fixed assets has been allocated as follows:**			
	Cost of goods sold	22	77,659,051	71,583,518
	Administrative expense	24	625,097	408,006
			78,284,148	71,991,524

6.1.3 The carrying amount of property, plant and equipment pledged as security is disclosed in note 19.1 to these financial statements.

		Note	June 30, 2023	June 30, 2022
			---------- Rupees ----------	
6.2	**Capital work-in-progress**			
	Opening balance		46,366,829	401,459,657
	Additions to capital work-in-progress		-	45,950,333
	Transfers to operating fixed assets	6.1	(46,366,829)	(401,043,161)
	Closing balance	6.2.1	-	46,366,829
6.2.1	**Breakup of capital work-in-progress as of reporting date:**			
	Plant and machinery		-	46,126,496
	Building		-	125,000
	Office equipment		-	75,333
	Furniture and fittings		-	40,000
			-	46,366,829
7	**DEFERRED TAXATION - NET**			
	Taxable temporary difference arising in respect of:			
	- accelerated tax depreciation		(190,369,103)	(122,547,646)
	Deductible temporary difference in respect of:			
	- unused tax losses		-	122,999,180
	- others		8,824,559	4,976,939
			8,824,559	127,976,119
			(181,544,544)	5,428,473

7.1 Provision for current tax has not been made in these financial statements due to tax credit available for newly established industrial undertaking under section 65D of the Income Tax Ordinance, 2001.

		June 30, 2023	June 30, 2022
		---------- Rupees ----------	
8	**STORES, SPARES AND CONSUMABLES**		
	Lubricants	2,889,425	276,900
	Spare parts and consumables	11,803,881	9,084,746
		14,693,306	9,361,646
	Stores and spares - in transit	584,242	266,284
		15,277,548	9,627,930

		Note	June 30, 2023	June 30, 2022
			---------- Rupees ----------	
9	**STOCK IN TRADE**			
	Raw Material			
	- In hand		396,866,711	200,785,048
	- In transit		142,536,947	166,348,671
			539,403,658	367,133,719
	Work-in-process		8,755,896	25,340,299
	Finished goods			
	- In hand		34,070,525	47,759,693
	- In transit		15,467,634	2,899,817
			49,538,159	50,659,510
	Packaging materials		6,799,282	9,620,376
			604,496,995	452,753,904
10	**TRADE DEBTS**			
	Considered good		879,550,068	395,202,382
	Considered doubtful		8,316,739	-
		10.1	887,866,807	395,202,382
	Allowance for expected credit loss	27	(8,316,739)	-
			879,550,068	395,202,382

10.1 This includes receivable from related party - Universal Packaging (Private) Limited amounting to Rs. 352,561,299/- (2022: 101,102,252. The maximum aggregate balance of Universal Packaging (Private) Limited with reference to month end balance, is Rs. 484,419,301/- (June 30, 2022: Rs. 141,714,203/-).

10.2 As of the reporting date, the gross ageing analysis of trade debts is as follows:

	Total	Neither past due nor impaired	0-45 days	Past due but not impaired 46-60 days	61-90 days	91+ days
	---------- Rupees ----------					
Related party	352,561,299	152,971,355	55,769,736	25,292,821	117,325,942	1,201,445
Other than related party	535,305,508	318,923,452	199,853,701	10,391,106	5,426,628	710,621
2023	887,866,807	471,894,807	255,623,437	35,683,927	122,752,570	1,912,066
Related party	101,102,252	51,664,510	49,437,742	-	-	-
Other than related party	294,100,130	246,601,920	46,903,694	-	587,184	7,332
2022	395,202,382	298,266,430	96,341,436	-	587,184	7,332

