

November 29, 2023

Ref: AG/475

The Registrar
National Electric Power Regulatory Authority
NEPRA Tower, Attaturk Avenue (East)
Sector G-5/1, Islamabad

SUBJECT: APPLICATION FOR GRANT OF ELECTRIC POWER SUPPLIER LICENSE IN LIEU OF SECOND-TIER AUTHORIZATION FOR SALES OF ELECTRICITY TO OMYA PACK (PRIVATE) LIMITED (BPC) NOT CONNECTED TO THE DISCOs NETWORK

Dear Sir,

I, Khurram Raza Bakhtayari Director, being the duly authorized representative of Bulleh Shah Packaging (Pvt.) Limited by virtue of Board Resolution dated 02 October 2023, hereby apply to the National Electric Power Regulatory Authority for the grant of an Electric Power Supplier License to Bulleh Shah Packaging (Pvt.) Limited under category I pursuant to Section 23E of the Regulation of Generation, Transmission, and Distribution of Electric Power Act, 1997.

I hereby certify that the documents-in-support to this application have been diligently prepared and adhere to the stipulations outlined in the NEPRA Licensing (Application, Modification, Extension, and Cancellation) Procedure Regulations, 2021 and undertake to abide by the terms and provisions specified in the abovesaid regulations. I further undertake and confirm that the information furnished in the documents-in-support is true and correct to the best of my knowledge, and no material omission has been made.

A Pay Order in the sum of Rupees PKR. [767,978] (Seven hundred sixty-seven thousand nine hundred seventy-eight only), being the license application fee calculated in accordance with Schedule II to the NEPRA Licensing (Application, Modification, Extension, and Cancellation) Procedure Regulations, 2021, is also attached herewith.



Lahore Office
Shahrah-e-Roomi P.O. Amer
Sidhu, Lahore - 54760,
Ph: 042-35811541-46

Kasur Factory
Kasur - 7 KM, Kot Radha Kishan Rd.
Off 4 KM Kasur-Raiwind Rd,
Kasur - 55050
Ph: 049-2717335-45

Karachi Office
416-422, G-20, The Forum,
Block - 9, Khayaban-e-Jami,
Clifton, Karachi
Ph: 021-3586941

BULLEH SHAH PACKAGING (PRIVATE) LIMITED
A Packages Group Company

Paper • Board • Corrugated Products

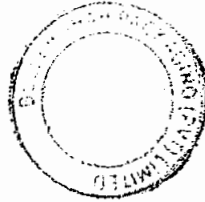
Your cooperation in this regard will be highly appreciated.

Yours Sincerely,

For and on behalf of
Bulleh Shah Packaging (Pvt.) Limited



Mr. Khurram Raza Bakhtayari
Director



BULLEH SHAH PACKAGING (PRIVATE) LIMITED
A Packages Group Company

Paper • Board • Corrugated Products

Lahore Office
Shahrah-e-Roomi P.O. Amer
Sidhu, Lahore – 54760,
Ph: 042-35811541-46

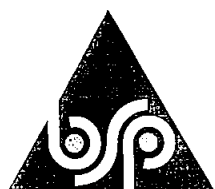
Kasur Factory
Kasur – 7 KM, Kot Radha Kishan Rd.
Off 4 KM Kasur-Raiwind Rd,
Kasur - 55050
Ph: 049-2717335-45

Karachi Office
416-422, G-20, The Forum,
Block – 9, Khayaban-e-Jami,
Clifton, Karachi
Ph: 021-3586941

APPLICATION FOR ELECTRIC POWER SUPPLIER LICENSE

1. We, Bulleh Shah Packaging (Pvt.) Limited ("BSPPL"), are writing with reference to letter dated December 12, 2022, having Reference/File No. NEPRA/DG (Lic)/LAG-30/23448 (the "Letter") issued by National Electric Power Regulatory Authority ("NEPRA" or the "Authority"), wherein BSPPL was directed to apply for Supplier License under NEPRA Licensing (Application, Modification, Extension, and Cancellation) Procedure Regulations, 2021 ("Licensing Regulations") read with the provisions of NEPRA Licensing (Electric Power Supplier) Regulations, 2022 ("Electric Power Supplier Regulations") for the supply of electricity to a Bulk Power Consumer i.e., Omya Pack (Private) Limited (the "BPC") in lieu / place of originally allowed Second Tier Supply Authorization issued to BSPPL by NEPRA vide License No. SGC/151/2020 dated November 12, 2020 (the "License") which valid for period of 19 years. In our letter dated March 7, 2023 we sought an extension from the Authority for submission of application for obtaining an Electric Power Supplier License, since various important laws, rules, codes, and documents had not yet been finalized and/or approved at the Federal Government and NEPRA level and therefore, it was difficult for any organization including BSPPL to make an application for Supplier License at that stage. Despite awaiting a response regarding the above-mentioned extension letter, BSPPL is proceeding with the instant application for an Electric Power Supplier License due to the regulatory requirement and on the basis of the below-mentioned grounds.
2. We would like to reproduce the following provisions of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 Act, 1997 (the "NEPRA Act"), and relevant regulations thereunder for your kind attention:
 - a. Section 14D(3) of the NEPRA Act states that "A generating company may supply electricity to any transmission, distribution, supply or market trader licensee in accordance with this Act and the rules and regulations made thereunder and may, subject to section 23E, supply electricity to any consumer."
 - b. Section 23E(2) of the NEPRA Act states that "The eligibility criteria for grant of license to supply electric power shall be prescribed by the Federal Government....."
 - c. Section 4(1) of the Electric Power Supplier Regulations provides that "a generation company or generation licensee shall not supply electric power to any consumer without obtaining a license under section 23E of the Act:

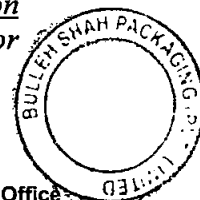
Provided that the generation licensees who have been granted second-tier supply authorization prior to notification of these regulations, may continue to supply electric power to their existing consumers subject to sub-regulation (2) and (3)."
 - d. Section 4 (2) of the Electric Power Supplier Regulations provide that "Upon cessation of generation licences as provided under sub-section (5) of section 14B of the Act or



Lahore Office
Shahrah-e-Roomi P.O. Amer
Sidhu, Lahore – 54760,
Ph: 042-35811541-46

Kasur Factory
Kasur – 7 KM, Kot Radha Kishan Rd.
Off 4 KM Kasur-Raiwind Rd,
Kasur - 55050
Ph: 049-2717335-45

Karachi Office
416-422, G-20, The Forum,
Block – 9, Khayaban-e-Jami,
Clifton, Karachi
Ph: 021-3586941



BULLEH SHAH PACKAGING (PRIVATE) LIMITED
A Packages Group Company

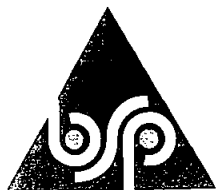
Paper • Board • Corrugated Products

(4)

completion of one year from notification of these regulations, whichever is earlier, any generation company who has been granted a second-tier supply authorization shall obtain licence for supply of electric power under section 23E of the Act in order to supply electric power to its consumers".

[emphasis added]

3. As per para 2(d) above, BSPPL has to regularize the current supply arrangement within the updated regulatory framework established by the Authority. Resultantly, in this instant application BSPPL aims to acquire an Electric Power Supplier License, in lieu of its existing second tie authorization being legal requirement, in accordance with the Licensing Regulations, read in conjunction with the Electric Power Supplier Regulations. Please also note the following in respect of the acquisition of the Electric Power Supplier License by BSPPL for provision of electricity to the BPC:
 - a. It is important to note that the BPC is not a customer of the Lahore Electric Supply Company ("LESCO") or of any other Competitor Supplier or Supplier of Last Resort.
 - b. The BPC stands independent of the distribution companies' ("DISCOs") capacity obligations. Additionally, the demand projections and evaluations for additional capacity procurement conducted by the DISCOs do not encompass the specific needs of BSPPL's BPC as same was discussed at the time of grant of second tier authorization for 19 years.
 - c. The BPC remains unconnected to the grid, as the interconnection between BSPPL's generator and BPC is on private land, eliminating any involvement of a distribution network.
 - d. Since the BPC operates independently from the grid and any distribution network with interconnection exclusively on private property, factors such as Use of System Charge, Cross Subsidy, and Stranded Cost do not apply to the BPC.
 - e. This electricity arrangement functions in an isolated mode without any grid involvement, rendering grid charges inapplicable to this setup.
4. BSPPL has a Cogen Captive Power Plant which serves as a strategic asset, enhancing the company's operational efficiency by simultaneously producing electricity and steam. BSPPL not only reduces its dependence on external power sources but also minimizes energy wastage, contributing to a more sustainable and eco-friendly business model. This cogeneration power plant has a biomass boiler, contributing to the generation of electricity at a cost-effective and affordable rate. This integrated approach aligns with BSPPL's commitment to sustainable practices and responsible resource management. This mechanism enables BSPPL to efficiently utilize its generation facility, providing BPC,



BULLEH SHAH PACKAGING (PRIVATE) LIMITED
A Packages Group Company

Paper • Board • Corrugated Products

Lahore Office
Shahrah-e-Roomi P.O. Amer
Sidhu, Lahore – 54760,
Ph: 042-35811541-46

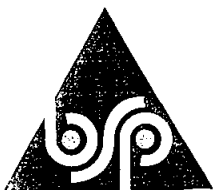
Kasur Factory
Kasur – 7 KM, Kot Radha Kishan Rd.
Off 4 KM Kasur-Raiwind Rd,
Kasur - 55050
Ph: 049-2717335-45

Karachi Office
416-422, G-20, The Forum,
Block – 9, Khayaban-e-Jami,
Clifton, Karachi
Ph: 021-3586941

which is not connected to any distribution network, with affordable electricity to support its operations at a low cost.

5. The rationale presented above for obtaining an Electric Power Supplier License aligns with the justifications put forth by the Authority during the issuance of the License to BSPPL. This License enabled the supply of electric power to the BPC under the framework of Second Tier Supply Authorization. The grounds that were provided by the Authority on that occasion are restated here for reference and continuity:

- a. Para no. D (iii) "....The Authority considers that the above proposal of BSPPL is in line with the provisions of the NEPRA Act, relevant rules and regulations framed thereunder. The proposal will not only allow BSPPL to use its generation facility in an optimum manner but will provide OPPL with low-cost affordable electricity for its operations. Further to the said, the proposal will also help in reducing the carbon emission by generating clean electricity from biomass, thus improving the environment."
- b. Para no. D (v) "....The Authority observes that the proposed BPC and the generation facility of BSPPL are located within the same premises and the BPC will be supplied through underground cable/feeder of 220/440 volt. Pursuant to proviso to Section-21/22 of the NEPRA Act, the Authority is empowered to allow a generation company to sell electric power to a BPC located in the service territory of a distribution company. In view of the said, the Authority allows the BSPPL to sell electricity to BPC. Further, under Section-2(v) of the NEPRA Act, ownership, operation, management, and control of distribution facilities located on private property and used solely to move or deliver electric power to the person owning, operating, managing, and controlling those facilities or to tenants thereof has not been included in the definition of "distribution". Based on the said considerations that the proposed BPC are located within the same premises and no public areas are involved, the supply of power to BPC(s) by BSPPL does not constitute a distribution activity under the NEPRA Act, and BSPPL will not require a distribution license for supplying to the BPC(s)."
- c. Para no. D (x) ".....About the objections of LESCO, it is clarified that BSPPL plans supplying to the proposed BPC i.e., OPPL directly from its CPP without making any connection to the network of LESCO. In view of the said, it is clear that the understanding of LESCO is not correct as BSPPL does not plan having electric power from any other source except its own CPP and also maintaining the connection from the utility. In fact, OPPL plans to have the supply from BSPPL which is not a consumer of LESCO therefore, the question of serving notice and paying of cross subsidy does not arise. The supply to OPPL will be made directly through an underground cable located on private property without involving any public property therefore, there is no issue of crossing of cable through the exclusive territory of LESCO and any wheeling. In view of the said, the Authority considers that all the observations of SNGPL, NTDC, and LESCO stand addressed and settled."



BULLEH SHAH PACKAGING (PRIVATE) LIMITED
A Packages Group Company

Paper • Board • Corrugated Products

Lahore Office
Shahrah-e-Roomi P.O. Amer
Sidhu, Lahore - 54760,
Ph: 042-35811541-46

Kasur Factory
Kasur - 7 KM, Kot Radha Kishan Rd.
Off 4 KM Kasur-Raiwind Rd,
Kasur - 55050
Ph: 049-2717335-45


Karachi Office
416-422, G-20, The Forum,
Block - 9, Khayaban-e-Jami,
Clifton, Karachi
Ph: 021-3586941



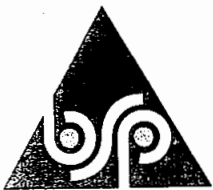
[Handwritten signature]

- 6
6. In light of the above, in this application BSPPL aims to regularize the existing supply arrangement with an Electric Power Supplier License from the Authority in accordance with the Licensing Regulations, read along with the provisions of the Electric Power Supplier Regulations. It is crucial to emphasize that, according to our perspective, there exist two distinct supply arrangements: the first involves the provision of electricity via the grid, while the second entails the delivery of electricity in an isolated mode without any grid association. BSPPL is pursuing a license falling within the parameters of the second supply arrangement, which pertains only to the scenario where the BPC is not connected from any grid infrastructure and operates exclusively within the same premises on a privately owned property under the boundary rational. For abundant clarity, it is restated that BSPPL is only seeking a license falling under the second type, where the BPC is not connected to any grid and functions solely on private property. In accordance with the terms of the License, a significant portion of BSPPL's installed capacity (24 MW representing 92% of the 26 MW net capacity) is utilized for BSPPL's internal consumption, while only a minor portion (2 MW representing 8% of the 26 MW net capacity) is being supplied to the BPC pursuant to existing second tie authorization. Further, it is reiterated that we are in compliance with the applicable requirements of law and the License.
7. Furthermore, as stated above, the said BPC is not connected to the grid and thus falls outside the capacity obligations of the DISCOs. Additionally, the demand projections and additional capacity procurement assessments made by the DISCOs do not encompass the requirements of BSPPL's BPC. Therefore, BSPPL asserts that this arrangement with its BPC is not subject to any grid-related costs, including Use of System Charges, Cross Subsidy, and Stranded Costs.

For and on behalf of
Bulleh Shah Packaging (Pvt.) Limited



Mr. Khurram Raza Bakhtayari
Director



BULLEH SHAH PACKAGING (PRIVATE) LIMITED
A Packages Group Company

Paper • Board • Corrugated Products

Lahore Office
Shahrah-e-Roomi P.O. Amer
Sidhu, Lahore - 54760,
Ph: 042-35811541-46

Kasur Factory
Kasur - 7 KM, Kot Radha Kishan Rd.
Off 4 KM Kasur-Raiwind Rd,
Kasur - 55050
Ph: 049-2717335-45

Karachi Office
416-422, G-20, The Forum,
Block - 9, Khayaban-e-Jami,
Clifton, Karachi
Ph: 021-3586941

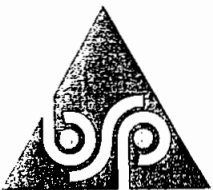
67

**TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE
EXECUTIVE COMMITTEE OF THE DIRECTORS OF
BULLEHSHAH PACKAGING PRIVATE LIMITED
DATED 2 OCTOBER 2023**

“RESOLVED THAT Mr. Khurram Raza Bakhtayari, Director holding CNIC bearing number 35201-5915315-1 be and is hereby authorized on behalf of the Company to file applications, appeals, reviews, revisions, references, response, written statement, affidavits or any other proceedings before the National Electric Power Regulatory Authority and to do all such acts necessary or in connection thereto including but not limited to, executing a power of attorney, appoint authorized representative(s) to do the same, sign, verify and file documents, applications, memoranda, written statements and to communicate with National Electric Power Regulatory Authority.”

