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EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITOR'S REPORT

To the members of International Packaging Films Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 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 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.

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 Directors' Report, but does not include the 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.

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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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- 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.

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- 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.

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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes 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 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**.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

UDIN Number: AR202310076U94nIVjvt

Date: 5 October 2023

INTERNATIONAL PACKAGING FILMS LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	4,921,991,534	5,152,749,726
Intangibles	6	61,114,587	17,243,779
Right-of-use asset	7	36,671,720	13,201,119
Long-term deposits		6,370,550	1,032,450
Investment in subsidiaries	8	11,168,241,149	3,110,816,613
		16,194,389,540	8,295,043,687
CURRENT ASSETS			
Stores and consumables	9	258,660,293	195,589,832
Stock-in-trade	10	2,588,701,987	1,940,761,947
Trade debts	11	2,474,714,255	1,869,970,232
Trade deposits and short-term prepayments	12	19,318,152	30,471,001
Loans, advances and other receivables	13	156,707,718	423,809,295
Taxation - net		-	502,495,776
Sales tax refundable		65,325,266	83,542,521
Cash and bank balances	14	162,618,184	112,354,745
		5,726,035,855	5,158,995,349
TOTAL ASSETS		21,920,425,395	13,454,039,036
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
930,000,000 (2022: 430,000,000) ordinary shares of Rs. 10/- each	15	9,300,000,000	4,300,000,000
Issued, subscribed and paid-up capital			
630,094,545 (2022: 360,000,000) ordinary shares of Rs.10/- each	15	6,300,945,450	3,600,000,000
Share premium		1,487,566,470	-
Capital reserve			
Surplus on revaluation of property, plant and equipment - net of tax	16	1,575,520,164	1,816,726,748
Revenue reserve			
Accumulated profits		3,259,925,657	3,174,281,181
Other component of equity			
Actuarial loss on defined benefit obligation - net of tax		(8,791,834)	(3,654,435)
		12,615,165,907	8,587,353,494
NON-CURRENT LIABILITIES			
Deferred taxation - net	17	1,290,711,600	1,180,886,137
Deferred staff benefit liability	18	103,921,972	59,868,972
Long-term financing	19	1,800,459,264	13,312,217
Lease liabilities	20	30,988,390	845,837
Deferred income	21	7,899,693	7,865,891
		3,233,980,919	1,262,779,054
CURRENT LIABILITIES			
Trade and other payables	22	2,488,376,297	1,207,244,401
Contract liabilities		225,179,388	131,459,259
Short-term borrowings	23	2,758,459,703	2,182,199,451
Accrued markup		133,459,968	36,336,030
Taxation - net		391,608,263	-
Current maturity of long-term financing	19	63,006,769	28,183,264
Current maturity of lease liabilities	20	10,835,737	14,980,297
Current maturity of deferred income	21	352,444	3,503,786
		6,071,278,569	3,603,906,488
CONTINGENCIES AND COMMITMENTS	24		
TOTAL EQUITY AND LIABILITIES		21,920,425,395	13,454,039,036

The annexed notes from 1 to 41 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

INTERNATIONAL PACKAGING FILMS LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Sales - net	25	16,617,710,105	11,776,776,801
Cost of goods sold	26	(12,086,152,880)	(9,443,572,385)
Gross profit		4,531,557,225	2,333,204,416
Distribution expenses	27	(240,499,234)	(140,422,102)
Administrative expenses	28	(320,976,735)	(184,605,537)
Finance costs	29	(632,586,444)	(127,490,233)
Other income	30	146,246,354	47,822,602
Other expenses	31	(293,330,459)	(395,111,053)
Profit before taxation		3,190,410,707	1,533,398,093
Taxation	32	(1,108,365,086)	(54,133,907)
Net profit for the year		2,082,045,621	1,479,264,186
		-------------- Rupees --------------	
			(Restated)
Earnings per share - basic and diluted	33	3.58	2.54

The annexed notes from 1 to 41 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

INTERNATIONAL PACKAGING FILMS LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Net profit for the year		2,082,045,621	1,479,264,186
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		(8,958,463)	(5,454,380)
Deferred tax thereon		3,821,064	1,799,945
		(5,137,399)	(3,654,435)
Revaluation surplus on property plant and equipment		-	1,035,053,773
Deferred tax thereon		(137,292,579)	(360,796,798)
		(137,292,579)	674,256,975
Total comprehensive income for the year		1,939,615,643	2,149,866,726

The annexed notes from 1 to 41 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

INTERNATIONAL PACKAGING FILMS LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

			Capital reserve	Revenue reserve	Other component of equity	
	Issued, subscribed and paid up capital	Share premium	Revaluation surplus on property, plant and equipment (net of tax)	Accumulated profits	Actuarial loss on defined benefit obligation - net of tax	Total equity
	--------------------	--------------------	--------------------	Rupees	--------------------	--------------------
Balance as at July 1, 2021	3,600,000,000	-	1,202,964,067	1,634,522,701	-	6,437,486,768
Net profit for the year	-	-	-	1,479,264,186	-	1,479,264,186
Other comprehensive income	-	-	674,256,975	-	(3,654,435)	670,602,540
Total comprehensive income for the year	-	-	674,256,975	1,479,264,186	(3,654,435)	2,149,866,726
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax	-	-	(60,494,294)	60,494,294	-	-
Balance as at June 30, 2022	3,600,000,000	-	1,816,726,748	3,174,281,181	(3,654,435)	8,587,353,494
Net profit for the year	-	-	-	2,082,045,621	-	2,082,045,621
Other comprehensive income	-	-	(137,292,579)	-	(5,137,399)	(142,429,978)
Total comprehensive income for the year	-	-	(137,292,579)	2,082,045,621	(5,137,399)	1,939,615,643
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax	-	-	(103,914,005)	103,914,005	-	-
Issuance of 60,063,030 ordinary shares each fully paid in cash (note 15.2)	600,630,300	1,487,566,470	-	-	-	2,088,196,770
Bonus shares issued in the ratio of 50 bonus shares for every 100 shares held	2,100,315,150	-	-	(2,100,315,150)	-	-
Balance as at June 30, 2023	6,300,945,450	1,487,566,470	1,575,520,164	3,259,925,657	(8,791,834)	12,615,165,907

The annexed notes from 1 to 41 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

INTERNATIONAL PACKAGING FILMS LIMITED

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		3,190,410,707	1,533,398,093
Adjustments for non-cash charges and other items:			
Depreciation on operating fixed assets	5.1.3	345,691,731	274,345,946
Amortization on intangible assets	6	4,963,036	1,230,366
Depreciation on right-of-use assets	7.2	12,100,730	12,154,200
Gain on disposal of operating fixed assets	30	(3,321,780)	(2,617,936)
Unrealized exchange gain		269,056	6,284,555
Profit on saving accounts	30	(6,712,348)	(2,451,683)
Provision for gratuity	18.2	45,272,906	30,334,766
Amortization of deferred income	30	(3,117,540)	(4,023,713)
Provision for expected credit loss		50,781,698	
Finance costs	29	632,586,444	127,490,233
		1,078,513,933	442,746,734
Working capital changes			
Increase in current assets			
Stores and consumables		(63,060,461)	(98,490,651)
Stock-in-trade		(647,940,040)	(507,559,890)
Trade debts		(655,525,721)	(708,298,639)
Trade deposits and short-term prepayments		11,152,849	(11,754,794)
Loans, advances and other receivables		267,101,577	(324,839,481)
Sales tax refundable		18,217,265	22,008,441
		(1,070,054,541)	(1,620,935,014)
Increase in current liabilities			
Trade and other payables		1,280,862,840	151,769,828
Contract liabilities		93,720,129	66,025,535
		1,374,582,969	217,795,363
Cash generated from operations		4,573,453,068	565,005,176
Taxes paid		(237,907,100)	(153,990,026)
Gratuity paid	18	(10,178,369)	(1,675,663)
Finance costs paid		(530,147,436)	(94,015,629)
Net cash generated from operating activities		3,795,220,163	315,323,858
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(129,059,642)	(148,949,909)
Additions to intangibles	6	(48,833,844)	(7,142,707)
Investment in subsidiaries	8	(7,933,351,960)	(1,587,999,980)
Advance given against future issuance of shares		(124,072,576)	102,889,392
Profit on saving accounts	30	6,712,348	2,451,683
Proceeds from disposal of operating fixed assets	5.1.4	17,447,884	6,016,294
Long term deposit paid		(5,338,100)	-
Net cash used in investing activities		(8,216,495,890)	(1,632,735,227)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds against right issue		2,088,196,776	-
Repayments of lease liabilities		(14,888,408)	(13,184,066)
Short term borrowings - net		527,851,591	1,395,619,451
Long-term financing - obtained		1,850,000,000	22,251,000
Long-term financing - repaid		(28,029,448)	(56,485,161)
Net cash generated from financing activities		4,423,130,505	1,348,201,224
Net increase in cash and cash equivalents		1,854,778	30,789,855
Cash and cash equivalents at the beginning of the year		112,354,745	81,564,890
Cash and cash equivalents at the end of the year		114,209,523	112,354,745
Cash and cash equivalents:			
Cash and bank balances	14	162,618,184	112,354,745
Bank overdraft		(48,408,661)	-
		114,209,523	112,354,745