		June 30, 2023	June 30, 2022
		---------- Rupees ----------	
11	**ADVANCES, DEPOSITS AND PREPAYMENTS**		
	Advances to suppliers	16,308,156	77,974,506
	Margin against letter of guarantee	7,000,000	-
	Deposits	2,107,032	545,000
	Prepayments	678,031	401,441
		26,093,219	78,920,947
12	**OTHER RECEIVABLES**		
	Advances / loans to employees	100,670	-
	Others	11,740	548,425
		112,410	548,425

12.1 This represents interest free loans / advances given to employees and is recoverable within 12 months.

		Note	June 30, 2023	June 30, 2022
			---------- Rupees ----------	
13	**CASH AND BANK BALANCES**			
	Cash in hand		21,769	15,957
	Bank balance			
	- Current accounts		8,314,646	65,925,013
	- Saving accounts	13.1	39,770,188	12,500,835
			48,084,834	78,425,848
			48,106,603	78,441,805

13.1 These carry profit at the rates ranging from 6.5% to 10% (2022: 2.92% to 6.84%) per annum.

14 **SHARE CAPITAL**

June 30, 2023	June 30, 2022		June 30, 2023	June 30, 2022
No. of shares			---------- Rupees ----------	
		Authorised capital		
160,000,000	160,000,000	Ordinary shares of Rs. 10 each	1,600,000,000	1,600,000,000
		Issued , subscribed and paid-up		
158,800,000	158,800,000	Ordinary shares of Rs. 10 each, fully paid cash	1,588,000,000	1,588,000,000

14.1 As at June 30, 2023, the Parent Company held 158,800,000 (2022: 158,800,000) ordinary shares of Rs. 10/- each, aggregating to Rs. 1,588,000,000/- (2022: Rs. 1,588,000,000/-) constituting 100% of issued share capital of the Company.

14.2 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.

15 **DEFERRED STAFF BENEFIT LIABILITY**

As mentioned in note 4.21 to these financial statements, the Company operates an unapproved and unfunded gratuity scheme for all its employees. During the year, the Company has carried out valuation under projected credit unit method:

		Note	June 30, 2023	June 30, 2022
			---------- Rupees ----------	
	Provision for staff gratuity	15.1	3,328,110	1,511,665
15.1	**Movement in present value of defined benefit obligations**			
	Balance as at July 01		1,511,665	-
	Current service cost		1,302,044	1,546,280
	Interest cost on defined benefit obligation		179,765	-
	Benefits paid		(371,236)	(34,615)
	Remeasurements:			
	Actuarial loss due to change in financial assumptions		43,862	-
	Actuarial loss due to change in experience adjustments		662,010	-
	Balance as at June 30		3,328,110	1,511,665
15.2	**Expenses chargeable under statement of profit or loss**			
	Current service cost		1,302,044	1,546,280
	Interest cost on defined benefit obligation		179,765	-
			1,481,809	1,546,280
15.3	**Expenses chargeable under statement of other comprehensive income**			
	Actuarial loss due to change in financial assumptions		43,862	-
	Actuarial loss due to change in experience adjustments		662,010	-
			705,872	-

	June 30, 2023
15.4 Significant actuarial assumptions	
- Discount rate used for period end obligation	16.25%
- Discount rate used for interest cost profit or loss charge	13.25%
- Salary interest rate	15.25%
	SLIC 2001 - 2005
- Average duration of defined benefit obligation	8 years
- Retirement assumption	Age 60

15.4.1 The discount rate of 16.25% is representative of yields on long-term government bonds.

	June 30, 2023
15.5 Estimated expense to be charged to statement of profit or loss in FY 2024	-- Rupees --
Current service cost	1,961,686
Interest cost on defined benefit obligation	479,688
	2,441,374

15.6 Expected benefit payment for next ten year and beyond

FY 2024	752,384
FY 2025	942,225
FY 2026	92,503
FY 2027	222,158
FY 2028	335,534
FY 2029	430,006
FY 2030	519,384
FY 2031	604,811
FY 2032	690,399
FY 2033	757,529
FY 2034 onwards	966,710
- Average duration of defined benefit obligation	8 years