Certified true copy

(Iqra Sajjad
Company Secretary



BULLEH SHAH PACKAGING (PRIVATE) LIMITED
A Packages Group Company

Paper • Board • Corrugated Products

Lahore Office
Shahrah-e-Roomi P.O. Amer
Sidhu, Lahore – 54760,
Ph: 042-35811541-46

Kasur Factory
Kasur – 7 KM, Kot Radha Kishan Rd.
Off 4 KM Kasur-Raiwind Rd,
Kasur - 55050
Ph: 049-2717335-45

Karachi Office
416-422, G-20, The Forum,
Block – 9, Khayaban-e-Jami,
Clifton, Karachi
Ph: 021-3586941

✉ www.bullehshah.com.pk

APPLICATION FOR ELECTRIC POWER SUPPLIER LICENSE

1. As per Schedule III of S.R.O. 760 (I)/2021 dated June 17, 2021, documents required for Electric Power Supply are described in this Schedule.

- i. Interconnection Point, number of consumers and expected load:

The Single Line Diagram (SLD) for interconnection point are attached as Annexure A.

Detail of Consumers:

Sr. #	Name of Consumer	Expected Load
1.	Omya Pack Private Limited (BPC)	2 MW

- ii. Consumer class/category, sub-category on the basis of sanctioned load and voltage level

The BPC is not connected to the grid and it's not the consumer of any distribution company, based on the load of the BPC the details are as follows:

Consumer Class/Category	Sub-Category
B	3

- iii. Tariff categories of consumer classes to be served:

The tariff category of the BPC based on the load and consumer class mentioned in sub section ii above are as follows:

Name of Consumer	Tariff Category
Omya Pack Private Limited (BPC)	B3 Industrial

11



APPLICATION FOR ELECTRIC POWER SUPPLIER LICENSE

(9)

iv. Demand and consumption pattern on different time periods

Demand and consumption pattern of BPC is as follows:

Sr. no.	Hours	Load (kW)
1	1:00:00 AM	772
2	2:00:00 AM	782
3	3:00:00 AM	780
4	4:00:00 AM	781
5	5:00:00 AM	804
6	6:00:00 AM	812
7	7:00:00 AM	776
8	8:00:00 AM	761
9	9:00:00 AM	773
10	10:00:00 AM	748
11	11:00:00 AM	736
12	12:00:00 PM	725
13	1:00:00 PM	756
14	2:00:00 PM	775
15	3:00:00 PM	786
16	4:00:00 PM	797
17	5:00:00 PM	813
18	6:00:00 PM	823
19	7:00:00 PM	801
20	8:00:00 PM	813
21	9:00:00 PM	828
22	10:00:00 PM	833
23	11:00:00 PM	772
24	12:00:00 AM	813

APPLICATION FOR ELECTRIC POWER SUPPLIER LICENSE

10

- v. **Procurement Plan for meeting expected loads (including own generation and/or long-term and short-term PPAs, as the case may be)**

BSPPL presently operates a generation facility with a total gross capacity of 41 MW. Out of this capacity, 30 MW is currently in operation, and the net capacity, after accounting for auxiliary load, is 26 MW. Of this 26 MW, 24 MW is utilized for BSPPL's internal consumption, while the remaining 2 MW is dedicated to supplying the BPC in accordance with their specific needs.

BSPPL is also in the process of expanding its operational capacity and fully utilizing its gross capacity. With these enhancements, they will have ample capacity to meet the future demands of their BPC. As a result, there should be no need for additional procurement to accommodate the expected load of the BPC.

- vi. **12-month projections on expected load, number of consumers and expected sale of units for each consumer category**

The 12-month projections to BPC are as follows:

Month	Units (kWh)
Jan-24	1,209,764
Feb-24	970,213
Mar-24	1,270,148
Apr-24	1,166,108
May-24	1,185,858
Jun-24	1,238,406
Jul-24	1,133,693
Aug-24	892,108
Sep-24	1,170,310
Oct-24	1,027,730
Nov-24	1,151,038
Dec-24	1,169,318
Total	13,584,693

APPLICATION FOR ELECTRIC POWER SUPPLIER LICENSE

(11)

- vii. **5-year Investment Plan indicating schemes/models/framework for undertaking supply of electric power (including frameworks for providing non-discriminatory services and acquisition/sale of assets in relevant service territories)**

Currently we do not have any specific plan regarding this because electricity is being provided through a single line and the property where BPC is operating in the same premises close to our facility and this do not involve any public land.

BSPPL presently operates a generation facility with a total gross capacity of 41 MW. Out of this capacity, 30 MW is currently in operation, and the net capacity, after accounting for auxiliary load, is 26 MW. Of this 26 MW, 24 MW is utilized for BSPPL's internal consumption, while the remaining 2 MW is dedicated to supplying the BPC in accordance with their specific needs.

BSPPL is also in the process of expanding its operational capacity and fully utilizing its gross capacity. With these enhancements, they will have ample capacity to meet the future demands of their BPC.

- viii. **Training and development procedures and manuals**

Attach as Annexure B.

- ix. **Consumer Service Manual**

We will adopt and implement the Consumer Service Manual published by the NEPRA for Electric Power Supplier and as amended from time to time.

APPLICATION FOR ELECTRIC POWER SUPPLIER LICENSE

12

x. **Information relating to:**

a. **Proposed services territory**

Attach as **Annexure A**.

b. **Billing and collection procedures (including provisions for remote metering)**

This statement describes the billing and payment process for electricity consumption at BSPPL:

Remote Metering: BSPPL has installed meters in the HTV (High Tension Voltage) room. These meters measure the electricity consumption of the BPC connected to BSPPL's supply.

Monthly Billing: At the end of each month, BSPPL calculates the amount of electricity consumed by BPC based on the actual readings recorded by the meters located in the HTV room. These readings provide an accurate measure of how much electricity BPC has used during the billing period.

Agreed Pricing: The billing is done at an agreed-upon price. This price could be based on a previously negotiated rate or tariff structure between BSPPL and BPC.

Payment via Cross Cheque: BPC make their payments to BSPPL by issuing cross cheques. This method ensures a secure and traceable payment process.

In summary, BSPPL uses remote metering to accurately measure electricity consumption, bills BPC based on actual usage at agreed prices, and receives payments through cross cheques for the services provided.

c. **Ability to access consumer metering systems and other services/equipment**

It's confirmed that BSPPL possesses the capability to access the metering systems and other associated services and equipment of the BPC. This ability is likely crucial for efficient operation, monitoring, and management of the electricity supply to the BPC, including tasks like accurate billing, troubleshooting, and ensuring the reliable provision of electricity services.

d. **Emergency provisions and protocols**

Attach as **Annexure C**.

e. **Basis of common services for commercial and residential consumers and their allocation thereof**

BSPPL's business model is primarily geared towards supplying electricity to industrial or BPC and does not involve serving consumers in the commercial or residential sectors. This specialization likely involves tailored services and considerations specific to industrial-scale electricity usage.

APPLICATION FOR ELECTRIC POWER SUPPLIER LICENSE

13

2. Prospectus

Bulleh Shah Packages Private Limited (BSPPL) is wholly owned by Packages Limited. BSPPL's parent company, Packages Limited, has been in the Paper and Board business since 1968. Over the years, it has continued to enhance its capacities and capabilities to meet the growing demand of Paper and Board products in Pakistan. In 2005, Packages Limited invested in a Green Field Project in Kasur by the name of Bulleh Shah Paper Mills. The plant, spread over 225 acres of land expanded its product lines to Liquid Packaging Board, Folding Box Board, White Line Chip Board, Writing Paper and Photocopy Paper, Test Liner and Fluting/Corrugated medium paper. The current plant has the capacity to produce 240,000 tons of paper and board and 210 million corrugated boxes annually.

BSPPL was using their generation facility as captive generator for self-consumption. After that, BSPPL submitted an application on 24 Jan 2020 for the grant of a generation license in terms of Section 14B of the Regulation of Generation, Transmission, and Distribution of Electric Power Act, 1997 (the "NEPRA Act") and with relevant provisions of the NEPRA Licensing (Application and Modification Procedure) Regulations, 1999, and got Generation License for Biomass thermal generation plant from NEPRA on 12 Nov 2020. The summary of BSPPL plant specification is reflected in the below table.

Gross Capacity	Operational Capacity	Auxiliary Load	Net Available Capacity	Stam Turbine	Steam Boiler Bagasse	Primary Fuel	Plant Efficiency (Electrical)
41 MW	30 MW	4.5 MW	25.5 MW	41x1 MW	50x1 TPH	Wheat Straws	25.70%

The power generated from the generation facility currently is supplied to BSPPL for self-consumption and by using private property to the Bulk power consumer (BPC). In regard to this, NEPRA issued a Generation License to BSPPL dated 12 Nov 2020 on Private-to-Private mode for sale of power to the following bulk power consumer (the "BPC") under second-tier supply authorization:

a. OmyaPack Private Limited- OPPL

The BPC is linked through the 11 KV (kilovolt) network situated on private land. In this setup, the generator is connected to the High-Tension Voltage (HTV) room, and the metering points for the BPC are also located at the HTV room. This arrangement between BPC and generator means that the BPC receives electricity from BSPPL through its own private electrical network infrastructure, which is distinct from the public grid. Operation and maintenance of the network and system is the responsibility of the BSPPL.

APPLICATION FOR ELECTRIC POWER SUPPLIER LICENSE

14

3. Company Information

The following Company Information is Attach as **Annexure D**.

- a) Certificate of Incorporation
- b) Pattern of Share holding
- c) Memorandum of Association
- d) Article of Association
- e) Annual Report
 - i) Authorized, issued, subscribed and paid-up share capital of the BSPPL.

APPLICATION FOR ELECTRIC POWER SUPPLIER LICENSE

15

4. Evidence of Financial and Technical resources

Profile of BSPPL:

Bulleh Shah Packages Private Limited (BSPPL) is wholly owned by Packages Limited. BSPPL's parent company, Packages Limited, has been in the Paper and Board business since 1968. Over the years, it has continued to enhance its capacities and capabilities to meet the growing demand of Paper and Board products in Pakistan. In 2005, Packages Limited invested in a Green Field Project in Kasur by the name of Bulleh Shah Paper Mills. The plant, spread over 225 acres of land expanded its product lines to Liquid Packaging Board, Folding Box Board, White Line Chip Board, Writing Paper and Photocopy Paper, Test Liner and Fluting/Corrugated medium paper. The current plant has the capacity to produce 240,000 tons of paper and board and 210 million corrugated boxes annually.

Profile of senior management are attached as Annexure E.

Evidence of financial resources is attached as Annexure D (e).

Evidence of technical resources are attached as Annexure F.

APPLICATION FOR ELECTRIC POWER SUPPLIER LICENSE

16

5. Technical and Financial Proposal

Presently, we don't have any specific plans for investment and expansion. This is because our electricity supply is routed through a single line, and the properties where the BPCs are situated are in very close proximity to our Generation Facilities. Additionally, this setup does not extend beyond the immediate area.

Furthermore, we have already made investments in and acquired engines capable of running on biomass. These engines are in place to ensure a continuous power supply, both for our internal operations and to meet the needs of the BPCs.

We take complete responsibility for the operation and maintenance of the electrical infrastructure. Regular inspections are conducted on the cables laid out to detect and address potential issues proactively. It's worth noting that we also have access to the BPCs' properties, which aids in our maintenance efforts.

In this context, there is no need for additional planning or development. The cables connecting our Generation Facilities to the BPCs have already been established. Moreover, there is currently no demand for expansion from the BPCs, nor have they conveyed any intentions to expand their business operations to us.

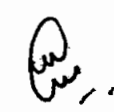
APPLICATION FOR ELECTRIC POWER SUPPLIER LICENSE

6. Duly authorized statement stating whether the applicant has been refused grant of license under the Act:

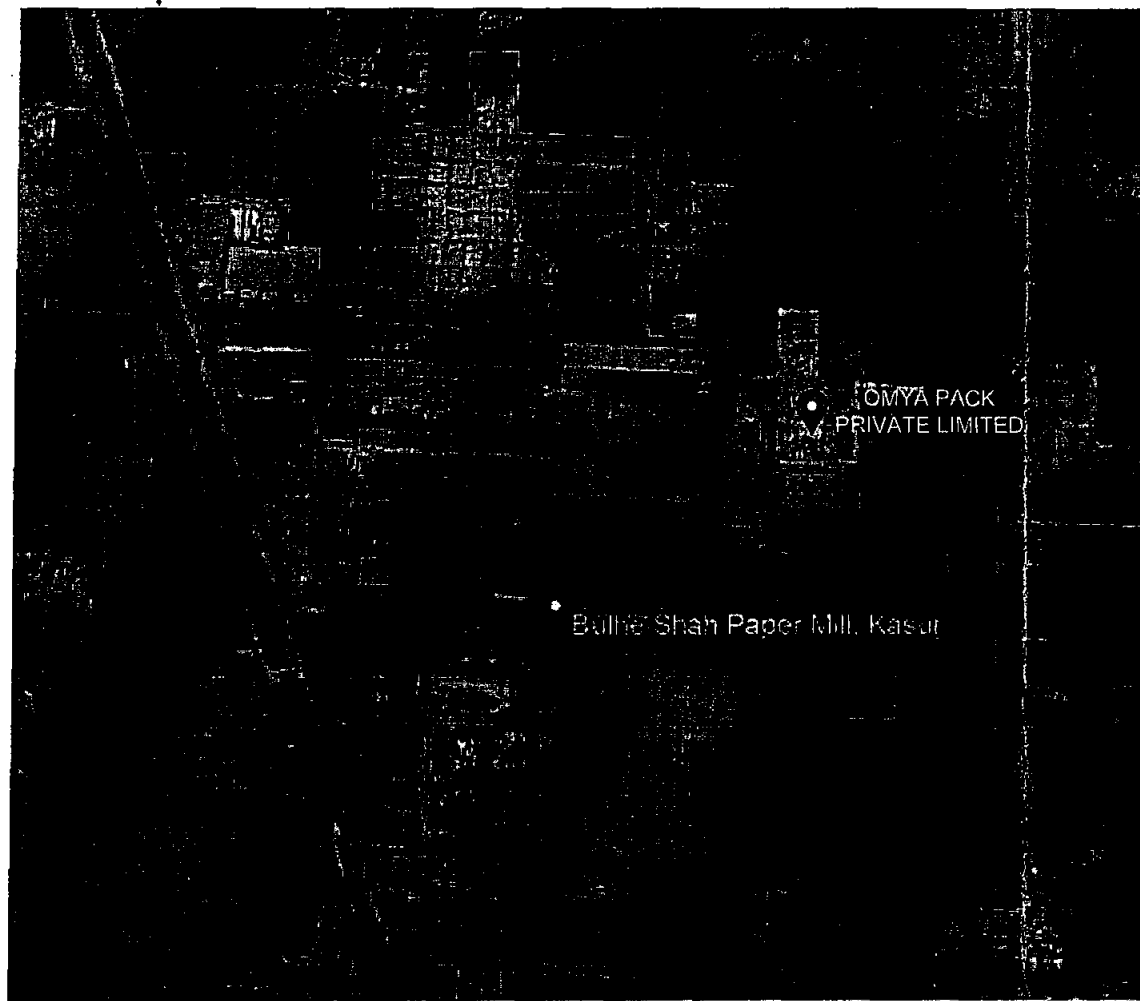
We hereby confirm that we have not been refused the grant of license under the Act.