The annexed notes from 1 to 41 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

INTERNATIONAL PACKAGING FILMS LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 THE COMPANY AND ITS OPERATIONS

International Packaging Films Limited (the Company) was incorporated in Pakistan as a Private Limited Company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on October 2, 2015. The registered office of the Company is situated at Plot # 40-L-1, P E C.H.S, Block 6, near Jason Trade Centre Karachi. The Company is principally engaged in the manufacturing and sale of flexible packaging materials. The Company has started its commercial operations effective September 2017. On June 11 2021 the Company converted its status as a private company to public limited company.

1.1 Geographical location and address of all the business units are as under

Business unit	**Address**
Production facility	IPAK Plant, Manga Chowk, Raiwind, Bypass road, Raiwind district, Lahore, Punjab.
Head office	40-L-1, P.E.C.H.S., Block 6, near Jason Trade Centre, Karachi, Sindh.
Workshop	Hall 16M, Bhachoki Mahja Tehsil, Raiwand district, Lahore, Punjab
Other rented premises	Quarters 1,2,3,4,5, Nae Abadi Salamat Pura, Manga Road, Raiwand district, Lahore Punjab.

1.2 These unconsolidated financial statements are the separate financial statements of the Company, in which investments in the below mentioned subsidiaries have been accounted for at cost less accumulated impairment losses, if any. As of the reporting date, the Company has the following subsidiaries

	% of shareholding	
	2023	**2022**
Cast Packaging Films (Private) Limited (note 8.1)	**100%**	100%
PETPAK Films (Private) Limited (note 8.2)	**52%**	52%
Global Packaging Films (Private) Limited (note 8.3)	**100%**	100%
Petpak Plus (Private) Limited - Indirect subsidiary through PETPAK Films (Private) Limited	**52%**	52%

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated 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) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the 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 Accounting standards, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention unless otherwise specifically stated.

2.3 Functional and presentation currency

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

3 Standards, interpretations and amendments applicable to the unconsolidated financial statements

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except as described below:

Amendments and improvements to approved accounting standards

The Company has adopted the following amendments and improvements to approved accounting standards 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 the derecognition of financial liabilities
IAS 41	Agriculture – Taxation in the fair value measurement
IFRS 16	Leases: Lease incentives

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

3.1 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

Amendment or improvement		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 Transaction - Amendments to IAS 12	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

The above amendments and improvements are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

Standard or Interpretation	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First time adoption of IFRSs	January 01, 2004
IFRS 17 - Insurance Contracts	January 01 2023

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.

Property, plant and equipment (except for freehold land, its building and plant and machinery) are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land, its building and plant and machinery are stated at revalued amount less subsequent accumulated depreciation and impairment losses, if any

When significant parts of property, 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 criterias are 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 criterias for a provision are met

Depreciation is charged to unconsolidated statement of profit or loss using straight line method at the rates as disclosed in note 5.1 to the unconsolidated 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.

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

An item of property, plant and equipment is derecognized 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 unconsolidated statement of profit or loss in the year the asset is derecognized.

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.

Valuations are performed frequently to ensure that the fair value of the revalued assets do not differ materially from their carrying value amount at the reporting date.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in unconsolidated statement of profit or loss, the increase is recognised in unconsolidated statement of profit or loss. A revaluation deficit is recognised in the unconsolidated statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

The difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to unappropriated profit or loss at each reporting date. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets when the revalued amount significantly differs from the carrying amount. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to unappropriated profit or loss.

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 and advances made 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 **Intangible asset**

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and that the cost of such asset can also be measured reliably.

These are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to the unconsolidated statement of profit or loss applying straight line method at the rate as disclosed in note 6 to the unconsolidated financial statements. Amortisation on addition is charged from the date on which the assets are available for use and on disposal up to the month immediately preceding the date of disposal.

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Useful lives of intangible assets are reviewed, at each reporting date and adjusted if appropriate.

The carrying values of intangibles are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The resultant impairment loss is recognised in the unconsolidated statement of profit or loss.

4.3 **Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated using straight line method over the lease term as disclosed in note 7 to these unconsolidated financial statements. Right of use assets are subject to impairment, if any.

4.4 Investment in subsidiaries

Investment in subsidiary is initially recognised at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Such impairment losses or reversal of impairment losses are recognised in the unconsolidated statement of profit or loss. These are classified as 'long-term investment' in these unconsolidated financial statements.

4.5 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. 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.

4.6 Stores 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 unconsolidated statement of profit or loss.

4.7 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value. Cost is determined using weighted average method. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Cost comprises all costs of purchase and other cost incurred in bringing the inventories to their present location and condition.

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 unconsolidated statement of profit or loss.

4.8 Trade debts and other receivables

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

4.9 Advances, trade deposits and short-term 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.

4.10 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 unconsolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances.

4.11 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 recognized for all taxable temporary differences. Deferred tax assets are recognized 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 utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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 recognized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized 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 unconsolidated 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.

4.12 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 invoiced to the Company.

4.13 Provisions

Provisions are recognized 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.

4.14 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

4.14.1 Financial assets

a) Initial recognition and measurement

The financial assets of the Company mainly include trade debts, deposits, loans, advances, other receivables, investments 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

- 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 unconsolidated 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 unconsolidated statement of profit or loss. Any gain or loss on derecognition is recognised in the unconsolidated 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 unconsolidated 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 unconsolidated statement of profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in the unconsolidated 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 unconsolidated 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.

4.14.2 **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.

4.14.3 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.

a) **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the unconsolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

b) **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the unconsolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the unconsolidated statement of profit or loss

c) **Derecognition of financial liabilities**

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

4.15 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated 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.

4.16 Lease liabilities

The Company assesses at contract inception whether a contract is, or contains, a lease, i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

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

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

4.17 Short-term leases and leases of low value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.18 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 gratuity scheme has been introduced with effect from July 1, 2020. The eligible service for the purpose of gratuity benefits shall be calculated from date of appointment or July 01, 2020 whichever is later. Provisions are made in these unconsolidated financial statements in accordance with actuarial valuation carried out annually using the Projected Unit Credit method. The latest valuation was carried out as at June 30, 2023. The benefit is payable on completion of prescribed qualifying period of the service.

Re-measurement gains and losses on defined benefit plan are recognised in full in the period in which they occur in other comprehensive income. Such re-measurement gains and losses are also immediately recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The past service costs are recognised at the earlier of when the amendment of curtailment occurs and when the Company has recognised related restructuring or termination.

4.19 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.
- Dividend income is recognised when the right to receive such payment is established.
- Other revenues are accounted when performance obligations are met.

4.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of assets and incurred during the period in connection with the activities necessary to prepare the qualifying asset for its intended use are capitalised as a part of the cost of related asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

4.21 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.

4.22 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.

4.23 Dividend and appropriation to reserves

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

4.24 Segment reporting

These unconsolidated financial statements have been prepared on the basis of single reportable segment which is consistent with the internal reporting of the Company.

4.25 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.26 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.

4.27 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.