15.7 Sensitivity analysis

	2023			
	Discount rate		Salary increase	
	+100bps	-100bps	+100bps	-100bps
	------Rupees------			
Present value of obligations	3,090,010	3,616,905	3,629,707	3,074,506

15.8 Risks associated with defined benefit plan

Final salary risk (linked to inflation risk)

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

Demographic risks

Mortality risk

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

Withdrawal risk

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

		Note	June 30, 2023	June 30, 2022
			---------- Rupees ----------	
16	**LONG-TERM FINANCING**			
	SBP's Financing Scheme for Renewable Energy	16.1	27,477,578	26,982,865
	Less: current portion shown under current liabilities		(1,923,163)	(684,757)
			25,554,415	26,298,108

16.1 Represents a long-term financing obtained under the Islamic Financing for Renewable Energy (IFRE) for installation of renewable energy power project by the State Bank of Pakistan. The total facility of the loan amounted to Rs. 66 million (2022: Rs. 66 million) out of which Rs. 41.36 million (2022: Rs. 45.6 million) remain outstanding which carries profit at the rate of 4% per annum. The loan is repayable in 39 equal quarterly instalments commenced from November 2022. The financing is secured as described below:

- 10% Equity participation of the company.
- Registered exclusive hypothecation Charge over DM asset (purchased under DM SBP IFRE Scheme)
- Title and ownership of asset in the name of BAHL and Customer proportionate to their investment ratio.
- Equitable Mortgage along with TRM (Land & Building), over property located at Had Bast Village, Bhechuki Mahja, Tehsil Raiwind, District Lahore.
- Personal Guarantee of all directors of the company i.e. Mr. Naveed Godil & Mr. Mushtaq Ali Tejani, each amounting to Rs.2 billion.
- Cross Corporate Guarantee of M/s International Packaging Films Limited amounting to Rs.2 billion.

		Note	June 30, 2023	June 30, 2022
			---------- Rupees ----------	
17	**DEFERRED INCOME**			
	Deferred income	17.1	16,946,962	17,046,804
	Less: current portion of deferred income		(1,764,900)	(2,661,780)
			15,182,062	14,385,024
17.1	**Movement - deferred income**			
	Balance at the beginning of the year		17,046,804	-
	Recognized during the year		369,114	17,237,708
	Amortized during the year		(468,956)	(190,904)
	Balance at the end of the year		16,946,962	17,046,804
18	**TRADE AND OTHER PAYABLES**			
	Creditors	18.1	176,566,761	319,772,419
	Accrued liabilities		148,455,806	77,423,192
	Withholding tax payable		2,814,584	1,144,269
	Excise and taxation		31,651,341	5,040,359
	Current portion of supplier's credit		-	369,747,897
	Provision for workers' profit participation fund	18.2	29,201,735	-
	Provision for workers' welfare fund	18.3	12,355,054	
	Other payables	18.4	427,314	84,906
			401,472,595	773,213,042

18.1 This includes amount of Rs. 5,617,803/- (2022: Nil) payable to Parent Company.

	Note	June 30, 2023	June 30, 2022
		------------ Rupees ------------	
18.2 Workers' Profit Participation Fund			
Opening balance		-	-
Payments made during the year		(2,815,625)	-
Charge for the year	27	32,017,360	-
Closing balance		29,201,735	-
18.3 Workers' Welfare Fund			
Opening balance		-	-
Payment made during the year		-	-
Charge for the year	27	12,355,054	-
Closing balance		12,355,054	-

18.4 This includes amount of Rs.343,974/- (2022: nil) payable to Parent Company on demand.

	June 30, 2023	June 30, 2022
	------------ Rupees ------------	
19 SHORT-TERM BORROWING		
Istisna finance	502,687,100	285,408,700
Accrued mark-up	7,725,257	4,081,881
	510,412,357	289,490,581