CR

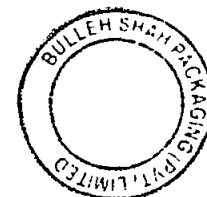


Proposed Services Territory



BSPPL SERVICE TERRITORY — — — — —
OMYA PACK SERVICE AREA — — — — —

(Signature)





BSP HUMAN RESOURCE POLICY

[Handwritten signature]



MESSAGE FROM HEAD HR



BULLEH SHAH
packaging

(21)

Dear Colleagues,

This Human Resource Policy applies to all staff across all locations where Bulleh Shah packaging (Pvt.) Limited (BSPL) operates.

This Policy is a reference and a general guide for all staff. It is not intended to be and should not be interpreted as a contract between BSP and any employee. This policy is a revision of the previous versions. Hence, this supersedes all existing policies and procedures. This policy may be subject to change from time to time, any changes to this policy shall be authorized by the HHRC and Board of directors of BSPL.

Interpretation & Advice

For any kind of interpretation, questions and advice regarding these policies, the Human Resource department is responsible.

Implementation

The responsibility for implementing these policies lies with the Human Resource department.

Regards

A handwritten signature in black ink, appearing to be 'S. Khan', is written above a horizontal line.

Human Resource Head

LEARNING & DEVELOPMENT PROCESS



WED 11/11/2016
12:00 PM

22

Contents

Learning & Development Process	4
1. Identifying Learning & Development Needs:	4
2. Responsibility for Learning & Development:	6
3. Approval for Trainings:	6
4. Internal Trainings:	6
5. External Training Registration:	6
Training Nomination Form	7

LEARNING & DEVELOPMENT PROCESS



23

Objective:

1. To provide you with continuous learning & development opportunities.
2. To ensure that you are equipped with the right skillset and knowledge to cater to the ever-changing demands of the market, customers, the business and to your own learning needs.
3. To ensure that your learning objectives are linked to the overall business strategy of your BU and the Company.

In scope: All full-time employees (FTE) in Executive & Management grades.

Out of scope: All full-time employees (FTE) in Non-Executive and Non-Management grades. Anything other than Learning & Development areas – e.g., business conferences, supplier meetings, sales conferences.

Learning & Development Process

1. Identifying Learning & Development Needs:

1.1 Learning and Development needs are determined by several output generating tools which are used within Bulleh Shah Packaging and which form the nucleus of "Packages Group Talent Framework". These are:

- People Performance Process (PPP).
- Management Review Process (MRP) for all CEO-3 employees.

LEARNING & DEVELOPMENT PROCESS



Bulleh Shah
Packaging

(24)

- 360 Degree Feedback System.
- Learning Needs Assessment (LNA).

1.2 Each year Bulleh Shah Packaging runs the above-mentioned processes. You should be familiar with their functioning. Detailed guidelines, booklets, and brochures are available on the Intranet for you to become familiar with. In addition, hard copies are available from HR.

1.3 Learning & Development requirements are captured from the inputs provided by the Line within the above-mentioned tools. Therefore, it is imperative that appropriate time and thought is given to the Learning & Development requirements of individuals before entering them into the above-mentioned tools.

1.4 HR will collect all the information captured for a meaningful progress towards Learning & Development of individuals.

1.5 While much of the information for individual Learning & Development will come from the above-mentioned processes, the Line Head can (should they feel the need) recommend individual or collective Learning & Development initiatives during the course of the year and which may not have been captured in the above-mentioned processes. However, this will not be the norm and the ability of the organization to entertain such requests would depend upon the relevance of the proposal and the cost involved.

1.6 In addition to individual Learning & Development initiatives, HR will also incorporate into the plan the agreed common Companywide initiatives which are required.

LEARNING & DEVELOPMENT PROCESS



25

2. Responsibility for Learning & Development:

Responsibility for identified individual Learning & Development areas will rest with each respective Line Head. Support will be provided by OD Department – HR Division. For common Companywide initiatives, OD Department will be directly responsible.

3. Approval for Trainings:

3.1 All individual trainings requiring a cost spend needs to be approved by the Department Head, Division Head and Head of HR on the "Training Nomination Form" (attached) and available on the Intranet.

3.2 All International trainings will require the approval of the CEO as well.

4. Internal Trainings:

Wherever possible, Bulleh Shah Packaging will provide internal trainings; either through OD Department – HR Division or through trained internal subject experts. Indeed, internally led trainings are highly encouraged.

5. External Training Registration:

LEARNING & DEVELOPMENT PROCESS



Business
Process
Standard
Packaging

26

People Process No.	Name of Process	Management Approval	Effective Date	Revision Date
PP (31)	Learning & Development Process	Yes	1-Jan-2021	-

Training Nomination Form

Training Nomination Form

Employee Information

Employee ID: _____ Name: _____
Department: _____

Course Information

Topic: _____ Date: From _____ To _____
Trainer's Name: _____ Cost: _____
Venue: _____

For use by divisional/departmental manager

Please specify why the employee has been nominated for this training

**LEARNING &
DEVELOPMENT
PROCESS**



SAFETY
HEALTH
ENVIRONMENT
INDUSTRIAL

Note:

International trainings need approval of CEO: _____

28

HR SECTION

Training mentioned in LNA:

.....

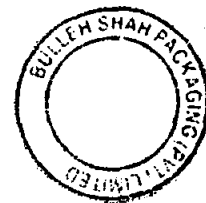
Approved by **Head of HR:**

.....

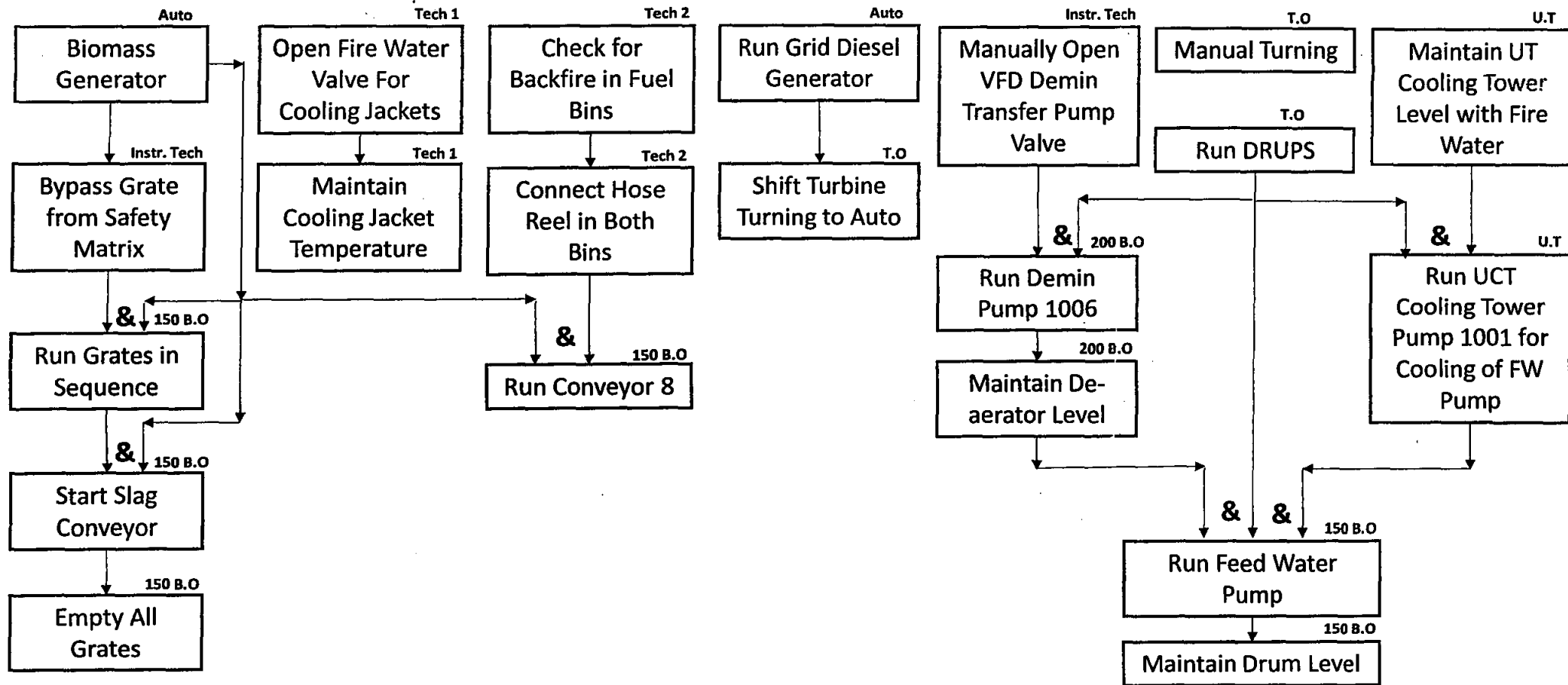
Date Approved:

.....

Am



Tasks After Blackout



Task & Responsibilities During BLACKOUT

150 TPH BO	Tech 1	Tech 2	Utility Operator	200 TPH BO	Turbine Operator	Electrical Technician	Instrument Technician
<ul style="list-style-type: none">• Empty Grate• Maintain Drum Level• Ensure Cooling Jacket Temperature	<ul style="list-style-type: none">• Take fire water Valve in service from field• Physically check all cooling jackets• Take FW pump in service	<ul style="list-style-type: none">• Check for Backfire in fuel bins• Connect fire hose reels in both bins• Run Conveyor 8	<ul style="list-style-type: none">• Main UCT level with fire water• Take UCT pump in service• Ensure Fire Water pumps are in Operation	<ul style="list-style-type: none">• Take Demin Transfer pump in service• Maintain De-aerator level	<ul style="list-style-type: none">• Ensure Manual turning• Run DRUPS• Shift Turning to Auto	<ul style="list-style-type: none">• Ensure timely GRID Diesel GenSet Operation• Ensure Timely DRUPS operation• Ensure Timely Biomass Genset Operation	<ul style="list-style-type: none">• Bypass Grate from Safety Matrix• Force Open VFD Demin Transfer Pump Pneumatic Valve

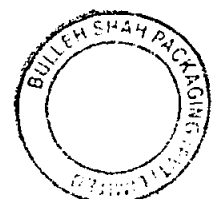


31

Shift In-charge Responsibilities

— Mins	Time Taken to Take DRUPS in Service
— Mins	Time Taken to Take Grid Genset in Service
— Mins	Time Taken to Take Biomass Genset in Service
— Mins	Time Taken to Take Feed Water in Service
— Mins	Time Taken to Maintain Drum Level
— Mins	Time Take to shift Turning to Auto

31



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN



CERTIFICATE OF INCORPORATION ON CHANGE OF NAME

[Under section 40 of the Companies Ordinance, 1984 (XLVII of 1984)]

Company Registration No: 0052465

I hereby certify that pursuant to the provisions of section 39 of the Companies Ordinance, 1984 (XLVII of 1984), the name of BULLEH SHAH PAPER MILL (PRIVATE) LIMITED has been changed to BULLEH SHAH PACKAGING (PRIVATE) LIMITED and that the said company has been duly incorporated as a company limited by shares as a private company under the provisions of the said Ordinance.

This change is subject to the condition that for period of one year from the date of issue of this certificate, the company shall continue to mention its former name along with its new name on the outside of every office or place in which its business is carried on and in every document or notice referred to in clauses (a) and (c) of section 143.

Given under my hand at Karachi this 03rd day of October Two Thousand and Twelve.



Rs. 5000/-

(SIDNEY C. PEREIRA)
Joint Registrar/Incharge
Company Registration Office,
Karachi

CERTIFIED TRUE COPY
FOR BULLEH SHAH PACKAGING (PRIVATE) LIMITED


Stamp no. 19046(1) dtd. 03/10/2012

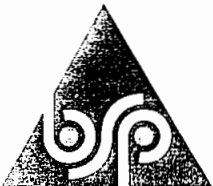
SECRETARY

BULLEH SHAH PACKAGING (PRIVATE) LIMITED**PATTERN OF SHAREHOLDING****AS OF 30 SEPTEMBER 2023**

FOLIO NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	PERCENTAGE
8	PACKAGES LIMITED	1,091,873,865	100%
15	SYED HYDER ALI	1	0.00%
17	SYED ASLAM MEHDI	1	0.00%
21	KHURRAM RAZA BAKHTAYARI	1	0.00%
27	IMRAN KHALID NIAZI	1	0.00%
28	RIYAZ ALI TOWFIQ CHINOY	1	0.00%
29	AYESHA KHAN	1	0.00%
	TOTAL	1,091,873,871	

For **BULLEH SHAH PACKAGING (PVT) LIMITED**


 (Iqra Sajjad)
 Company Secretary



Lahore Office
 Shahrah-e-Roomi P.O. Amer
 Sidhu, Lahore – 54760,
 Ph: 042-35811541-46

Kasur Factory
 Kasur – 7 KM, Kot Radha Kishan Rd.
 Off 4 KM Kasur-Raiwind Rd,
 Kasur - 55050
 Ph: 049-2717335-45

Karachi Office
 416-422, G-20, The Forum,
 Block – 9, Khayaban-e-Jami,
 Clifton, Karachi
 Ph: 021-3586941

BULLEH SHAH PACKAGING (PRIVATE) LIMITED
 A Packages Group Company

Paper • Board • Corrugated Products

www.bulleshshah.com.pk

34

THE COMPANIES ACT, 2017

(PRIVATE COMPANY LIMITED BY SHARES)

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

BULLEH SHAH PACKAGING (PRIVATE) LIMITED

CERTIFIED TRUE COPY
FOR BULLEH SHAH PACKAGING (PRIVATE) LIMITED



SECRETARY

SECURITIES & EXCHANGE COMMISSION OF PAKISTAN



CERTIFICATE OF INCORPORATION ON CHANGE OF NAME

[Under section 40 of the Companies Ordinance, 1984 (XLVII of 1984)]

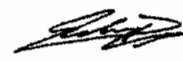
Company Registration No: 0052465

I hereby certify that pursuant to the provisions of section 39 of the Companies Ordinance, 1984 (XLVII of 1984), the name of BULLEH SHAH PAPER MILL (PRIVATE) LIMITED has been changed to BULLEH SHAH PACKAGING (PRIVATE) LIMITED and that the said company has been duly incorporated as a company limited by shares as a private company under the provisions of the said Ordinance.

This change is subject to the condition that for period of one year from the date of issue of this certificate, the company shall continue to mention its former name along with its new name on the outside of every office or place in which its business is carried on and in every document or notice referred to in clauses (a) and (c) of section 143.

Given under my hand at Karachi this 03rd day of October Two Thousand and Twelve.




(SIDNEY C. PEREIRA)
Joint Registrar/Incharge
Company Registration Office,
Karachi

Rs. 5000/-

Diary No. 19046(1) dtd. 03/10/2012



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

CERTIFICATE OF INCORPORATION

(Under section 32 of the Companies Ordinance; 1984 (XLVII of 1984))

Company Registration No. 00000011656/20050907

I hereby certify that BULLEH SHAH PAPER MILL (PRIVATE) LIMITED is this day incorporated under the Companies Ordinance, 1984 (XLVII of 1984) and that the company is limited by Shares.

Given under my hand at Karachi this 16th day of September two thousand and five.