4.28 Share capital

Ordinary shares are classified as equity and recognized 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

4.29 Sales tax

Revenues, expenses and assets are recognized, 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 unconsolidated statement of financial position

4.30 Significant accounting judgements, estimates and assumptions

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected

In the process of applying the accounting policies, management has made the following judgments and estimates which are significant to the unconsolidated financial statements:

	Notes
Estimates	
· valuation of certain items of property, plant and equipment	4.1, 5.1 and 16
· determining the method of depreciation, residual values and useful lives of property, plant and equipment, intangibles and right of use assets	4.1, 4.2, 4.3, 5.1, 6 and 7
· recognition of tax and deferred tax	4.11 and 17
· accounting for post-employment benefits	4.18 and 18
· fair value measurement of financial instrument	34.4
Judgements	
· expected outcome of contingencies involving the Company	24

6 PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Operating fixed assets	5.1	4,910,839,169	5,106,056,629
Capital work-in-progress	5.2	11,151,374	46,720,097
		4,921,991,534	5,152,776,726

5.1 Operating fixed assets

	Cost / Revaluation						Accumulated Depreciation					Net Book Value	
	As at July 01, 2022	Additions / *Transfers	Disposals	Revaluation Surplus	Elimination of accumulated depreciation	As at June 30, 2023	As at July 01, 2022	Charge for the year (note 5.1.3)	Disposals	Elimination of accumulated depreciation	As at June 30, 2023	As at June 30, 2023	Depreciation Rate %
	Rupees												
Freehold land	326,625,000	-	-	-	-	326,625,000	-	-	-	-	-	326,625,000	
Buildings on freehold land	488,405,000	164,038 *606,000	-	-		489,356,038	-	31,888,386	-	-	31,888,386	457,467,652	5
Plant and machinery	4,175,000,000	4,786,691 *26,640,819	-	-	-	4,206,427,510	-	278,630,128		-	278,630,128	3,927,797,382	5 - 20
Electrical installations	85,654,795	- *1,328,592	-	-	-	87,883,387	68,428,600	11,776,620		-	78,205,220	9,678,159	20
Office equipment	62,168,579	6,904,767 *5,889,736	(1,885,876)		-	72,508,206	47,564,993	7,398,978	(943,009)	-	54,014,962	18,487,244	20-33
Furniture and fittings	19,519,079	1,613,300 *244,634	-	-	-	21,376,961	7,685,013	3,501,418		-	11,186,431	10,190,482	20
Motor vehicles	87,950,009	105,372,572 *6,088,416	(25,304,872)	-		172,037,136	22,931,226	10,524,193	(11,391,635)		22,123,784	140,363,341	15-25
	5,251,624,452	117,967,268 *45,798,097	(26,460,748)		-	5,386,854,079	144,867,832	345,691,731	(12,334,644)	-	478,024,818	4,910,829,169	

	Cost / Revaluation						Accumulated Depreciation					Net Book Value	
	As at July 01, 2021	Additions / *Transfers	Disposals	Revaluation Surplus	Elimination of accumulated depreciation	As at June 30, 2022	As at July 01, 2021	Charge for the year (note 5.1.3)	Disposals	Elimination of accumulated depreciation	As at June 30, 2022	As at June 30, 2022	Depreciation Rate %
	Rupees												
Freehold land	220,082,988	-	-	106,542,012	-	326,625,000		-	-	-	-	326,625,000	-
Buildings on freehold land	440,622,585	5,638,283 *295,015	-	125,359,951	(93,445,817)	488,405,000	69,862,557	23,613,550	-	(93,445,817)	-	488,405,000	5
Plant and machinery	4,015,164,537	40,397,428 *126,793,750	-	359,158,760	(812,544,485)	4,175,000,000	596,964,597	215,579,888	-	(812,544,485)	-	4,175,000,000	5 - 20
Electrical installations	82,845,847	2,771,268 *37,680	-	-	-	85,654,795	50,737,888	15,690,712	-	-	68,428,600	20,228,195	20
Office equipment	51,557,598	0,037,863 *374,018	-	-	-	62,169,579	41,619,027	5,745,956	-	-	47,564,993	14,604,586	20-33
Furniture and fittings	8,591,825	11,327,254		-		19,919,079	4,573,585	3,111,428			7,685,013	12,134,066	25
Motor vehicles	67,108,369	30,165,906	(1,924,266)	-	-	52,850,009	19,130,392	10,050,307	(6,525,908)		22,931,226	59,858,783	15-25
	4,902,013,820	100,720,952 *129,000,456	(9,924,266)	1,035,059,773	(906,040,302)	5,751,624,452	782,969,046	274,345,945	(6,575,908)	(906,040,302)	144,867,832	5,106,056,629	

* Represents transfer from capital work in progress (note 5.2)

5.1.1 The installed capacity and actual production of the industrial unit of the Company is 41,360 tons and 20,608 (2022: 41,360 tons and 27,758) tons per annum respectively. Actual production is in line with the market demand.

5.1.2 Items having an aggregate cost of Rs. 110,537,980 (2022: Rs. 36,028,756) at the end of the year have been fully depreciated and are still in use of the Company.

5.1.3 Depreciation for the year has been allocated as follows:

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Cost of goods sold	26	332,789,024	268,858,028
Distribution expenses	27	2,378,539	2,194,767
Administrative expenses	28	10,526,168	3,292,151
		345,691,731	274,345,946

5.1.4 **Details of operating fixed assets disposed off during the year are as follows :**

Book value exceeding Rs. 500,000 each	Cost	Accumulated Depreciation	Book value	Sales proceeds	Gain / (loss)	Mode of disposal	Particulars of buye	Relationship
Motor vehicle	9,330,216	397,617	8,932,599	8,635,172	(297,427)	Company policy	Babar Siddiq Baig	Ex-employee
Motor vehicle	1,700,000	1,045,580	654,420	932,500	278,080	Company policy	Wasif Ahmed	Employee
Motor vehicle	1,196,706	585,816	610,890	640,849	29,959	Company policy	Syed Haris Salim	Employee
Book value not exceeding Rs. 500,000	14,233,826	10,305,631	3,928,195	7,239,363	3,311,168			
2023	26,460,748	12,334,644	14,126,104	17,447,884	3,321,780			

*In the previous year, there were no disposal of fixed assets with an aggregate book value exceeding amount of Rs. 5 million.

5.1.5 In 2022, the Company carried out the valuation exercise through an independent external valuer accredited by the State Bank of Pakistan. The fair value determined by the external valuer, using replacement cost model, resulted in revaluation surplus of Rs 1,035,053,773. The fair values were determined with reference to market based evidence, based on relevant enquiries and information as considered necessary, and adjusted for any difference in nature, location or condition of the specific properties. The fair value of freehold land, its building and plant and machinery falls under level 2 of fair value hierarchy (i.e. significant observable inputs). The forced sale values on 30 June 2023 are as follows:

	Rupees
Freehold land	261,300,000
Buildings on freehold land	398,724,800
Plant and machinery	2,922,500,000
	3,582,524,800

5.1.6 Had there been no revaluation, the written down value (WDV) would have been

	Cost as of July 01	Additions during the year	Disposals during the year	Total cost as of June 30	Accumulated depreciation	Net book value as at June 30
	Rupees					
Freehold land	42,898,714	-	-	42,898,714	-	42,898,714
Buildings on freehold land	228,797,438	950,038	-	229,747,476	63,752,194	166,995,282
Plant and machinery	1,812,032,190	33,407,410	-	1,845,439,600	392,949,454	1,452,490,146
2023	2,083,828,342	34,357,448	-	2,118,185,790	455,701,648	1,662,484,142
2022	1,908,720,913	174,107,429	-	2,083,028,342	366,553,178	1,717,275,156

5.1.7 The carrying amount of property, plant and equipment pledged as security against long-term and short-term borrowing is disclosed in note 19 and 23 to these unconsolidated financial statements.