19.1 Represents Istisna Finance obtained from a commercial bank, having a limit of Rs. 875 million (2022: Rs. 500 million) out of which Rs. 372 million (2022: Rs. 214 million) remains unutilized for Istisna Finance at the reporting date. These facilities carry mark-up of 3 month's KIBOR + 0.75% per annum (2022: 3 month's KIBOR + 0.75%) and is repayable within 120 days from the disbursement date. The facility is secured as described below:

- First Pari Passu Hypothecation charge over Current Assets of the company with 25% margin i.e., Rs. 233.34 million.
- First Pari Passu Hypothecation charge over Plant & Machinery of the company with 25% margin i.e., Rs. 233.34 million
- Cross Corporate Guarantee of M/s. International Packaging Films (Pvt.) Ltd amounting to Rs. 2 billion.
- Personal Guarantees of directors i.e., Mr. Naveed Godil and Mr. Mushtaq Ali Tejani each amounting to Rs. 2 billion.
- Import Documents consigned to the order of Bank Al Habib Limited.
- Bank's control over accepted drafts.
- Registered 1st hypothecation charge over movables and receivables of the company amounting to Rs. 1.046 billion inclusive of 25% margin
- Accepted local bills through authenticated swift messages.
- Counter guarantee.
- Equitable mortgage along with TRM (Land and Building) over property located at Had Bast village, Bhencuki Mahja, Tehsil Raiwind, District Lahore.

20 CONTINGENCIES AND COMMITMENTS

Contingencies:

As of the reporting date, there is no contingency to report in these financial statements.

	June 30, 2023	June 30, 2022
Commitments:	---------- Rupees ----------	
Letter of credits	298,241,800	657,486,900
Bank guarantees	46,000,000	18,000,000

		Note	June 30, 2023	June 30, 2022
			---------- Rupees ----------	
21	SALES - NET			
	Local sales		3,858,106,388	1,548,175,683
	Export sales		-	11,589,637
			3,858,106,388	1,559,765,320
	Sales tax		(579,915,231)	(221,302,648)
	Sales return		(799,384)	(40,793,071)
			3,277,391,773	1,297,669,601
22	COST OF GOODS SOLD			
	Raw materials consumed	22.1	2,070,908,488	981,727,407
	Fuel, power and water		74,489,628	39,989,767
	Salaries, wages and other benefits	22.2	29,825,943	22,576,669
	Depreciation on operating fixed assets	6.1.2	77,659,051	71,583,518
	Packing materials consumed		37,339,343	21,962,332
	Inward Transportation		12,500	291,648
	Rent, rates and taxes		800,000	8,600,950
	Insurance		5,279,698	3,908,362
	Stores and spares consumed		6,509,670	7,827,433
	Fee for technical assistance		-	1,609,190
	Vehicle running and maintenance		-	391,900
	Lubricants consumed		322,327	10,500
	Detention charges		14,267	455,978
	Quality certification		-	30,000
	Postage and communication		5,400	-
	Subscription expenses		404,426	4,100
	Repairs and maintenance		1,255,288	393,913
	Clearing Agent charges		1,120,206	469,887
	Samples cost		86,706	92,466
	Others		451,544	-
			2,306,484,485	1,161,924,020
	Work-in-process			
	Opening stock		25,340,299	8,813,629
	Closing stock	9	(8,755,896)	(25,340,299)
			16,584,403	(16,526,670)
	Finished goods			
	Opening stock		50,659,510	18,547,001
	Closing stock	9	(49,538,159)	(50,659,510)
			1,121,351	(32,112,509)
			2,324,190,239	1,113,284,840
22.1	**Raw materials consumed:**			
	Opening		200,785,048	137,398,268
	Purchases		2,266,990,151	1,045,114,187
	Closing stock	9	(396,866,711)	(200,785,048)
			2,070,908,488	981,727,407

22.2 Salaries, wages and other benefits include Rs. 1,420,769 (June 30, 2022: Rs. 1,535,680) in respect of staff retirement benefits.