Fee Rs. 2,500/- (Two Thousand Five Hundred Only)

CERTIFIED TRUE COPY
FOR BULLEH SHAH PACKAGING (PRIVATE) LIMITED

SECRETARY



()

ADDITIONAL REGISTRAR OF COMPANIES

S. No. 3519. dt 19/9/2005.

**TRUE COPY OF THE RESOLUTION PASSED AT
THE EXTRAORDINARY GENERAL MEETING OF
BULLEH SHAH PACKAGING (PRIVATE) LIMITED
DATED 24 OCTOBER 2018**

"RESOLVED THAT the Articles of Association of the Company be and are hereby substituted by a new set of Articles of Association, as laid before the members, and prepared by amending the existing Articles of Association in conformity with the Companies Act, 2017 and other applicable laws.

FURTHER RESOLVED that the Company Secretary be and is hereby authorized to do all acts, deeds and things, take any and all necessary steps to implement and give effect to this resolution and file all necessary documents/returns with the Companies Registrar as required by law in this regard and to attend to the matters ancillary thereto."

Certified true copy

Asif J. Lawrence
Company Secretary

CERTIFIED TRUE COPY
FOR BULLEH SHAH PACKAGING (PRIVATE) LIMITED

[Signature]
SECRETARY



BULLEH SHAH PACKAGING (PRIVATE) LIMITED
A Packages Group Company

Lahore Office
Shahrah-E-Roomi P.O. Amer
Sidhu, Lahore - 54760,
Ph: 042-35811541-46

Kasur Factory
Kasur - 7 KM, Kot Radha Kishan Road
Off 4 KM Kasur-Raiwind Road,
District Kasur - 55050
Ph: 049-2717335-45

Karachi Office
416-422, G-20, The Forum,
Block - 9, Khayaban-e-Jami,
Clifton, Karachi
Ph: 021-3586941



THE COMPANIES ACT, 2017
(PRIVATE COMPANY LIMITED BY SHARES)

MEMORANDUM OF ASSOCIATION
OF
BULLEH SHAH PACKAGING (PRIVATE) LIMITED

- I. The name of the company is BULLEH SHAH PACKAGING (PRIVATE) LIMITED.
- II. The registered office of the company will be situated in the province of Sindh, Pakistan.
- III. The objects for which the company is established are:
 1. To carry on all or any of the businesses of manufacturers of and dealers in paper and board of all kinds, and Tetra paper for making Tetra Pak of any type, description and dimension, straw board, plain and corrugated, duplex board, chip board, card board, box board, veneer board, mill board, wall and ceiling paper, greaseproof paper and articles made of paper, pulp, paper board specialities and board in all their branches.
 2. To carry on all or any of the business of manufacturing and printing of cartons, packages, specialised containers for various commodities, utensils and other articles; printers, lithographers, type foundry, stereotypers, electrotypers, photographic printers, photo-lithographers, chromo-lithographers, engravers, die-sinkers, book binders, designers, draughtsmen, paper and ink manufacturers and dealers in or manufacturers of any other articles or things of a character similar or analogous to the foregoing or any of them or connecting therewith; manufacturers, importers, exporters and dealers in raw materials, articles and things required for purposes of manufacture and printing of cartons, packages, specialised containers for various commodities, utensils and other articles in which the company is interested or any other marketable commodities, and to establish and maintain showrooms for this purpose; and of distributors, suppliers and sellers of the said articles and contractors for supplying them.

CERTIFIED TRUE COPY
FOR BULLEH SHAH PACKAGING (PRIVATE) LIMITED

SECRETARY

3. To acquire, deal, purchase, import, sale, supply and export any thing whatsoever.
4. To acquire agencies except managing agent of any person, firms or companies and to act as agents, manufacturer's representatives, personal agents, selling agents, buying agents, consultants, technical agents to and for any undertaking or enterprise whatsoever.
5. To do business of contractors, tenders, stockists, distributors, market surveyors, dealers and suppliers of variety of things which the company may consider beneficial.
6. To acquire, establish and carry on stores, depots and factories etc in Pakistan or elsewhere and maintain stalls, booths, godowns and warehouses required for the benefit and promotion of the products or business of the company.
7. To apply for tender, purchase or otherwise acquire contracts, subcontracts, licenses and concessions for or in relation to the objects of business herein mentioned or any of them and to undertake, execute, carry out, dispose of or otherwise turn to account the same. To sublet all or any contracts from time to time and upon such terms and conditions as may be thought expedient.
8. To guarantee the performance of contracts, agreements, obligations of the company and to give any guarantee in relation to the execution of jobs, contracts, payment of securities, deposits, loans, debenture stocks, bonds and also for discharge of the obligations of the company.
9. To establish, participate in or promote commercial, mercantile and industrial enterprises and operation and enter into joint ventures, partnerships or other collaborations and arrangements with any undertaking or company whether local or foreign for the achievement of the company's objects and business.
10. To appoint contractors, except managing agent, brokers, canvasses, agents and other persons to establish and maintain agencies or branches in any part of Pakistan or else where for the purpose of the company and to discharge and discontinue the same.
11. To apply for purchase or otherwise acquire and register any patent or patent rights, licenses, concessions or privileges, trade marks or designs and the like conferring to any exclusive or non-exclusive or limited right to use or any secret or other information as to any invention of which may seem calculated directly or indirectly to benefit the company, and use, exercise, develop or grant license in respect of or otherwise turn to account the property rights or information so acquired.
12. To enter into any arrangements and contracts with any government or authority, supreme, municipal, local or other firms, companies and corporate bodies etc., that may seem conducive to the company's objects or any one of them and to obtain from government or authority any rights, privileges, options, concessions and licenses, and to carry out, exercise or comply with any such agreements, arrangements, rights, privileges, concessions and licenses and to procure the company to be registered or recognized.
13. To amalgamate with any other company in Pakistan or elsewhere established with objects similar or identical to those for which this company is established.
14. To purchase, take on lease or in exchange, hire or otherwise acquire any immovable or movable property, and any rights or privileges which the company may think necessary or convenient for the purpose of its business, and in particular any land, buildings, easements, machinery, plant and stock-in-trade; and either to retain any property so acquired for the purpose of the company's business or to turn the same to account as may seem expedient.
15. To let out on hire, mortgage, sell or otherwise dispose off or deal with whole or any part of the undertaking of the company to any lands, business, property, rights or assets of any kind belonging to the company or any share or interest thereon respectively in such manner and for such consideration as the company may think fit, in the event of winding up of the company.

16. To create and issue different classes of shares, debenture or stock debenture and redeem, cancel or accept surrender thereof; and to issue its members any dividends, bonuses, shares, or distribute amongst them any other property of the company provided that any such issue or distribution of dividends, bonuses, bonus shares or other property does not amount to reduction of share-capital of the company.
17. To borrow money by the issue of debenture stock (perpetual or otherwise) and to secure the repayment of any money borrowed, or owing to mortgage, charge or lien upon all or any of the property or assets of the company (both present and future) and also by a similar mortgage, charge or lien to secure and guarantee the performance by the company of any obligation undertaken by the company.
18. To pay all costs, expenses, liabilities and obligations incurred or sustained in or in respect of the promotion, floatation, registration and establishment of the company, or in connection with the establishment and inauguration of any of its branches or business, and also to pay or adjust advocate's fees, brokerage, commission, bonuses, printing charges, or any other preliminary expenditure, which in the opinion of the Directors, may have properly been incurred by any member, advocate or agent, in connection with the aforesaid.
19. To open an account or accounts with any bank or banks and to draw and endorse cheques and to withdraw money from such accounts
20. To draw, make, accept, endorse, execute and issue promissory notes, bills of exchange, bills of lading and other negotiable or transferable securities and to advance, deposit money, securities or property to such persons, firm or company and on such terms with or without security as the company deem fit.
21. And generally to do and to perform all such other things and acts as may appear to be incidental or conducive to the attainment of the above objects or any of them.
22. It is expressly declared that the several sub-clauses of this Clause and all the powers expressed therein are to be construed as cumulative and independent and in no case unless the context expressly so requires is the generality of any one sub-clause to be narrowed or restricted by the name of the Company or by the particularity of expression in the same sub-clause or by the application of any rule of construction such as the ejusdem generis rule, and accordingly none of such sub-clauses or the objects therein specified or the power thereby conferred shall be deemed subsidiary or auxiliary merely to the objects mentioned in any other sub-clause of this clause, and the Company shall have full power to exercise all or any of the powers conferred by any part of this Clause in any part of the world.
23. It is hereby undertaken that the company shall not engage in banking business or in investment company or in any unlawful business and that nothing in object clauses shall be construed to entitle it to engage in such business
24. "Notwithstanding anything stated in any object clause, the company shall obtain such other approval or license from the competent authority, as may be required under any law for the time being in force, to undertake a particular business."
25. The company shall not engage in banking, business of an investment company, leasing company and insurance or any unlawful business and that nothing in object clauses shall be construed to entitle it to engage in such business, directly or indirectly. The company shall not launch multilevel, pyramid and ponzi scheme.
- IV. The liability of the members is limited.
- V. The Authorized Share Capital of the Company is Rs.15,000,000,000 (Rupees Fifteen Billion) divided into 1,500,000,000 ordinary shares of PKR 10/- each with powers to the Company to increase, reduce, reorganize, consolidate or subdivide the share capital on such terms as the Company in General Meeting may deem appropriate in the capital of various classes from time to time in accordance with the provisions of the Articles of Association of the Company and the Companies Ordinance, 1984.

We, the several persons, whose names and address as are subscribed hereunto are desirous of being formed into a Company in pursuance of these Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite to our respective names.

Name & Surname (Present & Former) in full (in Block Letters)	Father's/Husband's Name in full	Nationality with any former Nationality	N.I.C. No.	Occupation	Residential address in full	Number of shares taken by each subscriber	Signature
SYED HYDER ALI	Syed Babar Ali	Pakistani	35201-1655225-1	Professional Manager	70-F.C.C., Gulberg, Lahore	(500) Five Hundred	Sd/-
MUJEEB RASHID	Chaudhry Abdul Rashid	Pakistani	35201-5296887-7	Professional Manager	House No.54, Block L, Phase I, D.H.A., Lahore Cantt., Lahore	(200) Two Hundred	Sd/-
KHALID YACOB	Omar Yacob	Pakistani	35202-2337385-9	Professional Manager	304-Upper Mall, Lahore	(200) Two Hundred	Sd/-

Sd/-

Dated this 9th day of September 2005

Witness to the above signatures:

Father's name:

Occupation:

Nationality:

N.I.C. number:

Full address:

Adi J. Cawasji

Mr. Jehangir N. Cawasji

Service

Pakistani

42000-0524360-9

66 B, South Circular Avenue, D.H.A., Phase-2, Karachi-75500

CERTIFIED TRUE COPY
FOR BULEEN SHAH PACKAGING (PRIVATE) LIMITED

SECRETARY

41

42

THE COMPANIES ACT, 2017
PRIVATE LIMITED COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
BULLEH SHAH PACKAGING (PRIVATE) LIMITED

1. **TABLE 'A' NOT TO APPLY**

The regulations contained in table "A" in the first Schedule to the Companies Act, 2017, shall not apply to the Company except to the extent and as hereinafter expressly incorporated.

2. **DEFINITIONS**

Words or expressions contained in these Articles shall, unless otherwise defined herein or unless inconsistent with the subject or context, have the same meaning as ascribed thereto in the Companies Act, 2017. In these Articles, unless there is something in the subject or context inconsistent therewith:

- (a) "Articles" means these Articles of Association as originally framed or as altered from time to time by Special Resolution;
- (b) "Board" means the Board of Directors of the Company for the time being and "Directors" mean the directors of the Company for the time being;
- (c) "Chief Executive" means the Chief Executive Officer of the Company appointed from time to time in accordance with these Articles;
- (d) "Company" means Bulleh Shah Packaging (Private) Limited;
- (e) "Commission" means the Securities and Exchange Commission of Pakistan established under Section 3 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997);
- (f) "Day" means a calendar day;
- (g) "Dividend" means the distribution of profits of the Company to its Members;
- (h) "General Meeting" means an Annual General Meeting or an Extra Ordinary General Meeting of the Company, as the case may be.
- (i) "Memorandum" means the Memorandum of Association of the Company as originally framed or as altered from time to time in accordance with the provisions of the Act and these Articles;
- (j) "Act" means the Companies Act, 2017 and any amendment or re-enactment thereof for the time being in force;
- (k) "Register" means the Register of Members to be kept pursuant to Section 119 of the Act and "Member" has the same meaning as set out in Section 118 of the Act;
- (l) "Registered Office" means the registered office of the Company for the time being;
- (m) "Seal" means the common or official seal of the Company;
- (n) "Section" means sections of the Act;
- (o) "Shares" means shares in the share capital of the Company;
- (p) "Special Resolution" has the same meaning as ascribed thereto in clause (66) of sub-section 1 of Section 2 of the Act.

CERTIFIED TRUE COPY
FOR BULLEH SHAH PACKAGING (PRIVATE) LIMITED

SECRETARY

3. BUSINESS OF THE COMPANY AND REGISTERED OFFICE

- 3.1 The business of the Company shall include the objects expressed in the Memorandum of Association.
- 3.2 The Registered Office of the Company will be situated in the province of Sindh.

4. PRIVATE COMPANY

The Company is a private limited company and accordingly:

- (a) the number of Members of the Company (exclusive of persons in the employment of the Company), shall be limited to fifty (50), provided that for the purposes of this provision, where two or more persons hold one or more Shares in the Company jointly, they shall be treated as a single Member;
- (b) no invitation shall be made to the public to subscribe for the Shares or debentures of the Company;
- (c) the right to transfer Shares of the Company is restricted in the manner and to the extent specified in these Articles.

5. AUTHORISED CAPITAL

- 5.1 The authorised share capital of the Company is the amount set out in Clause V of the Memorandum divided into the number of ordinary Shares of PKR 10/- each as set out in the said clause with powers to the Company by Special Resolution, to increase, reduce, reorganize, consolidate or subdivide the share capital into various classes from time to time in accordance with the provisions of these Articles and the Act.
- 5.2 Except as may be set out in these Articles, the holders of Shares of the Company are entitled to receive notice(s) of general meetings of the Company and to vote at such general meetings and shall have one vote for each share.

6. SHARES

6.1 Issuance of Shares

Subject to the provisions of the Act and these Articles, the Shares of the Company shall be under the control of the Board. The Board shall, as regards any issuance or allotment of Shares, duly comply with the provisions of these Articles and Sections 70 and Section 83 of the Act as may be applicable.

6.2 Parity of Initial Shares

All Shares issued pursuant to these Articles shall have a par value of PKR 10/- each per Share and except to the extent stated in these Articles and the Act, shall rank pari passu in all respects, including voting rights, dividends, return on capital and otherwise.

6.3 Further Issue of Shares

The Board may, subject to the provisions of these Articles and Section 83 of the Act, allot or otherwise dispose of any Shares of the Company to such persons, on such terms and conditions and at such times as the Board thinks fit, and at a premium or at par or at a discount (subject to the provisions of the Act) and for such consideration as the Board thinks fit, PROVIDED THAT, where at any time the Board decides to increase the issued capital of the Company by issuing any further Shares, such Shares shall be offered to the existing Members in proportion to the existing Shares held by each Member in respective kinds and classes and such an offer shall be made by a notice specifying the number of Shares to which the Member is entitled, and limiting a time not less than fifteen (15) Days and not exceeding thirty (30) Days within which the offer, if not accepted, will be deemed to be declined, and on expiration of such time, or on receipt of information from the Member to whom such notice is given that he declines to accept the shares offered, the Board may, subject to the provisions of Section 83(1)(a)(iv) of the Act, dispose of the same in such manner as it may consider most beneficial to the Company or decide not to allot such Shares to any person.