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
5.2 Capital work-in-progress			
Opening		45,793,097	133,754,508
Additions to capital work-in-progress		11,152,374	41,528,057
Transfers to operating fixed assets	5.1	(45,793,097)	(129,539,468)
Closing	5.2.1	11,152,374	45,793,097
5.2.1 Breakup of capital work-in-progress as of reporting date			
- Plant and machinery		11,015,594	28,640,019
- Building		-	600,000
- Motor vehicles		-	5,489,615
- Office equipment		136,780	5,589,735
- Electrical installations		-	1,228,592
- Furniture and fittings		-	244,534
		11,152,374	45,793,097

6 INTANGIBLE ASSETS

	Note		
Operating	6.1	61,114,587	10,543,779
Capital work-in-progress	6.3	-	6,700,000
		61,114,587	17,243,779

6.1

	COST			ACCUMULATED AMORTISATION			NET BOOK VALUE	USEFUL LIFE
	As at July 01, 2022	Additions / transfers	As at June 30, 2023	As at July 01, 2022	Charge for the year	As at June 30, 2023	As at June 30, 2023	%
	Rupees							
Software 2023	12,881,873	55,533,844	68,415,717	2,338,094	4,963,036	7,301,130	61,114,587	10
Software 2022	12,439,186	442,687	12,881,873	1,107,728	1,230,366	2,338,094	10,543,779	10

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
6.2 Amortisation for the year has been allocated as follows:			
Cost of goods sold	25	60,944	-
Administrative expenses	28	4,902,092	1,230,366
		4,963,036	1,230,366
6.3 Capital work-in-progress			
Opening		6,700,000	-
Additions to capital work-in-progress		-	6,700,000
Transfers to operating		(6,700,000)	-
Closing		-	6,700,000

7 RIGHT-OF-USE ASSET

	Note		
Balance as at July 01		13,201,118	25,355,315
Modification during the year		35,571,331	-
Depreciation charge for the year	7.2	(12,100,730)	(12,154,200)
Balance as at June 30		36,671,720	13,201,115
Depreciation rate		33.33%	33.33%

7.1 The Company has lease contracts for the rented premises. In general, the Company is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options subject to the mutual consent of the Company and the lessors. The Company is bound by certain covenants which includes but are not limited to payment of certain taxes and to execute reasonable care.

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
7.2 Depreciation for the year has been allocated as follows:			
Cost of goods sold	26	7,467,597	8,254,954
Distribution expenses	27	1,290,528	1,785,773
Administrative expenses	28	3,342,605	2,113,473
		12,100,730	12,154,200

		Note	June 30, 2023 Rupees	June 30, 2022 Rupees
8	**INVESTMENT IN SUBSIDIARIES - at cost**			
	Cast Packaging Films (Private) Limited	8.1	1,588,000,000	1,588,000,000
	Advance against future issuance of shares		-	803,302
			1,588,000,000	1,588,803,302
	PETPAK Films (Private) Limited	8.2	3,109,736,280	270,833,320
	Advance against future issuance of shares		131,458,142	139,257,807
			3,241,194,422	410,091,127
	Global Packaging Films (Private) Limited	8.3	6,094,450,000	1,000,000,000
	Advance against future issuance of shares		244,599,727	111,921,494
			6,339,049,727	1,111,921,494
			11,168,244,149	3,110,816,613

8.1 Represents 158,800,000 (2022: 158,800,000) ordinary shares of Rs. 10/- each. The subsidiary was incorporated on April 01, 2020 and is principally engaged in the manufacturing and sale of flexible packaging materials mainly comprising of CPP (Cast Polypropylene) film and its allied products.

8.2 Represents 310,973,628 (2022: 27,083,332) ordinary shares of Rs. 10/- each. The subsidiary was incorporated on September 21, 2020 and will be principally engaged in the business of manufacturing and sale of flexible packaging materials mainly comprising of BOPET (biaxially-oriented polyethylene terephthalate) film and its allied products.

8.3 Represents 609,445,000 (2022: 100,000,000) ordinary shares of Rs. 10/- each. The subsidiary was incorporated on January 15, 2021 and will be principally engaged in the business of manufacturing and sale of flexible packaging materials mainly comprising of BOPP (biaxially-oriented polypropylene) film and its allied products.

		Note	June 30, 2023 Rupees	June 30, 2022 Rupees
9	**STORES AND CONSUMABLES**			
	Lubricants		41,575,310	5,602,794
	Fuel		22,614,147	11,374,297
	Spare parts and consumables		224,150,736	165,306,250
			288,640,193	182,782,841
	In-transit		-	12,506,551
			288,640,193	195,589,392
10	**STOCK-IN-TRADE**			
	Raw material			
	- In hand		1,630,978,143	1,402,519,525
	- In transit		675,488,829	155,288,207
			2,306,466,972	1,557,807,732
	Work-in-process		190,910,970	125,743,911
	Finished goods			
	- In hand		144,974,424	82,430,540
	- In transit		21,360,571	107,104,951
			166,335,195	189,535,591
	Packaging materials		26,800,480	27,574,728
			2,690,701,897	1,940,781,947
11	**TRADE DEBTS**			
	Considered good		2,474,714,285	1,869,970,232
	Considered doubtful		50,781,698	-
			2,525,496,983	1,869,970,232
	Allowance for expected losses		(50,781,698)	-
			2,474,714,285	1,869,970,232

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

	Total	Neither past due nor impaired	0-45 days	46-60 days	61-90 days	91+ days
	------------	------------	------------	Rupees	------------	------------
Related parties:						
- Universal Packaging (Private) Limited	540,533,449	396,441,366	143,492,083	-	-	-
- Universal Coating Films Private Limited	136,840,036	82,899,457	33,167,841	15,914,285	-	4,858,803
- Sarina Packaging Pvt Ltd	58,251,829	52,041,302	6,209,510	-	-	1,017
- Cast Packaging Films (Pvt) Ltd	5,617,803	-	5,617,803	-	-	-
- Universal Films Private Limited	702,180	702,180	-	-	-	-
Other than related parties	1,783,550,676	1,048,434,900	462,974,712	38,375,727	15,878,783	23,885,874
2023	2,525,496,983	1,580,519,075	650,462,029	44,290,012	15,878,783	28,655,074
2022	1,869,970,232	1,766,416,435	23,452,408	8,599	6,164,256	10,920,434

11.2 This includes maximum aggregate amount outstanding at any time during the year by reference to month end balances and receivables from following related parties:

	Maximum aggregate amount outstanding 2023	Maximum aggregate amount outstanding 2022	Receivable as at 30 June 2023	Receivable as at 30 June 2022
	------------	------------	(Rupees)	------------
- Universal Packaging (Private) Limited	624,164,078	222,512,569	540,533,449	222,512,569
- Universal Coating Films Private Limited	136,840,036	-	136,840,036	
- Sarina Packaging Pvt Ltd	254,009,534	-	58,251,829	
- Cast Packaging Films (Pvt) Ltd	5,617,803	-	5,617,803	-
- Universal Films Private Limited	702,180	-	702,180	-
	1,021,334,201	222,512,569	741,945,297	222,512,569

		Note	June 30, 2023 Rupees	June 30, 2022 Rupees
12	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Trade deposits	12.1	15,683,621	26,546,192
	Short term prepayments		3,634,531	3,924,809
			19,318,152	30,471,001

12.1 Includes container deposit amounting to Rs 15,350,326 (2022: Rs. 24,752,192).

		Note	June 30, 2023 Rupees	June 30, 2022 Rupees
13	**LOANS, ADVANCES AND OTHER RECEIVABLES**			
	Advances			
	- to suppliers		94,242,025	229,793,714
	- shipping guarantee		711,932	105,552,315
			94,953,957	335,346,029
	Loan to employees		18,740,012	29,466,171
	Other receivables			
	- rebate receivable		42,287,302	53,945,256
	- from supplier		-	264,458
	- accrued interest		-	46,505
	- others		726,447	4,740,876
			43,013,749	58,997,095
			156,707,718	423,809,295
14	**CASH AND BANK BALANCES**			
	Cash in hand		96,548	442,037
	Bank balances			
	- Current accounts		78,684,367	53,687,390
	- Saving accounts	14.1	83,837,269	58,225,318
			162,521,636	111,912,708
			162,618,184	112,354,745

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

15 **SHARE CAPITAL**

15.1 **Authorised capital**

June 30, 2023	June 30, 2022		June 30, 2023	June 30, 2022
Number of shares			Rupees	Rupees
930,000,000	430,000,000	Ordinary shares of Rs. 10/- each	9,300,000,000	4,300,000,000

15.2 **Issued, subscribed and paid-up capital**

June 30, 2023	June 30, 2022			
Number of shares				
		Ordinary shares of Rs. 10/- each		
380,063,030	320,000,000	Issued for cash consideration (note 15.4)	3,800,630,300	3,200,000,000
250,031,515	40,000,000	Issued as bonus shares	2,500,315,150	400,000,000
630,094,545	360,000,000		6,300,945,450	3,600,000,000

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

15.4 During the year the Company has made two Right issues of 51,517,772 ordinary shares and 8,543,258 ordinary shares at an average premium of Rs. 24.89/- per share (rounded off to two decimal places) and Rs. 24/- per share, respectively.