		June 30, 2023	June 30, 2022
		----------Rupees----------	
23	DISTRIBUTION EXPENSE		
	Outward expenses	18,044,431	8,272,303
	Repair and maintenance	-	50,000
	Export charges	196,181	157,026
	Insurance	603,404	9,127
	Other expenses	110,676	-
		18,954,692	8,488,456

		Note	June 30, 2023	June 30, 2022
			----------Rupees----------	
24	**ADMINISTRATIVE EXPENSES**			
	Legal and professional charges		5,589,806	8,331,883
	Salaries, wages and other benefits	24.1	1,309,658	155,833
	Travelling and conveyance		6,473,781	1,603,952
	Auditor's remuneration	24.2	805,000	732,500
	Repairs and maintenance		97,800	-
	Entertainment		87,992	76,763
	Depreciation on operating fixed assets	6.1.2	625,097	408,006
	Printing, stationery and periodicals		271,125	12,727
	Rent, rates and taxes		10,560	71,990
	Utilities		344,410	1,100
	Subscription		6,100	-
	Insurance		34,898	-
	Postage and communication		11,020	-
	Others		129,499	496,821
			15,796,806	11,891,575

24.1 Salaries, wages and other benefits include Rs. 61,040 (June 30, 2022: Rs. 10,600) in respect of staff retirement

		Note	June 30, 2023	June 30, 2022
			----------Rupees----------	
24.2	**Breakup of auditor's remuneration:**			
	Audit fee -statutory audit		805,000	700,000
	Other services		-	32,500
			805,000	732,500
25	**FINANCE COST**			
	Mark-up on short-term borrowing		104,907,063	31,081,579
	Bank charges		1,477,939	471,024
	Guarantee and commission		3,217,388	1,422,274
	Mark-up on long-term financing		4,640,579	319,330
	Unwinding of discount on supplier's credit		2,207,005	10,179,450
			116,449,974	43,473,657
26	**OTHER INCOME**			
	Income from financial assets:			
	Profit on saving accounts		2,593,869	465,929
	Income from non-financial assets:			
	Scrap sales		3,007,171	1,536,262
	Sample income		-	1,046,935
	Export rebate		531,753	-
	Amortisation of deferred income		468,956	190,904
			4,007,880	2,774,101
			6,601,749	3,240,030
27	**OTHER EXPENSES**			
	Charge for workers' welfare fund		12,355,054	-
	Charge for workers' profit participation fund		32,017,360	-
	Charge for allowance for expected credit loss - trade debts	10	8,316,739	-
	Exchange loss-net		150,019,058	158,337,181
			202,708,211	158,337,181

28 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of Parent Company, associated companies and key management personnel. Transactions with related parties are carried out in the normal course of business at agreed terms approved by the Board of Directors of the Company. Transactions with related parties, other than those disclosed elsewhere in the financial statements, are as below:

Name of the related party	Relationship	Transactions during the year	June 30, 2023	June 30, 2022
			---------- Rupees ----------	
International Packaging Films Limited	Parent Company	Advance received	-	734,108,092
		Advance paid	803,992	-
		Shares allotted	-	1,088,000,000
		Purchases	5,617,803	631,976
		Payment against purchases	-	631,976
Universal Packaging (Private) Limited	Common directorship	Sales	673,502,539	252,849,266
		Receipts against sales	422,043,492	152,807,378
		Purchases	3,077,354	2,909,376
		Payments	3,077,354	2,329,173

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 minimize risk. Taken as whole, the Company is exposed to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's principal financial liabilities comprise trade and other payables and short-term borrowing. The main purpose of these financial liabilities is to raise finance for Company's operations. The Company has various financial assets such as trade debts, trade deposits, other receivables and cash and bank balances, which are directly related to its operations.

The Company's finance department oversees the management of these risks and provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and risk appetite.

The Board of Directors review and agree policies for managing each of these risks which are summarised below:

29.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk, and other price risk. The sensitivity analyses in the following sections relate to the position as of the reporting date.