6.4 Issuance of Shares for consideration other than cash

Subject to the provisions of the Act, these Articles and any applicable laws, rules and regulations, the Board may allot and issue Shares in the capital of the Company as payment for any property (tangible or intangible) sold or transferred, goods or machinery supplied, for any securities transferred or issued, for good will and/or for services rendered to the Company or expenses incurred on behalf of the Company or in conduct of its business or affairs and any Shares which may be so allotted shall be issued as fully paid up Shares.

7. SHARE CERTIFICATES

7.1 Certificates

The certificates of title to the shares shall be issued under the Seal of the Company and signed by two (2) Directors.

7.2 Members' Right to Certificates

Every Member shall be entitled, within thirty (30) Days of the allotment of Shares, without payment, to one (1) certificate for all the Shares registered in his name, or upon paying such fee as the Board may from time to time determine, to several certificates, each for one or more Shares. Every certificate of shares shall specify and denote the number of Shares in respect of which it is issued, and the amount paid thereon. In respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of the Share certificate to anyone of the joint holders shall be sufficient delivery to all.

7.3 Issue of Duplicate Certificates

If any Share certificate is defaced, mutilated and is surrendered to the Company or is lost or destroyed, then on proof to the satisfaction of the Board, and after making such inquiries as to the defacement, mutilation, loss or destruction of the original and on such indemnity as the Board deems adequate being given, a new certificate in lieu thereof may be issued on such terms and fee as may be prescribed by the Board including payment of expenses incurred by the Company in investigating title, within thirty (30) Days after receiving application for the same.

45

8. TRANSFER AND TRANSMISSION OF SHARES

8.1 Validity and Execution of Transfer

- (a) Any transfer or attempted transfer of shares by a Member which is not in accordance with Section 76 of the Act, the requirements set out in the rules made thereunder and the requirements of these Articles, shall be void and of no force or effect and the Board shall not be required to register any such transfer or attempted transfer.
- (b) Subject to the applicable law and in particular, Section 76 of the Act and the rules made thereunder, all transfers of Shares will be executed by way of an instrument of transfer executed by the transferor and transferee, and the transferor shall be deemed to remain holder of the Share until the name of the transferee is entered in the Register of Members in respect thereof.
- (c) The Company shall maintain a "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any Share.
- (d) The instrument of transfer of any Share shall be in writing in the usual common form or in the form appearing in below or as near thereto as circumstances will admit. The Board may from time to time alter or vary the Form for Transfer of Shares.

Form for Transfer of Shares

Bulleh Shah Packaging (Private) Limited.

"I/We, _____, son/daughter/wife of _____, and of _____ being a _____ national, called the "Transferors" in consideration of the sum of _____ of _____ (_____) paid to me/us by _____ son/daughter/wife of _____ of _____ national(s) of _____ (hereinafter called "The Transferee(s)") do hereby transfer to the Transferee(s) _____ share(s) numbered _____ in Bulleh Shah Packaging (Private) Limited to hold the same unto the said Transferee(s), his (or her or their) executors, administrators and assigns subject to the several conditions on which I/we held the same immediately before the execution hereof, and I/we, the Transferee(s), do hereby agree to take the said share(s) subject to the conditions aforesaid.

AS WITNESS my/our hands this _____ day of _____, _____

Witness
Signature _____
Full Address _____

Signature Transferor(s) _____
Full Name, Father's/Husband's Name
Nationality, Occupation
and Full Address of Transferor.

Witness
Signature _____
Full Address _____

Signature Transferee(s) _____
Full Name, Father's/Husband's Name
Nationality, Occupation
and Full Address of Transferee.

- (e) The Board shall have power on due notice (given in the manner prescribed in the Act) to close the Register of Transfers for such period(s) of time not exceeding thirty (30) Days in any year.

8.2 Refusal to Transfer Shares

The Directors shall refuse to transfer any Shares of the Company if the provisions of these Articles and the Act in respect of transfers are not complied with. The Directors shall also refuse to transfer any shares if the transfer deed is for any reason defective or invalid, provided that the Company shall, within fifteen (15) Days from the date on which the instrument of transfer was lodged with it, notify the transferor and transferee of the reason of refusal of transfer and in case of defect or invalidity, the Transferee or the Transferor shall, after removal of such defect or invalidity, be entitled to re-lodge the transfer deed with the Company.

8.3 Transmission

- (a) The executors, administrators, heirs, or nominees, as the case may be, of a deceased sole holder of a Share shall be the only persons recognised by the Company to deal with the Share in accordance with the law. In the case of a Share registered in the names of two or more holders, the survivors or survivor, or the executors or administrators of the deceased survivor, shall be the only persons recognised by the Company to deal with the Share in accordance with the law.
- (b) The Shares or other securities of a deceased member shall be transferred on application duly supported by succession certificate or by lawful award, as the case may be, in favour of the successors to the extent of their interests and their names shall be entered to the register of members.
- (c) A person may on acquiring interest in the Company, as Member, represented by Shares, at any time after acquisition of such interest deposit with the Company a nomination conferring on a person, being the relatives of the member, namely, a spouse, father, mother, brother, sister and son or daughter, the right to protect the interest of the legal heirs in the Shares of the deceased in the event of his death, as a trustee and to facilitate the transfer of Shares to the legal heirs of the deceased subject to succession to be determined under the Islamic law of inheritance and in case of non-Muslim members, as per their respective law.
- (d) The person nominated under this Article after the death of the Member, be deemed as a Member of Company till the Shares are transferred to the legal heirs and if the deceased was a Director of the Company, the nominee shall also act as director of the Company to protect the interest of the legal heirs.
- (e) A person to be deemed as a Member under this Article to a Share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share and exercise any right conferred by membership in relation to meetings of the Company.

9. ALTERATION OF CAPITAL

9.1 Power to Increase Share Capital

The Company may from time to time by way of a Special Resolution alter the conditions of its Memorandum so as to increase its authorised share capital by such amount as it thinks expedient, consolidate and divide the whole or any part of its share capital into Shares of larger amount than its existing Shares, sub-divide its Shares or any of them into Shares of smaller amount than is fixed by the Memorandum or cancel Shares which at the date of passing of the resolution in that behalf have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

9.2 Condition of Creation of New Shares

Any capital raised by the creation of new Shares shall be considered part of the authorised capital and the new Shares shall rank pari-passu with the existing Shares (class of Shares) in all matters be subject to the provisions herein contained with reference to transfer, transmission, voting, division and otherwise. In the event of consolidation or sub-division of Shares, the rights attaching to the new Shares shall be strictly proportional to the rights attached to the previous Shares so consolidated or sub-divided.

9.3 Power to Reduce Share Capital

The Company may by way of a Special Resolution passed and approved by the Members of the Company (in a duly convened General Meeting), reduce its share capital in any manner and with and subject to any incidental authorisation and consent required by law.

9.4 Power to Cancel Shares

Subject to the provisions of Section 85 of the Act, the Company may by way of a Special Resolution passed by the Members of the Company (in a duly convened General Meeting), alter the conditions of the Memorandum as to cancel any shares which at the date of passing of the resolution in that respect have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of shares so cancelled.

10. GENERAL MEETINGS

10.1 Holding of Annual General Meeting

An Annual General Meeting of the Company shall be held in accordance with the provisions of Section 132 of the Act once at least in every calendar year within a period of one hundred and twenty (120) Days following the close of its financial year at such time and place as may be determined by the Board. All such general meetings of the Company other than the Annual General Meeting shall be called "Extraordinary General Meetings".

10.2 Extraordinary General Meetings

Subject to the provisions of Section 133 of the Act and these Articles, the Board may at any time call an Extraordinary General Meeting of the Company to consider any matters which require the approval of the Company in a General Meeting and shall, on the requisition of Members representing not less than one-tenth of the voting power on the date of the deposit of the requisition.

10.3 Notice of Meetings

Twenty-one (21) Days' notice at the least specifying the agenda, place, Day and the hour of meeting and, in case of special business, the general nature of that business, a statement setting out all material facts concerning such business shall be given in the manner provided by Section 134 of the Act for the General Meetings to such persons as are under the Act or these Articles, entitled to receive such notices from the Company.

10.4 Special Business

All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also business that is transacted at an Annual General Meeting with the exception of (i) declaring dividends; (ii) the consideration of financial statements of the Company and reports of Directors and Auditors; (iii) the election and appointment of Directors; and (iv) the appointment, and the fixing of the remuneration of, the Auditors. Where any special business is to be transacted at a general meeting, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning such business, including, in particular, the nature and extent of the interest, if any, therein of every Director, whether directly or indirectly, and, where any item of business consists of the according of any approval to any document by the meeting, the time when and the place where the document may be inspected, shall be specified in the statement.

10.5 Shorter Notice

If all the Members entitled to attend and vote at an Extraordinary General Meeting so agree, the meeting may be held at a shorter notice period than twenty-one (21) Days.

10.6 Omission to give Notice of General Meeting

The accidental omission to give notice to, or the non-receipt of notice by, any Member shall not invalidate the proceedings at any meeting.

10.7 Waiver of Notice

A Member who does not timely receive notice of a General Meeting, but attends and participates in such General Meeting, shall be deemed to have waived timely receipt of such notice.

10.8 Quorum and Decision at General Meetings

- (a) The quorum for any General Meeting of the Members shall be at least two (2) Members present personally, through video-link or by proxy.
- (b) Any business to be transacted at any General Meeting shall be decided by a simple majority of the Members' votes (present in person, through video-link or by proxy) in its favour at a General Meeting properly convened and held.
- (c) No action shall be taken by the Company which is required under the Act or these Articles to be approved by the Members of the Company, unless consent or approval for such action is given at a General Meeting of the Company duly convened and held.

10.9 Who is to preside at General Meetings

The Chairman of the Board of Directors shall also be the Chairman of the General Meetings, but if there is no such Chairman, or and if at any meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the Meeting or if the Chairman is not willing to take the Chair, the Members present may choose one of the Directors to be the Chairman of the General Meeting, and if none of the Directors being present or, being present, is unwilling to act as the Chairman, the Members present shall choose one of their number to be the Chairman.

10.10 Adjournment of Meeting for Lack of Quorum

If within thirty (30) minutes after the time prescribed for a General Meeting a quorum is not present or ceases to exist, the meeting, if called upon the requisition of the Members shall be dissolved, and in any other case, the meeting shall be adjourned to the same Day in the next week at the same time and place and for that adjourned meeting the Members present, being not less than two (2), shall form the quorum.

10.11 Voting on Resolution by Show of Hands and When Poll Demanded

At any General Meeting a resolution put to the vote of the General Meeting shall be decided by a show of hands, unless a poll is demanded (before or on the declaration of the results of the show of hands) by Members present in person, through video-link or by proxy, having not less than one-tenth of the total voting power. Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost and an entry to that effect in the books of the proceedings of the Company which is approved by the Members, shall be conclusive evidence of the fact without further proof of the number or proportion of votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

10.12 Poll

If a poll is demanded as aforesaid it shall be taken (subject to Section 145 of the Act) in such manner and at such time and place as the Chairman of the General Meeting directs, and either at once or after an interval or adjournment of not more than fourteen (14) Days from the Day on which the poll is demanded and the result of the poll shall be deemed to be the resolution of the General Meeting at which the poll was held.

10.13 Poll on Election of Chairman and Adjournment

Any poll demanded on the election of a Chairman of a General Meeting or on any question of adjournment shall be taken at that General Meeting and without adjournment.

10.14 Effect of Demand for Poll

The demand for a poll shall not prevent the continuation of a General Meeting for the transaction of any business, other than the question on which the poll was demanded.

10.15 Minutes

Records of resolutions of the Members and minutes of all proceedings of General Meetings shall be kept in properly maintained books in accordance with Section 151 of the Act, and any such minutes if signed by the Chairman of the General Meeting or of the next following General Meeting shall constitute sufficient evidence on the facts therein stated without further proof.

10.16 Inspection of Minute Books

The books containing Minutes of proceedings of General Meeting of the Company shall be kept at the Registered Office and shall, during business hours (subject to reasonable restrictions as the Board may from time to time impose but so that not less than two (2) hours each Day is allowed for inspection), be open to the inspection of any Member.

11. VOTING

11.1 Votes of Members

Except as to voting for the election of the Directors as provided in Section 159 of the Act, every Member entitled to vote, either in person, through video-link or by proxy, shall have one (1) vote and upon a poll every Member entitled to vote and present in person, through video-link by proxy shall have votes proportionate to the paid-up value of the Shares or other securities carrying voting rights held by him.

50

11.2 Voting by Joint Members

In case of joint holders, the vote of the senior who tenders a vote, whether in person, through video-link or by proxy, shall be accepted to the exclusion of the votes of other joint holders, and for this purpose seniority shall be determined by the order in which their names stand in the Register.

11.3 Representative of Corporate Members

A body corporate or a corporation (whether a company within the meaning of the Act or not), being a Member may by a resolution of its directors or other governing body authorise any of its officers or any other person to act as its authorised representative at any General Meeting of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the Member which he represents as if he were an individual Member and shall be deemed to be a Member present personally.

11.4 Poll by Proxy

On a poll, votes may be given either personally, through video-link or by proxy, or through postal ballot (in accordance with regulations specified by the Commission), provided that no corporate body shall vote by proxy as long as a resolution of its directors in accordance with the provisions contained in Article 11.3 (*Representative of Corporate Members*) is in force.

11.5 Proxy

Every proxy shall be appointed in writing under the hand of the appointer or by an agent duly authorised under a power of attorney in accordance with Section 137 of the Act. A proxy holder need not be a Member of the Company.

11.6 Filing of Instrument of Proxy

No person shall act as proxy unless the instrument of his appointment, duly executed, or other authority (if any) under which it is signed, or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company at least forty-eight (48) hours before the time appointed for holding the General Meeting at which the person named in the proxy proposes to vote.

11.7 Instrument of Proxy

An instrument appointing a proxy may be in the following form or a form as near thereto as may be:

"I/We _____ of _____ in the district of _____ being a member of Bulleh Shah Packaging (Private) Limited (Private) Limited hereby appoint _____ of _____ as my proxy to vote for me/us and on my/our behalf at the (annual, extraordinary, as the case may be) general meeting of Bulleh Shah Packaging (Private) Limited to be held on the _____ Day of _____ and at any adjournment thereof."

11.8 Validity of Proxy

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation (where permissible) of the proxy or of any power of attorney or the other authority under which such proxy was signed, provided that no intimation in writing of the death or revocation shall have been received at the Registered Office before the General Meeting or the adjourned General Meeting at which the proxy is used.

51

11.9 Validity of the Vote

No objection shall be made to the validity of any vote except at the General Meeting or at the poll at which such vote shall be tendered, and every vote whether given personally, through video-link or by proxy not disallowed at such General Meeting or poll shall be deemed valid for all purposes of such General Meeting or poll.

11.10 Chairman to Decide

If any question is raised, the Chairman of the General Meeting shall decide the validity of every vote tendered at such General Meeting in accordance with the Act and these Articles.

11.11 Chairman not to have Casting Vote

The Chairman shall not have a casting vote.

12. DIRECTORS

12.1 First Directors as of the Adoption of these Articles

The Directors of the Company at the time of inception were:

- (i) Syed Hyder Ali;
- (ii) Syed Aslam Mehdi;
- (iii) Khalid Yacob;
- (iv) Khurram Raza Bakhtayari
- (v) Veli-Jussi Potka;
- (vi) Martin Schotten;

12.2 Appointment of Chairman

- (a) The Directors shall appoint one of their number Chairman of the Board. The Board may remove the Chairman at any time by unanimous vote (except the vote of the Chairman to be removed) and appoint a new Chairman. The Chairman shall at all times be one of the Directors. The term of the Chairman shall be co-terminus with the tenure of the Board. A retiring Chairman shall be eligible for reappointment and shall preside over the General Meeting at which an election of Directors shall be held.
- (b) The Chairman shall preside over the meetings of the Board, but shall not have a casting vote. If the Chairman for the time being is unable to attend any meeting of the Board, the Directors present shall choose one (1) of their number to be Chairman of such meeting.