		June 30, 2023 Rupees	June 30, 2022 Rupees
16	**SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT** - net of tax		
	Surplus:		
	Opening balance	**2,571,835,932**	1,621,985,390
	Revaluation surplus during the year	**-**	1,035,053,773
	Transfer to accumulated profit in respect of incremental depreciation during the year	**(170,350,828)**	(85,203,231)
		2,401,485,104	2,571,835,932
	Related deferred tax liability:		
	Opening balance	**(755,109,184)**	(419,021,323)
	Tax effect on revaluation surplus during the year	**(137,292,579)**	(360,796,798)
	Incremental depreciation charged during the year	**66,436,823**	24,708,937
		(825,964,940)	(755,109,184)
		1,575,520,164	1,816,726,748

16.1 The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

		June 30, 2023 Rupees	June 30, 2022 Rupees
17	**DEFERRED TAXATION - NET**		
	Taxable temporary differences:		
	- accelerated tax depreciation	**496,496,703**	447,182,589
	- surplus on revaluation of property, plant and equipment	**825,964,940**	755,109,184
	- Others	**4,156,464**	-
		1,326,618,097	1,202,291,773
	Deductible temporary difference:		
	- Provision for staff benefit liability	**(35,906,497)**	(19,756,761)
	- Others	**-**	(1,648,875)
		1,290,711,600	1,180,886,137

18 **DEFERRED STAFF BENEFIT LIABILITY**

As mentioned in note 4.18 to these unconsolidated 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 Rupees	June 30, 2022 Rupees
Provision for staff gratuity	18.1	**103,921,972**	59,868,972

18.1 Movement in present value of defined benefit obligations

	June 30, 2023 Rupees	June 30, 2022 Rupees
Balance as at July 01	**59,868,972**	25,755,489
Current service cost	**38,014,584**	27,843,000
Interest cost on defined benefit obligation	**7,258,322**	2,491,766
Benefits paid	**(10,178,369)**	(1,675,863)
Remeasurements:		
Actuarial loss due to change in financial assumptions	**865,337**	532,696
Actuarial loss due to change in experience adjustments	**8,093,126**	4,921,584
Balance as at June 30	**103,921,972**	59,868,972

18.2	Expenses chargeable under profit or loss	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
	Current service cost		38,014,584	27,843,000
	Interest cost on defined benefit obligation		7,258,322	2,491,766
			45,272,906	30,334,766

18.3 Expenses chargeable under other comprehensive income

Actuarial loss due to change in financial assumptions	865,337	532,696
Actuarial loss due to change in experience adjustments	8,093,126	4,921,684
	8,958,463	5,454,380

18.4 Significant actuarial assumptions

	Note		
- Discount rate used for period end obligation	18.4.1	16.25%	13.25%
- Salary interest rate		16.25%	12.25%
- Mortality rates		SLIC 2001 - 2005	SLIC 2001 - 2005
- Average duration of defined benefit obligation		9 years	9 years

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

18.5 Sensitivity analysis

	2023			
	Discount rate		Salary increase	
	+100bps	-100bps	+100bps	-100bps
	Rupees			
Present value of obligations	96,092,493	114,328,970	114,642,331	94,757,808

Expected gratuity cost for the year ending June 30, 2024 is Rs. 64,111,615

Expected gratuity payments for the year ending June 30, 2024 is Rs. 19,574,949.

18.6 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 efect 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

19	LONG-TERM FINANCING - secured	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
	State Bank of Pakistan's (SBP) Refinance Facility for Payment of salaries and wages	19.2	-	27,658,137
	SBP's Financing Scheme for Renewable Energy	19.3	13,466,033	13,837,344
	Diminishing Musharaka	19.4	1,850,000,000	-
			1,863,466,033	41,495,481
	Less: current maturity shown under current liabilities	19.1	(63,006,769)	(28,183,264)
			1,800,459,264	13,312,217

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
19.1 Current maturity of long-term financing			
State Bank of Pakistan's (SBP) Refinance Facility for Payment of salaries and wages		-	27,658,137
SBP's Financing Scheme for Renewable Energy		1,027,602	525,127
Diminishing Musharaka		61,979,167	
		63,006,769	28,183,264

19.2 During the year, the Company has settled the the refinance scheme of Rs. 136 million from Bank Al Habib Limited. The purpose of availing the facility was to finance payment of wages and salaries of the employees of business concerns for combating impact of COVID-19 under the SBP Refinance Scheme. The amount received was repayable in 8 equal quarterly installments commencing from March 2021, at the rate of SBP plus 3%.The financing is secured as described below:

- registered 1st hypothecation charge over Plant and Machinery of the Company for Rs. 2,000 million covering aggregate exposure, and
- personal guarantee of Mr. Naveed Godil, Mr. Taimoor Iqbal, Mr. Mushtaq Ali Tejani, Mr. Arsalan Pirani and Mr. Aftab Zahoor Raja.

19.3 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. 33 million (2022: Rs. 33 million) out of which Rs. 21.059 million (2022: Rs. 22.30 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.
- registered exclusive hypothecation charge over DM assets of the Company for Rs. 33 million.
- registered 1st hypothecation charge over Plant and Machinery of the Company for Rs. 2,000 million covering aggregate exposure.
- exclusive equitable mortgage valuing Rs. 678 million over Land & Building (52 Kanals - 14 Marlas & 7 Kanals - 11 Marlas) situated at Had Bast Village Bhechuki Mahja, Tehsil Raiwind, District
- personal guarantee of Mr. Naveed Godil, Mr. Taimoor Iqbal, Mr. Mushtaq Ali Tejani, Mr. Arsalan Pirani and Mr. Aftab Zahoor Raja (the directors of the Company) for the amount covering aggregate exposure.

19.4 During the year, the Company entered into a diminishing musharaka arrangement with Bank Al Habib upto the amount of Rs. 2,000 million at a mark-up of 6 month KIBOR + 1.25% per annum to be determined on a semi-annual basis. The Company has utilised the facility upto Rs. 1,850 million for the purchase of 01 Complete BOPP Film Production Line installed at IPAK Plant, Hadbast Mauza Bachoki Mahja, Tehsil Raiwind, District Lahore. The loan is repayable in 48 consecutive monthly installments payable in arrears beginning from May 19, 2024 after a grace period of 12 months from the date of first draw down i.e. April 19, 2023

The financing is secured as described below:

- 10% Equity
- registered hypothecation charge over DM asset purchased under DM V S&LB up to amount Rs.2.67 billion (inclusive of 25% margin), or any other security as per BAHL's satisfaction.
- Exclusive Equitable Mortgage charge over (Land & Building) amounting to Rs. 678 million, over property located at Had Bast Village Bhechuki Mahja, Tehsil Raiwind, District Lahore
- personal guarantee of Mr. Naveed Godil, Mr. Taimoor Iqbal, Mr. Mushtaq Ali Tejani, Mr. Arsalan Pirani and Mr. Aftab Zahoor Raja.

20 LEASE LIABILITY

The Company has lease contracts for the rented premises. In general the Company is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options subject to the mutual consent of the Company and the Lessors. The Company is bound by certain covenants which includes but are not limited to payment of certain taxes and to exercise reasonable care.