29.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company is exposed to foreign currency risk on imports of items of plant and machinery and stock-in-trade, any appreciation in foreign currency has an adverse impact on the Company's operations and cash flows. The Company offsets the said adverse impact by making advance payments when possible.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant, on the Company's profit/(loss) before tax (due to changes in the fair value of monetary assets and liabilities):

	Foreign currency denominated monetary liabilities	
	June 30, 2023	June 30, 2022
USD	808,695	3,280,367
EURO	2,231	885

	Pak Rupees	(Rupees)
2023	+5%	(11,598,862)
	-5%	11,598,862
2022	+5%	(33,608,077)
	-5%	33,608,077

29.1.2 **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's exposure to the risk of changes in market interest rates relates primarily to the short-term borrowing at variable rate.

29.1.3 **Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company's profit/(loss) before tax (through impact on floating rate financings). Further, interest rate sensitivity does not have a significant impact on the Company's result as shown below:

	Increase / decrease in basis points	Effect on profit/(loss) before tax (Rupees)
2023	±50	2,314,585
2022	±50	1,427,044

29.1.4 **Other price risk**

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investments securities. As at reporting date, the Company is not materially exposed to equity price risk.

29.2 **Credit risk**

29.2.1 Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to its trade debts and bank balances. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific customers, and undertaking transactions with counter parties in various industries, obtaining advances and continuing assessment of credit worthiness of such customers. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The credit quality of unimpaired trade debts is disclosed in note 10.2 to these financial statements. As at reporting date, there are no financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

The Company monitors the credit policy of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	Note	June 30, 2023	June 30, 2022
		---------- Rupees ----------	
Trade debts	10	879,550,068	395,202,382
Trade deposits	11	9,107,032	545,000
Other receivables	12	112,410	169,769,922
Bank balances	13	48,084,834	78,425,848
		936,854,344	643,943,152

29.2.2 The credit quality of Company's bank balances, with reference to external credit ratings, is A1+ and A.

29.3 **Liquidity risk**

Liquidity risk represents the risk that a Company will encounter difficulties in meeting obligations with the financial liabilities. The Company monitors its risk to a shortage of funds by applying risk management policies and maintaining sufficient cash and bank balances and keeping committed credit lines.

The table below summarizes the maturity profile of the Company's financial liabilities at June 30, 2023 and 2022 based on contractual undiscounted payment dates and present market interest rates:

	On demand	Less than 3 months	3 to 12 months	Total
	Rupees			
Trade and other payables	2,814,584		398,658,011	401,472,595
Short-term borrowing	-	510,412,357	-	510,412,357
Long term financing	1,169,231	4,676,923	35,648,564	41,494,718
June 30, 2023	3,983,815	515,089,280	434,306,575	953,379,670
June 30, 2022	1,144,269	289,490,581	775,465,339	1,066,100,189

29.4 **Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

  Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

29.4.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	2023		
	Carrying amount		
	Financial assets	Financial liabilities	Fair value
	Rupees		
Financial assets not measured at fair value			
Trade debts	879,550,068	-	879,550,068
Trade deposits	9,107,032	-	9,107,032
Other receivables	112,410	-	112,410
Bank balances	48,084,834	-	48,084,834
Financial liabilities not measured at fair value			
Trade and other payables	-	401,472,595	-
Short-term borrowing	-	510,412,357	-
Long term financing	-	27,477,578	-

	2022		
	Carrying amount		
	Financial assets	Financial liabilities	Fair value
	Rupees		
Financial assets not measured at fair value			
Trade debts	395,202,382	-	395,202,382
Advances, deposits and prepayments	545,000	-	545,000
Other receivables	169,769,922	-	169,769,922
Bank balances	78,425,848	-	78,425,848
Financial liabilities not measured at fair value			
Trade and other payables	-	773,213,042	773,213,042
Short-term borrowing	-	289,490,581	289,490,581
Accrued mark-up	-	26,982,865	-