12.3 Number of Directors

- (a) The total number of the Directors shall not be less than two (2).
- (b) The Board shall fix the number of Directors of the Company to be elected not later than thirty-five (35) Days before convening the General Meeting at which the Directors are to be elected, and the number so fixed shall not be changed except with the prior approval of the Company in the General Meeting at which the election is to be held.

(52)

12.4 Election of Directors

- (a) After the expiry of the term of office of the existing Directors of the Company as at the date of adoption of these Articles and at each subsequent election of Directors and subject to the provisions of Article 12.3 (*Number of Directors*), the number of Directors fixed by the Board shall be elected by the Members in a General Meeting, unless the number of the candidates is not more than the number of Directors to be elected, in the following manner, namely:
 - (i) a Member shall have such number of votes as is equal to the product of the voting shares held by him and the number of Directors to be elected.
 - (ii) a Member may give all his votes to a single candidate or divide them between more than one of the candidates in such manner as he may choose.
 - (iii) the candidate who gets the highest number of votes shall be declared elected as Director and then the candidate who gets the next highest number of votes shall be so declared, and so on until the total number of Directors to be elected has been so elected.
- (b) No person, whether a retiring director or otherwise, shall be eligible for election as Director unless notice of his candidature for election has been lodged in writing at the Registered Office not less than fourteen (14) Days before the date of the General Meeting at which the election of Directors is to take place.
- (c) Where the number of candidates is equal to or less than the number of Directors to be elected, it will not be necessary to hold an election as laid down in Article 12.4(a) above and all candidates shall be deemed to have been elected under this Article.

12.5 Term of Office

An elected Director shall hold office for a period of three (3) years, unless he resigns, or becomes disqualified from being a Director or otherwise ceases to hold office earlier under these Articles. An election of Directors in the manner prescribed by the preceding Articles shall be held once in every three (3) years. A retiring Director shall be eligible for re-election.

12.6 Removal of Director

The Company may by resolution in a General Meeting remove an elected Director in accordance with the provisions of Section 163 of the Act.

12.7 Continuing Directors to Act

The continuing Directors may act notwithstanding any vacancy in the Board, but if the number falls below the minimum fixed, the Directors shall not, except for the purposes of filling a casual vacancy in their number or for convening a General Meeting, act so long as the number remains below the minimum.

12.8 Filling of Casual Vacancy

If any Director resigns or becomes disqualified or otherwise ceases to hold office for any reason whatsoever prior to the expiry of a three (3) year term, then the Board shall appoint any person to be a Director to fill such casual vacancy on the Board. Any Director so appointed shall hold office for the remainder of the term of the Director in whose place he is appointed.

12.9 Remuneration

Subject to any approval or limits required by law, the terms and conditions and remuneration of:

- (a) a Director (including each alternate Director) for performing extra services, including holding office of the Chairman;
- (b) the Chief Executive Officer; and
- (c) any Director (including each alternate Director) for attending meetings of the Board or a Committee of the Directors;

shall be determined by the Board.

A Director may also be reimbursed all reasonable travelling, hotel and other expenses properly incurred by him/her in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the discharge of their duties as Directors of the Company.

12.10 General Management Powers

- (a) The Board shall be responsible for the overall direction, supervision and management of the Company. The Board may exercise all such powers of the Company as are not by the Act or by these Articles or by a Special Resolution, required to be exercised by the Company in General Meetings, subject nevertheless to the provisions of the Act or to any of these Articles, and such regulations (being not inconsistent with the aforesaid provisions) as may be prescribed by the Company in General Meeting but no regulations made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if such regulations had not been made.
- (b) A resolution at a meeting of the Directors duly convened and held shall be necessary for exercising the powers of the Company specified in Section 183(2) of the Act.
- (c) The Board shall not take any decision in relation to any matter which is within the competency of the Members under the Act, other applicable laws and these Articles and regulations as referred to in Article 12.10 (a), unless and to the extent permitted by the Act, other applicable laws and these Articles and the regulations referred to above and the relevant consent is given by the Members at a General Meeting, properly convened and held.

12.11 Power to Obtain Finances and Giving of Securities

- (a) For the purposes of the Company only, the Board may obtain finance or borrow moneys from third party financiers, including (without limitation) banks, development financial institutions, other financial institutions and / or the Members and secure payment of such sum or sums of money in such manner and upon such terms and conditions as it may think fit and in particular by the creation of mortgages and / or charges on the property, assets (movable and immovable) and / or on book debts / receivables of the Company and by the issue of bonds, perpetual or redeemable Debentures or Redeemable Capital, or by mortgage or charge or other security on the whole or any part of the property, assets and rights of the Company (both present and future), and the undertaking of the Company, provided however, that the above power of the Board shall not entitle the Company to carry on the business of banking/finance/investment company.
- (b) Any bonds, Debentures, Redeemable Capital or other securities issued or to be issued by the Company shall be under the control of the Board which may issue them on such terms and conditions and in such manner and for such consideration as shall be considered by the Board to be for the benefit of the Company.

(54)

12.12 Minute Books

- (a) The Company shall maintain records in accordance with Sections 151 and 178 of the Act comprising:
 - (i) of the names of Directors (including Alternate Directors) present in person, at each meeting of the Board or any Committee of the Directors;
 - (ii) of all resolutions and proceedings at all meetings of the Company and the Board, and of any Committees of the Directors, as well as resolutions passed by circulation; and
 - (iii) of appointment of officers made by the Directors.
- (b) Any such minutes of any meeting of the Board or of a Committee of Directors or of the Company, if signed by the Chairman of such meeting or of the next succeeding meeting and approved by the Board or the Members (as the case may be), shall be receivable as evidence of the matters stated in such minutes.

13. PROCEEDING OF DIRECTORS

13.1 Meeting of Directors

- (a) The Directors of the Company may meet together for the dispatch of business, adjourn, and otherwise regulate meetings of the Board as they think fit.
- (b) The Board shall at a minimum meet at least meet four (4) times annually at the Registered Office of the Company or at such other location as may be approved by the Board from time to time.
- (c) A Director may, by written notice, summon a meeting of the Board. In respect of any meeting of the Board, at least seven (7) Days' notice will be given to all Directors, unless at least two (2) Directors approve a shorter notice period.
- (d) Any notice shall include an agenda identifying in reasonable detail the matters to be discussed at the meeting and such notice shall be sent by registered air mail or telexed or emailed to any Director residing outside Pakistan. At least seven (7) Days prior to the proposed meeting, copies of any relevant papers to be discussed at the meeting shall be given to each Director. Any Director (or its alternate) is entitled to add matters to the agenda to be discussed at a meeting by serving notice together with the list of the matters and copies of any relevant papers to each other Director not less than four (4) Days prior to the meeting. If any matter is not identified in reasonable detail, the Board shall not decide on it, unless all Directors present at the meeting agree.
- (e) A Director's attendance at a meeting shall constitute a waiver of notice of that meeting except when the Director attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not properly called or convened.
- (f) The meeting of the Board may take place in person or by telephone conference call or video conference or by other audio-visual means. Subject to the Act, all business transacted by the Directors by telephone conference or video conference / other audio-visual means for the purposes of the Articles shall be deemed to be validly and effectively transacted at a meeting of the Directors.

(55)

13.2 Quorum of Directors' Meeting

- (a) A meeting of the Board, at which quorum is present, shall be competent to exercise all or any of the authorities, powers and discretion by or under these Articles or by or under any law vested in or exercisable by the Board generally. For the purposes of any Board meeting, the quorum shall be no less than two (2) Directors.
- (b) Participation of Directors via telephone, video-conference or other audio-visual means shall be counted for the purposes of forming a quorum. A Director shall be regarded as present for the purposes of quorum if represented by an Alternate Director in accordance with Article 14 (*Alternate Directors*).

13.3 Who to preside at Directors' Meetings

The Chairman of the Board of Directors shall preside at Directors' meetings.

13.4 Approval of Actions by Directors

- (a) No resolution will be passed and no action will be taken at a Board meeting, unless a majority of the Directors attending the meeting vote in favour of such resolution.

The approval of a resolution in accordance with the provisions of this Article 13.4 (*Approval of Actions by Directors*) by the Directors at a meeting of the Board at which quorum is present, by telephone conference call or by audio-visual means shall be sufficient for constituting such action as the decision of the Board. It is clarified that for purposes of deciding the matters specified in Section 183(2) of the Act, a duly convened physical meeting of the Board at which quorum is present will be required.

13.5 When acts of Meetings of the Board or a Committee Valid – Defective Appointment

All acts done by any meeting of the Board or of a Committee of the Directors, or by any person acting as Director or alternate Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Director or person had been duly appointed and was qualified to act, provided that as soon as any such defect has come to notice, the Director or other person concerned shall not exercise the right of his office till the defect has been rectified.

13.6 Resolution by Circulation

Except for resolutions relating to matters contained in Section 183(2) of the Act, a resolution which is circulated together with the necessary papers, if any, to all Directors and signed by all the Directors or Committee of Directors entitled to notice of a meeting of Directors or Committee of Directors shall be as valid and effectual as if it has been passed at a meeting of the Directors or Committee of Directors duly convened and held. Transmission of documents and signature of resolutions by facsimile or other electronic means shall be effective for the purpose of circulating and executing documents and resolution. A resolution may consist of several documents in the like form each signed by one or more Directors. A resolution signed by an Alternate Director need not also be signed by his appointer and, if it is signed by a Director who has appointed an Alternate Director, it need not be signed by the Alternate Director in that capacity.

14. ALTERNATE DIRECTORS

Subject to the approval by the Board, any Director may appoint an alternate or substitute director to act for him during his absence from Pakistan for a period of not less than ninety (90) Days. Every such appointment shall be made by notice to the Board in writing under the hand of the Director making the appointment. An alternate Director so appointed shall not be entitled to appoint another Director, but shall otherwise be subject to the provisions of the Articles with regard to the Directors. An alternate Director shall be entitled to receive notice of all meetings of the Board, and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointer as a Director in the absence of such appointer, including approving and signing Board resolutions by circulation under Article 13.6 (*Resolution by Circulation*). An alternate Director shall *ipso facto* cease to be an alternate Director if his appointer for any reason ceases to be a Director or if and when his appointer returns to Pakistan or if the appointee is removed from office by notice in writing under the hand of the appointer.

15. COMMITTEES OF DIRECTORS

Subject to Section 183(2) of the Act, the Board may from time to time delegate all or any of its powers to a committee or committees, as it thinks fit. Any committee so formed shall conform to any regulations that may be imposed upon it by the Board and shall have such quorum as prescribed by the Board.

16. CHIEF EXECUTIVE**16.1 Appointment of Chief Executive**

- (a) Within fourteen (14) Days from the date of election of the Directors or the date on which a Chief Executive ceases to hold office for whatsoever reason, the Board shall appoint, any person, including an elected Director as the Chief Executive for a term not exceeding three (3) years, as is determined by the Board, and his appointment shall be subject to determination *ipso facto* at the expiry of the term or in accordance with Article 16.2 (*Removal of Chief Executive*). The Chief Executive, if not already a Director, shall be deemed a Director. On expiry of his term, the retiring Chief Executive shall be eligible for reappointment.
- (b) The terms and conditions of appointment, including the remuneration of a Chief Executive shall from time to time be determined by the Board.

16.2 Removal of Chief Executive

The Board may, by resolution passed by not less than three-fourths of the total number of Directors for the time being, or the Company may by Special Resolution in a General Meeting remove a Chief Executive before the expiration of his term of office notwithstanding anything contained in these Articles or in any agreement between the Company and the Chief Executive.

16.3 Filling Vacancy in Position of Chief Executive

In case of a vacancy in the office of the Chief Executive, the Board may select another person including an elected Director to be Chief Executive. A Chief Executive appointed against a casual vacancy shall hold office till the Directors elected in the next election appoint a Chief Executive.

16.4 Power of the Chief Executive and Management Committee of Directors

Except for matters stated in Section 183(2) of the Act, the Board may delegate to the Chief Executive such of its powers, authorities and discretion as are necessary for and consistent with the effective management of the Company, and as are not required to be exercised by the Directors at their meetings, upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers, and, may from time to time, render, withdraw, alter or vary any such powers.

17. DISQUALIFICATION OF DIRECTORS

17.1 Automatic Vacation of Office of Directors

The office of a Director shall *ipso facto* be vacated if:

- (a) he becomes ineligible to be appointed a Director on anyone or more of the grounds enumerated in Section 153 of the Act as follows, that is to say, he:
 - (i) is a minor;
 - (ii) is of unsound mind;
 - (iii) has applied to be adjudicated as an insolvent and his application is pending;
 - (iv) is an undercharged insolvent;
 - (v) has been convicted by a Court of Law for an offence involving moral turpitude;
 - (vi) has been debarred from holding such office under any provision of the Act;
 - (vii) has betrayed lack of fiduciary behavior and declaration to this effect has been made by the court under Section 212 of the Act at any time during the preceding five (5) years;
 - (viii) is not a Member, provided that this Article 17.1(a) (viii) shall not apply in case of:
 - (A) a person representing a member which is not a natural person;
 - (B) a whole time Director who is an employee of the Company;
 - (C) the Chief Executive;
 - (D) a person representing a creditor or other special interests by virtue of contractual arrangements;
 - (ix) does not hold National Tax Number as per the provisions of Income Tax Ordinance, 2001 (XLIX of 2001), unless exempted by the Commission.
- (b) he ceases to hold office under Section 171 of the Act if:
 - (i) he absents himself from three (3) consecutive meetings of the Directors, without seeking leave of absence from the Directors;
 - (ii) he or any firm of which he is a partner or any private company of which he is a director without the sanction of the Company in General Meeting accepts or holds any office of profit under the Company other than that of chief executive or a legal or technical advisor; or accepts a loan or guarantee from the Company in contravention of Section 182 of the Act (if applicable in terms of this Section).
- (c) he resigns his office by notice in writing to the Company.

The appointment of an alternate Director will constitute leave of absence from the Board of Directors for whom such alternate is appointed during such Director's absence.

17.2 Interest of Directors

Subject to the provisions of Section 183(2)(f), Section 205, Section 207 and Section 209 of the Act, the Directors shall not be disqualified from contracting with the Company as vendor, purchaser or otherwise, but in respect of any such contract or arrangement entered into by or on behalf of the Company with any company or partnership of or in which any director shall be a director or shareholder or interested, the nature of his interest must be disclosed by him at the meeting of the Directors at which the contract or arrangement is determined, if the interest then exists, or in any other case at the meeting of the Directors after the acquisition of the interest. No Director shall vote as a Director in respect of any contract or arrangement in which he is so interested as aforesaid, and if he does so vote, his vote shall not be counted but he shall be entitled to be present at the meeting during the transaction of the business in relation to which he is precluded from voting, although he shall not be reckoned for the purpose of ascertaining whether there is a quorum of Directors present. These provisions shall not apply to any contract by or on behalf of the Company to give to Directors or any one of them any security for advances or by way of indemnity against any loss which they or any of them may suffer by reason of becoming or being sureties for the Company. A general notice that any Director is a shareholder of any specified company or is a partner of any specified firm and is to be regarded as interested in any subsequent transaction with such firm or company shall be given for purposes of disclosure under this Article, and any such general notice shall expire at the end of the financial year in which it was given but it may be renewed for a further period of one financial year by giving fresh notice in the last month of the financial year in which it would otherwise expire. A register shall be kept by the Directors in which shall be entered particulars of all contracts or arrangements to which this Article applies.