The maturity analysis of the leases as at the reporting date is as follows

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Total lease liabilities	20.1	**41,824,127**	15,826,134
Current maturity of lease liabilities		**(10,835,737)**	(14,980,297)
		30,988,390	845,837

20.1 Movement of lease liabilities:

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Balance at the beginning of the year		**15,826,134**	26,812,811
Modification during the year		**36,571,331**	-
Finance cost during the year	29	**6,315,070**	2,197,389
Payments made during the year		**(14,889,408)**	(13,184,066)
Balance at the end of the year		**41,824,127**	15,826,134
Current maturity shown under current liabilities		**10,835,737**	(14,980,297)
Non-current lease liabilities		**30,988,390**	845,837

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

	June 30, 2023 Rupees	June 30, 2022 Rupees
Within one year	**16,235,456**	15,016,826
After one year but not more than five years	**35,891,150**	1,821,161
Total minimum lease payments	**52,126,606**	16,837,987
Less: Finance charges allocated to future periods	**(10,302,479)**	(1,011,853)
Present value of minimum lease payments	**41,824,127**	15,826,134
Less: Current maturity shown under current liabilities	**(10,835,737)**	(14,980,297)
Non-current lease liabilities	**30,988,390**	845,837

20.3 The following are the amounts recognised in unconsolidated statement of profit or loss:

	June 30, 2023 Rupees	June 30, 2022 Rupees
Depreciation expense of right-of-use assets	**12,100,730**	12,154,200
Interest expense on lease liabilities	**6,315,070**	2,197,389
Expense relating to short-term leases	**2,740,000**	-
Total amount recognised in unconsolidated statement of profit or loss	**20,155,800**	14,351,589

		Note	June 30, 2023 Rupees	June 30, 2022 Rupees
21	**DEFERRED INCOME**			
	As at July 01		11,369,677	6,835,390
	Recognised during the year		-	8,558,000
	Amortised during the year	30	(3,117,540)	(4,023,713)
	As at June 30	21.1	8,252,137	11,369,677
21.1	Non-current portion		7,899,693	7,865,891
	Current portion		352,444	3,503,786
			8,252,137	11,369,677
22	**TRADE AND OTHER PAYABLES**			
	Creditors		2,012,738,592	757,687,093
	Accrued liabilities		9,508,575	232,645,004
	Withholding tax payable		23,186,466	19,081,736
	Workers' Profit Participation Fund payable	22.1	141,344,649	80,705,163
	Workers' Welfare Fund payable	22.2	128,288,678	57,387,891
	Excise and taxation		162,973,457	57,278,293
	Other payables		10,325,881	2,459,221
			2,488,376,297	1,207,244,401
22.1	**Workers' Profit Participation Fund**			
	Opening balance		80,706,163	64,177,454
	Payments made during the year		(111,008,488)	(64,177,454)
	Charge for the year	31	171,647,974	80,705,163
	Closing balance		141,344,649	80,705,163
22.2	**Workers' Welfare Fund**			
	Opening balance		57,387,891	24,921,134
	Payment made during the year		-	-
			57,387,891	24,921,134
	Charge for the year	31	70,900,787	32,466,757
	Closing balance		128,288,678	57,387,891
23	**SHORT-TERM BORROWING**			
	Short-term finance - Musawama	23.1	2,410,051,042	1,987,199,451
	Short-term finance - Tijarah	23.2	300,000,000	195,000,000
	Bank overdraft - unsecured		48,408,661	-
			2,758,459,703	2,182,199,451

23.1 Represents Musawama Finance obtained from a commercial bank, having a limit of Rs. 3,600 million (2022: Rs. 2,300 million) out of which Rs. 1,189 million (2022: Rs. 312 million) remains unutilized for Musawama Finance at the reporting date. These facilities carry mark-up ranging from 3 month's KIBOR + 0.75% to 6 month's KIBOR + 1% per annum (2022: 3 month's KIBOR + 0.75% to 6 month's KIBOR + 1% per annum) and is repayable within 120 days from the disbursement date. The facility is secured as described below.

- registered 1st Pari Passu hypothecation charge over movables and receivables of the Company for Rs. 6,000 million (2022: Rs. 2,911 million) including 25% margin.
- registered 1st Hypothecation charge over plant & machinery valuing Rs. 2,000 million
- exclusive equitable mortgage valuing Rs. 678 million over land and building (52 Kanals — 14 marlas and 7 Kanals — 11 marlas) situated at Had Bast Village Bhechuki Majha, Tehsil Raiwand, district Lahore; and
- personal guarantee of Mr. Naveed Godil, Mr. Taimoor Iqbal, Mr. Mushtaq Ali Tejani, Mr. Arsalan Pirani and Mr. Aftab Zahoor Raja (the directors of the Company) for the amount covering aggregate exposure.
- pari passu charge over current asset i.e. stock and receivable for Rs. 400 million duty registered with SECP
- 1st pari passu charge over plant and machinery with 25% margin i.e. Rs 400 million registered with SECP

23.2 Represents Tijarah Finance obtained from a commercial bank, having a limit of Rs. 300 million out of which Nil balance (2022: Rs. 105 million) remains unutilized for Tijarah Finance at the reporting date. These facilities carry mark-up of 3 month's KIBOR + 0.75% (2022: 3 month's KIBOR + 1%) per annum and is repayable within 180 days from the disbursement date. The facility is secured as described below:

- 1st Pari Passu Charge over current assets (stock and recievable) of Rs. 400 million inclusive of 25%
- 1st Pari Passu Charge over plant and machinery of Rs. 400 million inclusive of 25% margin;
- personal guarantee of Mr. Naveed Godil, Mr. Taimoor Iqbal, Mr. Mushtaq Ali Tejani, Mr. Arsalan Pirani and Mr. Aftab Zahoor Raja (the directors of the Company).

24 CONTINGENCIES AND COMMITMENTS

Contingencies:

As of the reporting date, there are no contingencies to report.

Commitments:	**June 30, 2023 Rupees**	**June 30, 2022 Rupees**
Outstanding letter of credit	**2,126,194,150**	1,176,514,806
Outstanding bank guarantees	**515,006,826**	209,473,833

24.1 Total facilities for letters of credit and letter of guarantees issued by banks on behalf of the Company amount to Rs. 6,250 million and Rs. 575 million out of which Rs. 2,126 million and Rs. 515 million has been utilized as of the reporting date respectively

25 SALES - net	**June 30, 2023 Rupees**	**June 30, 2022 Rupees**
Local sales	**19,526,840,818**	13,445,048,908
Export sales	**85,430,489**	367,273,946
	19,612,271,307	13,812,322,854
Less: Sales tax	**(2,967,515,310)**	(2,005,785,462)
Sales return	**(27,045,892)**	(29,760,591)
	16,617,710,105	11,776,776,801

25.1 Revenue recognised during the year from contract liabilities at the beginning of the year amounted to Rs. 131,469,259 (2022: Rs. 65,433,724).

		Note	June 30, 2023 Rupees	June 30, 2022 Rupees
26	**COST OF GOODS SOLD**			
	Raw materials consumed	26.1	9,046,869,221	7,541,319,053
	Fuel, power and water		1,701,082,175	1,049,300,567
	Depreciation on operating fixed assets	5.1.3	332,789,024	268,859,028
	Depreciation on right-of-use asset	7.2	7,467,597	5,254,554
	Packing materials consumed	26.2	228,903,939	197,869,354
	Salaries, wages and other benefits	26.4	477,056,286	342,640,080
	Rent, rates and taxes		28,056,212	9,876,615
	Stores and spares consumed	26.3	118,164,567	90,558,425
	Travelling and conveyance		89,016,048	55,459,574
	Lubricants consumed		28,190,238	25,499,050
	Insurance		23,515,325	19,850,449
	Inward transportation		1,127,269	2,877,251
	Repair and maintenance		14,605,414	14,530,795
	Loss in transit		-	534,885
	Sampling cost		425,123	97,985
	Fee for technical services		6,885,208	5,533,122
	Clearing agent charges		2,620,649	504,449
	Postage and communication		4,233,771	4,138,032
	Subscription expenses		1,362,019	1,873,651
	Quality certifications		825,061	1,022,555
	Commission on import		423,184	157,175
	Amortization of intangible assets	6.2	50,944	-
	Others		14,419,369	7,550,196
			12,128,108,653	9,648,720,858
	Work-in-process			
	Opening stock	10	125,743,911	46,277,832
	Closing stock	10	(190,910,070)	(125,743,911)
			(65,166,159)	(79,466,079)
	Finished goods			
	Opening stock	10	189,535,581	63,853,187
	Closing stock	10	(166,325,195)	(189,535,581)
			23,210,386	(125,682,394)
			12,086,152,880	9,443,572,385
26.1	**Raw materials consumed**			
	Opening stock	10	1,402,519,525	990,324,435
	Purchases		9,175,349,079	7,953,514,143
	Closing stock	10	(1,530,979,383)	(1,402,519,525)
			9,046,869,221	7,541,319,053
26.2	**Packaging materials consumed**			
	Opening stock	10	27,574,723	14,892,991
	Purchases		226,329,866	210,551,086
	Closing stock	10	(25,000,650)	(27,574,723)
			228,903,939	197,869,354
26.3	**Store and spares consumed**			
	Opening stock	9	165,806,290	88,077,016
	Purchases		176,509,013	168,287,699
	Closing stock	9	(224,150,736)	(165,805,290)
			118,164,567	90,558,425

26.4 Salaries, wages and other benefits include Rs. 32,313,678 (2022: Rs. 20,026,239) in respect of staff retirement benefits.