29.5 **Capital risk management**

The Company finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimise risk. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain future development of the business and maximise shareholders value. The Company monitors capital using a debt equity ratio as follows:

	Note	June 30, 2023	June 30, 2022
		Rupees	
Long-term financing	16	27,477,578	27,667,622
Short-term borrowings	19	510,412,357	289,490,581
Total debt		537,889,935	317,158,203
Cash and bank balance	13	(48,106,603)	(78,441,805)
Net debt		489,783,332	238,716,398
Issued, subscribed and paid-up capital		1,588,000,000	1,588,000,000
Revenue reserves		360,611,022	(58,584,852)
Advance against future issue of shares		-	803,992
		1,948,611,022	1,530,219,140
Total debt and equity		2,438,394,354	1,768,935,539
Gearing ratio		20%	13%

29.6 Collateral

The Company's certain assets are under charge in order to fulfil the collateral requirements for various financing facilities. The counter parties have an obligation to return the securities to the Company. The fair value and terms and conditions associated with the use of these collateral and securities given by the Company are disclosed in respective notes to these financial statements. The Company did not hold collateral and securities of any sort as at June 30, 2023 and 2022.

	2023			
	Long-term financing	Short-term borrowing	Advance received against future issue of shares	Total
29.7 Changes in liabilities to cash flows arising from financing activities:	(Rupees)			
At the beginning of the year	26,982,865	289,490,581	803,992	334,880,573
Changes from financing cash flows				
Borrowing obtained	-	217,278,400	-	217,278,400
Advance paid back against issue of shares	-	-	(803,992)	(803,992)
Long-term financing obtained against Renewable Energy	1,014,000	-	-	1,014,000
Long-term financing repaid against Renewable Energy	(3,507,693)	-	-	(3,507,693)
	(2,493,693)	217,278,400	(803,992)	213,980,715
Other changes				
Finance cost	4,640,579	104,907,063	-	109,547,642
Finance cost paid	(1,283,059)	(101,263,687)	-	(102,546,746)
Recognition of government grant	(369,114)	-	-	(369,114)
	2,988,406	3,643,376	-	6,631,782
At the end of the year	27,477,578	510,412,357	-	555,493,070

	2022			
	Long-term financing	Short-term borrowing	Advance received against future issue of shares	Total
Changes in liabilities to cash flows arising from financing activities:	(Rupees)			
At the beginning of the year	-	353,530,833	354,695,900	708,226,733
Changes from financing cash flows				
Borrowing obtained	-	(64,040,252)	-	(64,040,252)
Advance received against issue of shares	-	-	734,108,092	734,108,092
Long-term financing obtained against Renewable Energy	44,586,000	-	-	44,586,000
	44,586,000	(64,040,252)	734,108,092	714,653,840
Other changes				
Shares issued during the year	-	-	(1,088,000,000)	(1,088,000,000)
Finance cost	319,330	-	-	319,330
Finance cost paid	(684,757)	-	-	(684,757)
Recognition of government grant	(17,237,708)	-	-	(17,237,708)
	(17,603,135)	-	(1,088,000,000)	(1,105,603,135)
At the end of the year	26,982,865	289,490,581	803,992	317,277,438

30 DATE OF AUTHORISATION

These financial statements were authorised for issue on 12 SEP 2023 by the Board of Directors of the Company.

31 GENERAL

- Figures presented in these financial statements have been rounded off to nearest thousand rupees, unless otherwise stated.
- Total number of employees as of the reporting date is 27 (June 30, 2022: 22).and average number of employees during the year is 25 (June 30, 2022: 24)
- No amount has been paid / payable by the Company on account of remuneration to Chief Executive and Directors for the year.
- Certain Employees of the Parent Company provided free of cost services to the Company.
- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. However, there has been no material reclassification to report.

CHIEF EXECUTIVE OFFICER

DIRECTOR