18. SEAL

The Board shall provide a common Seal for the purposes of the Company which shall have the Company's name engraved on it in legible form and the Board shall provide for the safe custody of the Seal. The Seal shall never be used except by the authority of the Board, and at least two (2) Directors shall sign every instrument to which the Seal is affixed, provided, nevertheless, that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity.

19. DIVIDENDS AND RESERVES**19.1 Declaration of Dividends and Restrictions on Amount Thereof**

Subject to provisions of Section 240 to 243 of the Act, the Company in General Meetings may from time to time declare dividends, but no dividend shall exceed the amount recommended by the Board.

19.2 Interim Dividends

The Board may from time to time pay to the Members such interim dividends as appear to be justified by the profits of the Company.

19.3 Distribution of Dividends

The profits undistributed as dividends shall be declared and paid according to the amounts paid on the Shares and the number of Shares themselves. The Chief Executive shall be responsible for making payment of cash dividend within fifteen (15) working days from the date of declaration of dividend, or within such other time as may be specified by the Commission.

19.4 Form of Payment

Payment may be made in the form and manner specified by the Commission, including by direct bank transfer, dividend warrant or cross cheque in the name of the registered holder or authorized person.

(59)

19.5 Power of Board to create Reserve

The Board before recommending any dividend, may set aside out of the profits of the Company such sum as they think proper as a reserve or reserves, which shall, at the discretion of the Board, be applicable for meeting debt obligations or contingencies, or for equalizing dividends, or for any other purpose to which the profits of the Company may properly be applied, and pending such application may, in the like discretion, either be employed in the business of the Company or be invested in such investments (other than the shares of the Company), as the Board may subject of the provisions of the Act, from time to time think fit.

19.6 Receipt for Dividends by Joint Holders

If several persons are registered as joint holders of any Share, any one of them may give effectual receipts for any dividends payable on the Shares.

19.7 No interest on Dividends

No dividend shall bear interest or mark-up against the Company.

19.8 Carrying forward of Profits

The Directors may carry forward any profits which they may think prudent not to distribute, without setting them aside as a reserve.

19.9 Unclaimed Dividends

Unclaimed dividends may be invested or otherwise used by the Board for the benefit of the Company until claimed, and all dividends unclaimed for three (3) Years after having been declared shall be deposited by the Company to the credit of the Federal Government in terms of and after complying with the requirements of Section 244 of the Act.

20. CAPITALISATION

Any General Meeting may, upon recommendation of the Board, resolve that any undistributed profits of the Company (including profits carried and standing to the credit of any reserves or other special accounts or representing premiums received on the issue of Shares and standing to the credit of the share premium account and capital reserves arising from realized or unrealized appreciation of the assets or goodwill of the Company or from any acquisition / sale of interests in other undertakings) be capitalised. Such capitalised undistributed profits and reserves shall be distributed amongst such of the Members as would be entitled to receive the same if distributed by way of dividend, and in the same proportions, on the footing that they become entitled thereto as capital. All or any part of such capitalised fund may be applied on behalf of such Members for payment in full or in part either at par or at such premium as the resolution may provide, for any unissued shares or debentures of the Company which shall be distributed accordingly and such distributions or payment shall be accepted by such Members in full satisfaction of their interest in the said capitalised sum.

21. ACCOUNTS**21.1 Books of Accounts to be Kept**

The Board shall cause to be kept proper books of accounts and to be maintained detailed, complete, accurate and itemized accounts of the Company in accordance with the Act and generally accepted accounting principles in Pakistan and, to the extent possible, in accordance with the International Financial Reporting Standards and the procedures of the International Accounting Standards Board.

(60)

21.2 Where to be Kept

The books of accounts shall be kept at the Registered Office or at such other place as the Board thinks fit and shall be open to inspection by the Directors during business hours.

21.3 Inspection by Members

The Members will have the right, exercisable by providing at least seven (7) days prior written notice to the Company, at all reasonable times during the Company's normal business hours and at the sole expense of that Member to examine all or any portion of the Company's books and accounts including, without limitation the generality of the foregoing, all records, invoices, and the contracts and agreements of the Company.

21.4 Financial Statements

Once at least in every year, the Directors shall cause to be prepared and laid before the Company in an Annual General Meeting, financial statements made up in accordance with the Act within a period of one hundred and twenty (120) Days following the close of the financial year of the Company, and made up to the date of the close of the financial year adopted by the Company. The financial statements shall be accompanied by an Auditor's report and the Directors report in accordance with the provisions of the Act in that respect.

21.5 Copies of Financial Statements to be sent to Members

A copy of the annual audited financial statements together with the report of the Directors and the report of the Auditors shall be sent to all Members of the Company along with the notice convening the General Meeting before which the same are required to be laid at least twenty-one (21) Days preceding the General Meeting.

21.6 Compliance with Act

The Directors shall in all respects comply with the provisions of Section 220 to Section 239 of the Act, as applicable, in relation to the accounts of the Company.

22. AUDIT

22.1 Appointment of Auditors and their Duties

The Company shall on the recommendation of the Board appoint an Auditor in its Annual General Meeting in compliance with Section 246 and Section 253 of the Act. The Auditors shall have access to all books of accounts, records, invoices, cheques, vouchers, papers and documents relating to the business of the Company.

22.2 Bank Account and Use of Funds

The Company shall keep its funds in one or more bank accounts, in the sole name of the Company, with banks approved by the Board. Such funds shall be used in connection with the business of the Company or as may be otherwise provided in the Memorandum.

23. NOTICES

23.1 How Notices to be Served

A notice may be given by the Company to any Member or Director by sending it to them by mail, prepaid postage, electronic message or by facsimile, at their registered address, or if they have no registered address in Pakistan, to the address supplied to the Company for the giving of notices to them, in compliance with Section 55 of the Act.

(61)

23.2 Service by Post

Where a notice is sent by post, service of the notice shall be deemed to be made by properly addressing pre-paying and posting a letter containing the notice and unless the contrary is proved, to have been effected at the time at which the letter would be delivered in the ordinary course of post.

23.3 Notice of Joint Holders

A notice may be given by the Company to the joint holders of a Share by giving the notice to the joint holder named first in the register in respect of the Share:

23.4 Notice of General Meetings

Subject to the requirements of these Articles, notice of every General Meeting shall be given in the same manner herein authorised to (a) every Member, (b) every person entitled to a Share in consequence of the death or insolvency of Member (if the Company has been notified of his entitlement); (c) to the Auditors of the Company for the time being; and (d) to every Director.

24. SECRECY**24.1 Secrecy**

Every Director, Chairman, Chief Executive, Auditor, Trustee, Member, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Board before entering upon his duties, sign a declaration in the form approved by the Board pledging himself to observe strict secrecy representing the business and affairs of the Company and all transactions of the Company with the customers and state of the accounts with individuals and in matters relating thereto, and shall by declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board, or by any General Meeting, or by a court of law or by competent authority, and except so far as may be necessary in order to comply with any provisions in these Articles.

24.2 Restriction on Inspection of Books of Account of Company or on entering into the property of the Company

No person other than Members or Directors or the person authorised by the Company shall be entitled to enter the property of the Company, or inspect any account or books of accounts or document of the Company or properties of the Company, without permission of the Board and to require disclosure of any information relating to the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret to the conduct of the business of the Company and which in the opinion of the Board will be expedient in the interest of the Company not to communicate.

25. DISTRIBUTION OF ASSETS ON WINDING UP

25.1 If the Company shall be wound up, the Liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the Members in specie or kind, the whole or any part of the assets of the Company, whether they consist of property of the same kind or not.

25.2 For the purpose of aforesaid, the Liquidator may set such value as it may deem fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members.

25.3 The Liquidator may, within the like sanction, vest the whole or any part of such assets in trustees upon such trust for the benefit of the contributors as the Liquidator, with the like sanction, think fit, but so that no Member shall be compelled to accept any Shares for securities whereupon there is any liability.

26. INDEMNITY

26.1 Indemnity of Officers of the Company

Every Director, Chairman, Chief Executive or officer of the Company or any person employed by the Company as Auditor, advisor or agent, shall be indemnified out of the funds of the Company against any liability incurred by him or her as such Director, Chairman, Chief Executive, officer, Auditor, advisor or agent, in defending any proceedings, whether civil or criminal, in which judgments given in his favour or in which he is acquitted, or in connection with any application under Section 492 of the Act in which relief is granted to him by court.

26.2 Individual Responsibility of Directors, etc.

Subject to Section 180 of the Act, no Director, Chairman, Chief Executive, Secretary, legal advisor, attorney or other officer or employee of the Company will be liable for the acts, receipts, neglects or default of any other Director or officer or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Board, or other officer for and on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortuous acts of any persons or institutions with whom any money, securities or effects shall be deposited, or for any loss associated by any error of judgment or oversight on his part, or for any other loss, damage, or misfortune whether which may happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own willful act or negligent breach of duty or breach of trust in relation to the Company.

27. DISPUTE RESOLUTION

In the event that a dispute, claim or controversy arises between the Company, its management or its shareholders, or between shareholders inter-se, or the directors inter-se, all steps shall be taken to settle the dispute and resolve the issue through mediation by an accredited mediator before taking recourse to formal dispute resolution such as arbitration or litigation.

We, the several persons, whose names and address as are subscribed hereunto are desirous of being formed into a Company in pursuance of these Articles of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite to our respective names.

Name & Surname (Present & Former) in full (in Block Letters)	Father's/Husband's Name in full	Nationality with any former Nationality	N.I.C. No.	Occupation	Residential address in full	Number of shares taken by each subscriber	Signature
SYED HYDER ALI	Syed Babar Ali	Pakistani	35201-1655225-1	Professional Manager	70-F.C.C., Gulberg, Lahore	(500) Five Hundred	Sd/-
MUJEEB RASHID	Chaudhry Abdul Rashid	Pakistani	35201-5296887-7	Professional Manager	House No.54, Block L, Phase I, D.H.A., Lahore Cantt., Lahore	(200) Two Hundred	Sd/-
KHALID YACOB	Omar Yacob	Pakistani	35202-2337385-9	Professional Manager	304-Upper Mall, Lahore	(200) Two Hundred	Sd/-

Sd/-

dated this 9th day of September 2005

Witness to the above signatures:
Father's name:
Occupation:
Nationality:
N.I.C. number:
Full address:

Adi J. Cawasji
Mr. Jehangir N. Cawasji
Service
Pakistani
42000-0524360-9
66 B, South Circular Avenue, D.H.A., Phase-2, Karachi-75500

SECRETARY
FOR BULLETIN PUBLISHING (PRIVATE) LIMITED
CERTIFIED TRUE COPY

63

Bulleh Shah Packaging (Pvt.) Limited

Directors' Report to Shareholders

64

The Board of Directors of the Company take pleasure in presenting the Annual Report together with the Audited Financial Statements of the Company for the year ended December 31, 2022.

Principal activities and financial performance of the Company

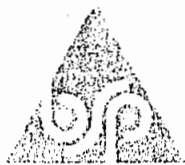
The Company is principally engaged in the manufacture and sale of paper & paper board of all kinds and corrugated boxes. The detail of the Company's financial performance is as follows:

	Rupees in million	
	2022	2021
Invoiced Sales - Gross	55,585	43,141
Invoiced Sales - Net	47,589	36,938
EBITDA (from operations)	9,421	6,746
Depreciation and Amortization	(1,639)	(1,531)
Finance Cost	(2,296)	(860)
Profit Before Tax	5,485	4,355
Profit After Tax	3,280	3,112
Earning per Share	Rupees 3.00	2.85

Highlights

On February 09, 2022, a fire incident took place at the finishing house and central stores which damaged the building and certain items of property, plant and equipment, stores and spares and stock-in-trade. All of those items were adequately insured. After extensive exercise from the appointed surveyors, Company was able to establish claim of PKR 6.143 million out of which 85% claim is recovered and PKR 938 million is still outstanding at the balance sheet date.

The business environment remained challenging during the year due to macroeconomic factors, rupee depreciation against the US dollar and rising commodity prices. Net revenue of the Company has increased by 29%, gross profit has increased by 45%, resulting in 40% increase in EBITDA. The major factors behind this was availability of old pulp stocks procured at a lower price. Finance cost increased significantly by more than 2.5 times due to higher borrowing rates compared to last year and higher financing need for managing higher working capital and CAPEX projects. Depreciation of PKR against foreign currency, resulted in Exchange loss of PKR 887 million in current year as compared to PKR 333 million in 2021. Despite these, Company was able to secure growth in Profit before tax by 26%.



Lahore Office
Shah-e-Rana P.O. Amer
Sdhu, Lahore - 54760
Ph: 042-35811541-46

Kasur Factory
Kasur - 7 KM, Kot Radia Basha Rd.
Off 4 KM Kasur-Rawal Rd
Kasur - 85050
Ph: 049-2717335-45

Karachi Office
416-422, G-20, The Forum
Block - 9, Khayaban-e-Jam
Clifton, Karachi
Ph: 021-3566941

BULLEH SHAH PACKAGING (PRIVATE) LIMITED

Paper • Board • Corrugated Products

CERTIFIED TRUE COPY
FOR BULLEH SHAH PACKAGING (PRIVATE) LIMITED

SECRETARY

Pattern of Holding of Shares

Name of Member	No of Shares
Packages Limited	1,091,873,866
Syed Hyder Ali	1
Syed Aslam Mehdi	1
Riyaz Ali Towfiq Chinoy	1
Imran Khalid Niazi	1
Khurram Raza Bakhtiyari	1

65

Directors of Bulleh Shah Packaging during 2022

Following persons have been members of the Board of Directors of Bulleh Shah Packaging (Private) Limited during 2022:

1. Syed Hyder Ali
2. Syed Aslam Mehdi
3. Khurram Raza Bakhtiyari
4. Imran Khalid Niazi
5. Riyaz Ali Towfiq Chinoy
6. Asghar Abbas
7. Shaheen Sadiq
8. Umar Saeed
9. Dr. Ayesha Khan

Principal Risks facing the Company

The Board of Directors and the Audit Committee of the Board regularly review risk matrix in terms of impact and probability of occurrence. The senior management team, led by the Chief Executive Officer is responsible for risk mitigation measures. The Company's ability to continuously assess market conditions and its timely response enables the Company to manage risks effectively. The risks that related to financial statements are already highlighted in the Note 44 of the annexed financial statements of the Company.

Regarding the business, in respect of unfair competition posed by import of writing printing paper and bleach board that is being sold at dumped prices in the local market, BSP has been actively pursuing for fixation of anti-dumping duty and Import Trade Price (ITP) with National Tariff Commission (NTC). The said claim has been verified by NTC and additional duty has been imposed however, it is not implemented because of stay order on technical grounds. The Company is in discussion with government bodies for support and implementation.