		Note	June 30, 2023 Rupees	June 30, 2022 Rupees
27	**DISTRIBUTION EXPENSES**			
	Salaries, wages and other benefits	27.1	**76,871,771**	53,283,214
	Outward expenses		**140,687,257**	66,508,523
	Travelling and conveyance		**9,996,321**	4,996,358
	Depreciation on operating fixed assets	5.1.3	**2,376,539**	2,194,767
	Depreciation on right-of-use asset	7.2	**1,290,528**	1,785,776
	Trade promotion		**1,845,577**	3,107,185
	Export charges		**1,882,981**	5,167,924
	Utilities		**503,343**	1,045,897
	Repair and maintenance		**191,803**	-
	Insurance		**1,074,088**	778,321
	Postage and communication		**377,909**	679,260
	Rent, rates and taxes		**272,027**	-
	Printing and stationary		**132,779**	77,147
	Others		**2,996,311**	797,730
			240,499,234	140,422,102

27.1 Salaries, wages and other benefits include Rs. 4,914,165 (2022: Rs. 4,378,135) in respect of staff retirement benefits.

		Note	June 30, 2023 Rupees	June 30, 2022 Rupees
28	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	28.1	**139,191,994**	101,770,236
	Travelling and conveyance		**34,512,524**	10,920,611
	Depreciation on operating fixed assets	5.1.3	**10,526,168**	3,292,151
	Depreciation on right-of-use asset	7.2	**3,342,605**	2,113,870
	Legal and professional charges		**30,285,930**	26,273,798
	Rent, rates and taxes		**2,815,627**	2,000,561
	License fee		**22,802,288**	-
	Postage and communication		**2,315,416**	966,685
	Entertainment		**4,937,450**	332,752
	Auditor's remuneration	28.2	**4,305,770**	2,575,530
	Utilities		**4,418,687**	1,045,898
	Repair and maintenance		**1,627,869**	846,578
	Insurance		**6,778,649**	2,291,339
	Printing and stationary		**1,148,820**	109,792
	Staff training and development		**1,007,967**	3,210,791
	Amortization of intangible assets	6.2	**4,902,092**	1,230,366
	Donations	28.3	**22,085,850**	12,860,269
	Security expenses		**9,820,221**	8,132,072
	Others		**14,150,808**	4,632,238
			320,976,735	184,605,537

28.1 Salaries, wages and other benefits include Rs. 8,045,063 (2022: Rs. 5,930,392) in respect of staff retirement benefits.

		June 30, 2023 Rupees	June 30, 2022 Rupees
28.2	**Auditor's remuneration**		
	Audit fee - statutory audit	**1,725,000**	1,500,000
	Audit fee - consolidation	**575,000**	500,000
	Other services	**2,005,770**	575,530
		4,305,770	2,575,530

		June 30, 2023 Rupees	June 30, 2022 Rupees
28.3	Include donations to the following		
	Beit us Salam	4,602,750	3,462,000
	Dhoraji Youth Services	2,500,000	2,500,000
	Dhoraji Association	6,000,000	1,500,000
	Indus Hospital and Health Network	2,500,000	2,500,000
	Parwarish Organization	-	1,500,000
	Saylani Welfare International Trust	2,500,000	-
		18,102,750	11,462,000

28.4 Recipients of donations do not include any donee in which any director or his spouse had any interest.

		Note	June 30, 2023 Rupees	June 30, 2022 Rupees
29	FINANCE COSTS			
	Mark-up on short-term borrowing		533,304,858	107,480,208
	Mark-up on long-term financing		70,305,068	175,161
	Finance charges on lease liabilities	20.1	5,315,070	2,197,389
	Commission on letter of credit		3,972,983	11,666,893
	Bank and guarantee charges		19,688,465	5,970,482
			632,586,444	127,490,233
30	OTHER INCOME			
	Income from financial assets:			
	Profit on saving accounts		6,712,348	2,451,683
	Income from non-financial assets:			
	Scrap sales		32,966,831	32,176,105
	Gain on disposal of operating fixed assets		3,321,780	2,617,936
	Export rebate		9,316,633	6,456,628
	Exchange gain		90,812,322	-
	Amortisation of deferred income	21	3,117,540	4,023,713
	Others		-	95,537
			146,246,364	47,822,602
31	OTHER EXPENSE			
	Exchange loss		-	281,939,133
	Workers' Profit Participation Fund	22.1	171,647,974	80,705,163
	Workers' Welfare Fund	22.2	70,900,787	32,466,757
	Expected credit loss		50,781,698	-
			293,330,459	395,111,053

		June 30, 2023 Rupees	June 30, 2022 Rupees
32	**TAXATION**		
	Current tax	1,132,011,138	-
	Deferred tax	(23,646,052)	54,133,907
	Total	1,108,365,086	54,133,907

32.1 The returns of income tax have been filed up to and including tax year 2022, which is deemed assessed u/s 120 of the Income Tax Ordinance, 2001 (the Ordinance).

		June 30, 2023 Rupees	June 30, 2022 Rupees
32.2	**Relationship between accounting profit and tax expense:**		
	Accounting profit for the year before taxation	3,190,410,707	1,533,398,095
	Tax at applicable rate of 29% (2022: N/A)	925,219,105	-
	Tax at applicable rate of 10%	319,041,071	-
	Tax effects:		
	- expenses that are not allowable in determining taxable income	(163,626,887)	7,135,926
	- income taxed under Final Tax Regime on export sales	17,630,797	46,997,981
	- prior year tax effects		
		1,108,365,086	54,133,907
	Effective tax rate %	34.74%	3.53%

		June 30, 2023 Rupees	June 30, 2022 Rupees (Restated)
33	**EARNINGS PER SHARE**		
	Net profit for the year	2,082,045,621	1,479,264,186
	Weighted average number of ordinary shares in issue	581,359,104	581,359,104
	Earnings per share - basic and diluted - Restated	3.58	2.54

34 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, advances, 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. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2023.

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

34.1 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.

34.1.1 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 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	6,067,598	2,711,243
EURO	185,754	28 818

	Increase / decrease in foreign currency to Pak Rupees	Net effect on profit before tax (Rupees)
2023	+5%	(89,714,761)
	-5%	89,714,761
2022	+5%	(26,077,538)
	-5%	26,077,538

34.1.2 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

34.1.3 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 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 before tax (Rupees)
2023	±50	22,667,585
2022	±50	11,118,475

34.1.4 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.

34.2 Credit risk

34.2.1 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 trade debts that are neither past due nor impaired is disclosed in note 11.1 to these unconsolidated 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	2023 Rupees	2022 Rupees
Long-term deposits		**6,370,560**	1,032,450
Trade debts	11	**2,474,714,255**	1,869,970,232
Trade deposits	12	**15,683,621**	26,546,192
Loans and other receivables	13	**61,753,761**	68,463,266
Bank balances	14	**162,521,636**	111,912,708
		2,721,043,823	2,097,924,848

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

34.3 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	More than 12 months	Total
	Rupees				
Long-term financing	-	**584,960**	**63,734,046**	**1,806,739,537**	**1,871,058,543**
Lease liability	-	**3,974,856**	**12,260,601**	**35,891,150**	**52,126,606**
Trade and other payables	**455,803,249**	**2,032,573,048**	-	-	**2,488,376,297**
Contract liabilities	-	**225,179,388**	-	-	**225,179,388**
Short-term borrowings	-	**2,756,459,703**	-	-	**2,756,459,703**
June 30, 2023	**455,803,249**	**5,020,771,955**	**75,994,647**	**1,842,630,687**	**7,395,200,537**
June 30, 2022	19,081,736	3,346,711,082	11,472,978	14,613,440	3,391,879,236

34.4 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 — Quoted (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

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

	June 30, 2023		
	Carrying amount		
	Loan and receivables	Other financial liabilities	Fair value
	---------- Rupees ----------		
Financial assets not measured at fair value			
Investment in subsidiary	11,168,241,149	-	11,168,241,149
Deposits	15,683,621	-	15,683,621
Trade debts	2,474,714,255	-	2,474,714,255
Loans and other receivables	61,753,761	-	61,753,761
Bank balances	162,521,636	-	162,521,636
Financial liabilities not measured at fair value			-
Long-term financing	-	1,883,466,033	1,883,466,033
Lease liabilities	-	41,624,127	41,624,127
Short- term borrowing	-	2,758,459,703	2,758,459,703
Trade and other payables	-	2,488,376,297	2,488,376,297

	June 30, 2022		
	Carrying amount		
	Loan and receivables	Other financial liabilities	Fair value
	---------------------- Rupees ----------------------		
Financial assets not measured at fair value			
Investment in subsidiary	3,110,816,813	-	3,110,816,813
Deposits	27,578,642	-	27,578,642
Trade debts	1,969,970,232	-	1,969,970,232
Loans and other receivables	172,005,787	-	172,005,787
Bank balances	112,354,745	-	112,354,745
			-
Financial liabilities not measured at fair value			
Long-term financing	-	41,495,481	41,495,481
Lease liabilities	-	15,826,134	15,826,134
Short- term borrowings	-	2,218,535,481	2,218,535,481
Trade and other payables	-	1,207,244,401	1,207,244,401

34.5 **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 minimize 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 maximize shareholders value. The Company monitors capital using a debt equity ratio as follows:

	Note	2023 Rupees	2022 Rupees
Long-term borrowings (including current portion)	19	1,863,466,033	41,495,481
Short-term borrowings	23	2,758,459,703	2,218,535,481
Total debt		4,621,925,736	2,260,030,962
Cash and bank balance	14	(162,618,184)	(112,354,745)
Net debt		4,459,307,552	2,147,676,217
Issued, subscribed and paid-up capital	15.2	6,300,945,460	3,600,000,000
Revenue reserves		3,259,925,667	3,174,281,181
Capital reserves		1,575,520,144	1,816,726,748
		11,136,391,271	8,591,007,929
Total debt and equity		15,595,698,823	10,738,684,146
Gearing ratio		29%	20%

34.6 **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 unconsolidated financial statements. The Company did not hold collateral and securities of any sort as at June 30, 2023.

34.7 Changes in liabilities to cash flows arising from financing activities:

	2023			2022		
	Short-term borrowing	Long-term financing	Lease Liability	Short-term borrowing	Long-term financing	Lease Liability
	(Rupees)					
At the beginning of the year	2,182,199,451	41,495,481	15,826,134	786,580,000	80,015,804	26,812,811
Changes from financing cash flows						
Borrowings obtained	576,260,252	1,850,000,000	-	1,395,619,451	22,251,000	-
Repayment of borrowing		(28,029,448)	-		(56 485,161)	-
Lease liability payments	-	-	(9,573,338)	-	-	(10,986,677)
	576,260,252	1,821,970,552	(9,573,338)	1,395,619,451	(34,234,161)	(10,986,077)
Other changes						
Addition to lease liability	-	-	35,671,331	-	-	-
Finance cost	533,304,858	70,305,068	5,315,070	-	6,178,792	2,197,389
Finance cost paid	(533,304,858)	(70,305,068)	(5,315,070)	-	(1,906,954)	(2,197,389)
Recognition of government grant	-	-	-	-	(8,558,000)	-
	-	-	35,671,331	-	(4,286,162)	-
At the end of the year	2,758,469,703	1,863,466,033	41,824,127	2,182,199,451	41,495,481	15,826,134

36 **REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	Chief Executive		Directors		Executives	
	2023	2022	2023	2022	2023	2022
Managerial remuneration	14,400,000	14,400,000	-	-	224,927,117	148,885,384
Fees	-	-	14,451,400	13,175,000	-	-
Commission or bonus	2,400,000	1,200,000	-	-	32,223,017	11,594,899
Reimbursable expenses	-	-	-	-	7,060,082	6,277,169
Retirement benefits	1,214,058	1,317,835	-	-	29,449,061	17,577,060
Other perquisites and benefits	-	-	-	-	44,356,178	5,099,445
	18,014,058	16,917,835	14,451,400	13,175,000	338,015,455	189,433,957
Number of persons	1	1	9	7	43	31

36.1 Certain executives are provided with the use of Company maintained cars and telephone facility, which are reimbursed at actual to the extent of their entitlements as per their terms of employment.

38 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary companies, associated company, majority shareholders and key management personnel. These transactions are carried out on agreed terms and approved by the Board of Directors of the Company. Transactions with related parties, other than those disclosed elsewhere in the unconsolidated financial statements, are as follows:

Name of the related party	Relationship	Transactions during the year	Percentage of share holding in the Company	2023	2022
				------ (Rupees) ------	
Universal Packaging Company (Private) Limited	Associated Company	Sales	Nil	1,616,286,832	525,761,510
		Receipts against sales		1,297,278,072	757,069,569
		Purchase		10,472,613	14,057,526
		Payment against purchases		1,366,656	22,573,952
Saima Packaging Company (Private) Limited	Associated Company	Sales	Nil	522,775,978	-
		Receipts against sales		735,940,459	-
Ces Packaging Films (Private) Limited	Subsidiary Company	Sales	Nil	5,617,803	531,976
		Receipts against sales		-	531,976
		Advance paid against future issue of shares/(Returned)		(803,882)	731,108,062
		Shares issued		-	1,088,000,000
Petpak Films (Private) Limited	Subsidiary Company	Advance paid against future issue of shares	Nil	2,891,100,296	139,120,707
		Shares issued		2,838,801,960	-
		Expense incurred		10,000	-
Global Packaging Films (Private) Limited	Subsidiary Company	Advance paid against future issue of shares	Nil	6,227,287,733	611,881,788
		Shares issued		5,094,450,000	499,999,900
		Expense incurred		159,500	-
Universal Coating Films (Private) Limited	Associated Company	Sales	Nil	232,334,622	-
		Receipts against sales		95,494,487	-
Universal Films Private Limited	Associated Company	Sales		702,150	-
Muhammad Arun	Key management personnel	Bonus share issued	0.71%	14,823,523	-
Arsalan Pirani	Key management personnel	Bonus share issued	5.54%	118,355,220	-
		Right issue		44,174,273	-
Mushtaq Tejani	Key management personnel	Bonus share issued	9.47%	198,850,650	-
		Right issue		45,000,000	-
Tanveer Iqbal	Key management personnel	Bonus share issued	8.06%	169,094,170	-
Naveed Godil	Key management personnel	Bonus share issued	14.61%	306,797,310	
		Right issue		246,296,340	-
Abdul Aleem Tinwala	Key management personnel	Bonus share issued	2.36%	49,561,610	-
		Right issue		45,434,982	
Faza Ur Rehman	Key management personnel	Bonus share issued	5.17%	108,670,140	
		Right issue		781,801,891	-
Aftab Zahoor Raja	Key management personnel	Bonus share issued	0.14%	2,840,080	-

37 **NUMBER OF EMPLOYEES**

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	June 30, 2023	June 30, 2022
	------- Number -------	
Total number of employees	**246**	233
Average number of employees during the year	**234**	225

38 **DATE OF AUTHORISATION**

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

39 **OPERATING SEGMENTS**

These unconsolidated financial statements have been prepared on the basis of a single reportable segment.

All sales of the Company comprise of BOPP Films.

Total sales of the Company relating to customers in Pakistan were 99.54% during the year ended June 30, 2023 (2022: 96.9%). All non-current assets of the Company at the end of the current and preceding year were located in Pakistan.

Sales to twenty major customers of the Company are around 58.6% of the Company's total sales during the year (2022: 56.2%).

40 **NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors of the Company in its meeting held on 12 September 2023, has approved creation of a Capital Reserve namely 'Reserve for Investment in Subsidiaries' and transfer of Rs. 3,259,000,000 (three billion two hundred & fifty nine million rupees) from accumulated profits to the said Capital Reserve.

41 **GENERAL**

41.1 All amounts disclosed in the unconsolidated financial statements and notes have been rounded off to the nearest Rupees unless otherwise stated.

41.2 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 **DIRECTOR**