Lahore Office
Shehr-e-Roomi P.O. Amri
Sdha, Lahore - 54760
Ph: 042-35811541-46

Kasur Factory
Kasur - 7 KM Kot Radha Kishan Rd
Off 4 KM Kasur-Rawal Rd
Kasur - 55050
Ph: 049-2717325-45

Karachi Office
416-422 G-20 The Forum
Block - 9 Khayaban-e-Jam
Clifton, Karachi
Ph: 021-3586941

BULLEH SHAH PACKAGING (PRIVATE) LIMITED

100% Local Production

Paper • Board • Corrugated Products

www.bullehshahpackaging.com

Number Of Directors

- (a) Male 6
(b) Female 1

Composition of the Board

	Number
Female (included in Independent Directors)	1
Non-Executive Directors	5
Executive Directors	1

	Percentage
Independent Directors	15%
Non-Executive Directors	70%
Executive Directors	15%

Audit Committee

Audit Committee of the Board consist of following members:

1. Riyaz Ali Towfiq Chinoy (Chairman)
2. Syed Aslam Mehdi
3. Khurram Raza Bakhtiyari
4. Imran Khalid Niazi

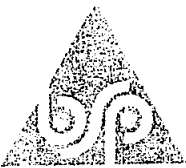
Human Resource and Remuneration Committee

Human Resource and Remuneration Committee of the Board consist of following members:

1. Riyaz Ali Towfiq Chinoy (Chairman)
2. Syed Hyder Ali
3. Imran Khalid Niazi
4. Asghar Abbas

Adequacy of Internal Financial Controls

Management has an established system of internal financial and operational controls necessary to comply with applicable laws, regulations and directives governed in Pakistan. The Board of Directors of the Company also understands its responsibilities regarding the adequacy of internal control and review its compliances through quarterly meetings with Internal Auditors and annual meetings with External auditors.



Lahore Office
Shahrah-e-Roomi P.O. Amer
Saidu, Lahore - 54760
Ph: 042-35811541-46

Kasur Factory
Kasur - 7 KM. Kot Radha Kishan Rd
Off 4 KM Kasur Raiwind Rd
Kasur - 55050
Ph: 049-2717335-45

Karachi Office
416-422, G-20, The Forum,
Block - 9, Khayaban-e-Jam
Clifton, Karachi
Ph: 021-3586941

BULLEH SHAH PACKAGING (PRIVATE) LIMITED

Paper • Board • Corrugated Products

www.bullehshahpackaging.com

Remuneration

The Company has a policy in place to for fixing the remuneration packages of individual directors for attending meetings of the board and its committees. The remuneration of the Directors for attending meetings of the Board or Committees of Directors shall from time to time be determined by the Board based on market trend. The detail remuneration of all Directors of the Company is being presented in Note 38 of the annexed Financial Statements of the Company

Auditors

The present auditor's M/s A.F Ferguson & Co., Chartered Accountants retire and have offered themselves for reappointment. They have confirmed having achieved satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as well as compliance with the Guidelines on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP.

As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as Auditors of the Company for the year ending December 31, 2023, at a fee to be mutually agreed.

Future Outlook

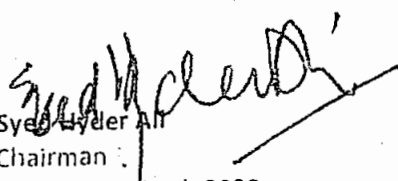
In 2023, Rupee depreciation against foreign currency and increase interest rates are expected to affect the performance of the Company. In addition to the above, depletion of foreign exchange reserves is going to have an adverse impact on availability of raw material and supplies for the operations. However, the Company will continue its focus on improving shareholder's value by minimizing the impact of the highlighted threats through cost control, product and process optimization, price rationalization and efficient working capital management. In addition to the above, Company has contributed towards its social and environmental responsibilities at all levels and will continue to do so even in the future.

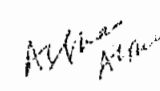
Company's Staff and Customers

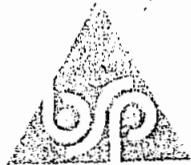
We wish to record our appreciation of the commitment of our employees to the company and continued patronage of our customers.

Events after reporting date

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.


Syed Hyder Ali
Chairman
Lahore, 21 March 2023


Asghar Abbas
Chief Executive Officer
Lahore, 21 March 2023



Lahore Office
Shahrah-e-Roomi P.O. Ameer
Sdhu, Lahore - 54760
Ph 042-35811541-46

Kasur Factory
Kasur - 7 KM, Kol Radha Kishan Rd
Off 4 KM Kasur-Rawal Rd
Kasur - 55050
Ph 049-2717335-45

Karachi Office
416-422, G-20, The Forum,
Block - 9, Khayaban-e-Lux
Clifton, Karachi
Ph 021-3586641

BULLEH SHAH PACKAGING (PRIVATE) LIMITED
Paper • Board • Corrugated Products

www.bullehshah.com.pk

CERTIFIED TRUE COPY
FOR BULLEH SHAH PACKAGING (PRIVATE) LIMITED

SECRETARY

INDEPENDENT AUDITOR'S REPORT

To the members of Bulleh Shah Packaging (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Bulleh Shah Packaging (Private) Limited (the Company), which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss, the statement of comprehensive loss, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive loss, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

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

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

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
23-C, Aziz Avenue, Canal Bank, Gulberg-V, P.O.Box 39, Lahore-54660, Pakistan
Tel: +92 (42) 3571 5868-71 / 3577 5747-50 Fax: +92 (42) 3577 5754

*KARACHI *LAHORE *ISLAMABAD

CERTIFIED TRUE COPY
FOR BULLEH SHAH PACKAGING (PRIVATE) LIMITED

SECRETARY

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

(70)

pwc

A.F.FERGUSON & CO.

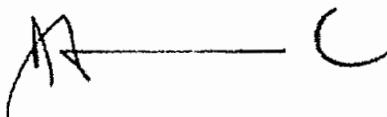
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive loss, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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




**A. F. Ferguson & Co.
Chartered Accountants**

Lahore

Date: April 5, 2023

UDIN: AR202210071npUwg5Ts4

CERTIFIED TRUE COPY
FOR BULLEH SHAH PACKAGING (PRIVATE) LIMITED

SECRETARY

BULLEH SHAH PACKAGING (PRIVATE) LIMITED

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
1,500,000,000 (2021: 1,500,000,000) ordinary shares of Rs 10 each		<u>15,000,000</u>	<u>15,000,000</u>
Issued, subscribed and paid up share capital			
1,091,873,871 (2021: 1,091,873,871) ordinary shares of Rs 10 each	5	10,918,739	10,918,739
Capital reserves		2,876,471	2,876,471
Revenue reserve: Un-appropriated profits		<u>1,982,841</u>	<u>358,220</u>
		<u>15,778,051</u>	<u>14,153,430</u>

NON-CURRENT LIABILITIES

Long term finances - secured	6	10,530,172	4,640,171
Lease liabilities	7	21,030	91,358
Deferred tax liabilities	8	1,259,954	562,471
Employees retirement benefit - gratuity	9	370,657	288,069
Deferred government grant	10	423,443	230,419
Long term liabilities	11	101,503	67,060
Deferred liabilities	12	135,075	124,470
		<u>12,841,834</u>	<u>6,004,618</u>

CURRENT LIABILITIES

Current portion of non-current liabilities	13	1,885,890	2,110,554
Finances under mark-up arrangements - secured	14	19,148,270	9,663,765
Trade and other payables	15	9,059,409	4,806,077
Accrued finance cost	16	1,104,083	236,478
		<u>31,197,664</u>	<u>16,816,874</u>

COUNTINGENCIES AND COMMITMENTS

	17		
		<u>59,817,549</u>	<u>36,974,922</u>

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	18	25,144,420	17,534,144
Right-of-use assets	19	40,307	94,309
Investment property	20	5,699	5,699
Intangible assets	21	77,012	89,647
Long term security deposits		<u>87,263</u>	<u>83,073</u>
		<u>26,354,701</u>	<u>17,807,972</u>

CURRENT ASSETS

Stores and spares	22	1,667,501	1,791,501
Stock in trade	23	21,445,287	12,216,473
Trade debts	24	5,018,856	2,544,301
Loans, advances, deposits, prepayments and other receivables	25	4,245,848	707,368
Income tax recoverable	26	467,626	790,915
Cash and bank balances	27	17,730	16,690
		<u>33,462,848</u>	<u>19,160,950</u>

		<u>59,817,549</u>	<u>36,974,922</u>
--	--	-------------------	-------------------

The annexed notes 1 to 46 form an integral part of these financial statements

Chief Executive

Director

(71)

CERTIFIED TRUE COPY
 FOR BULLEH SHAH PACKAGING (PRIVATE) LIMITED
 SECRETARY

BULLEH SHAH PACKAGING (PRIVATE) LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022 (Rupees in thousand)	2021
Revenue	28	47,589,175	36,938,319
Cost of sales	29	(37,813,790)	(30,184,796)
Gross profit		9,775,385	6,753,523
Administrative expenses	30	(623,481)	(452,573)
Distribution and marketing expenses	31	(720,537)	(526,843)
Net impairment loss on financial assets	24.2	(14,365)	(2,219)
Other expenses	32	(1,349,069)	(765,493)
Other income	33	713,672	208,855
Finance costs	34	(2,296,321)	(860,417)
Profit before taxation		5,485,284	4,354,833
Taxation	35	(2,205,748)	(1,242,731)
Profit for the year		3,279,536	3,112,102
Earnings per share - basic and diluted	Rupees 36	3.00	2.85

The annexed notes 1 to 46 form an integral part of these financial statements.


Chief Executive


Director

BULLEH SHAH PACKAGING (PRIVATE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	(Rupees in thousand)	
Profit for the year	3,279,536	3,112,102
Other comprehensive loss - net of tax		
<i>Items that may be reclassified subsequently in profit or loss</i>		
<i>Items that will not be subsequently reclassified in profit or loss</i>		
Remeasurements of employees retirement benefit	(36,515)	(13,701)
Related tax effect	12,050	3,973
	(24,465)	(9,728)
Other comprehensive loss for the year	(24,465)	(9,728)
Total comprehensive income for the year	3,255,071	3,102,374

The annexed notes 1 to 46 form an integral part of these financial statements.


Chief Executive


Director

BULLEH SHAH PACKAGING (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

(Rupees in thousand)					
Share capital	Capital reserves			Revenue reserve	Share capital and reserves
Issued, subscribed and paid up share capital	Share premium	Equity contribution under Subscription Agreement	Sub-total	(Accumulated losses)/ un-appropriated profits	Total
10,918,739	2,416,554	459,917	2,876,471	(1,234,171)	12,501,030
-	-	-	-	(700,000)	(700,000)
-	-	-	-	(519,950)	(519,950)
-	-	-	-	(350,055)	(350,055)
-	-	-	-	60,022	60,022
-	-	-	-	(1,509,983)	(1,509,983)
-	-	-	-	3,112,102	3,112,102
-	-	-	-	(19,728)	(19,728)
-	-	-	-	3,102,374	3,102,374
10,918,739	2,416,554	459,917	2,876,471	338,220	14,153,430
-	-	-	-	(800,344)	(800,344)
-	-	-	-	(100,452)	(100,452)
-	-	-	-	(400,000)	(400,000)
-	-	-	-	(200,000)	(200,000)
-	-	-	-	(129,654)	(129,654)
-	-	-	-	(1,630,450)	(1,630,450)
-	-	-	-	3,279,536	3,279,536
-	-	-	-	(24,465)	(24,465)
-	-	-	-	3,255,071	3,255,071
10,918,739	2,416,554	459,917	2,876,471	1,082,841	15,778,051

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive

Director

74

75

BULLEH SHAH PACKAGING (PRIVATE) LIMITED

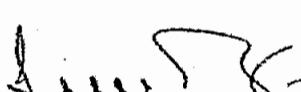
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022 (Rupees in thousand)	2021
Cash flows from operating activities			
Cash (utilized)/generated from operations	41	(5,798,763)	1,437,144
Finance cost paid		(2,033,796)	(834,781)
Income taxes paid		(1,076,068)	(497,939)
Retirement benefits paid	9.2	(18,712)	(16,865)
Payments for accumulating compensated absences	12	(3,400)	(8,602)
Net cash (outflow)/inflow from operating activities		(8,930,739)	78,957
Cash flows from investing activities			
Fixed capital expenditure		(10,090,900)	(4,390,298)
Insurance claim received		5,205,417	-
Proceeds from disposal of property, plant and equipment	18.1.3	42,085	42,791
Long term security deposits - net		(3,290)	(705)
Net cash outflow from investing activities		(4,846,688)	(4,348,212)
Cash flows from financing activities			
Proceeds from long term finances - secured	6	7,836,942	1,423,672
Repayment of long term finances - secured	6	(1,999,085)	(849,085)
Dividends Paid		(1,500,790)	(2,661,879)
Payments against lease	7.1	(43,105)	(39,476)
Net cash inflow/(outflow) from financing activities		4,293,956	(2,126,768)
Net decrease in cash and cash equivalents		(9,483,471)	(6,396,023)
Cash and cash equivalents at the beginning of the year		(9,647,075)	(3,251,052)
Cash and cash equivalents at the end of the year	42	(19,130,546)	(9,647,075)

Refer notes 6 and 7 for reconciliation of liabilities arising from financing activities.

The annexed notes 1 to 46 form an integral part of these financial statements.


Chief Executive


Director

BULLEH SHAH PACKAGING (PRIVATE) LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. Legal status and nature of business

Bulleh Shah Packaging (Private) Limited ('The Company') was incorporated as a private limited company under the repealed Companies Ordinance, 1984 (now, The Companies Act, 2017) on September 16, 2005. It is a wholly owned subsidiary of Packages Limited ('the Holding Company'). The Company's primary object is to carry on the business of manufacture and sale of paper & paper board of all kinds and corrugated boxes. The manufacturing facilities of the Company are situated at 7 km, Kot Radha Kishan Road, Off 4 km Kasur-Raiwind Road, District Kasur and Main Korangi Road, Sector 28, Landhi Town, Karachi. The registered office of the Company is situated at 416-422, G-20, The Forum, Block-9, Khayaban-e-Jami, Clifton, Karachi. Head office of the Company is situated at Shahrah-e-Roomi P.O Amer Sidhu, Lahore.

In addition to the above mentioned business units, the Company has sales offices situated at the following addresses:

- 2nd Floor, G.D. Arcade, 73-E, Fazal-ul-Haq Road, Blue Area, Islamabad, Pakistan; and
- 416-422, G-20, The Forum, Block-9, Khayaban-e-Jami, Clifton, Karachi

2. Basis of preparation

2.1 Statement of compliance

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

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

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

2.2 Initial application of standard, amendment or an interpretation to existing standard

a) Standard, amendments to published standards and interpretations that are effective in the current year:

There were certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on January 1, 2022 but does not have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

b) Standard, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There is a standard and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on January 1, 2022. The standard and amendments are not expected to have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

3. Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention except for recognition of plan assets of defined benefit gratuity fund at fair value and certain employee benefit obligations, long term loans under Temporary Economic Refinance Facility (TERF) scheme, deferred government grants and lease liabilities at present value.

Handwritten signature/initials.

3.2 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

This note provides an overview of the area that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

- i) Provision for taxation - note 4.1, 8 & 35
- ii) Useful lives and residual values of property, plant and equipment- note 4.2
- iii) Impairment of property, plant and equipment - note 4.2
- iv) Employee benefits - note 4.6 & 9
- v) Lease term and discount rate for lease liabilities - notes 4.5
- vi) Impairment of financial assets - note 4.10
- vii) Provision for obsolescence of stores, spare parts and stock in trade - 4.7, 4.8 & 23

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

4. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Taxation

Income tax expense comprises current and deferred tax. x. Securities and Exchange Commission of Pakistan (SECP) vide its certificate dated July 30, 2019, has registered the Company, Packages Limited (the Holding Company), Packages Converters Limited (subsidiary of the Holding Company) and Packages Investments Limited (subsidiary of the Holding Company) [together the 'Group'] as a Group and has also, vide its certificate dated November 6 2019, designated the Group for the purpose of group taxation under Section 59AA of the Income Tax Ordinance, 2001. Consequent to the filing of declaration for group taxation for the tax year 2023 by the Holding company, the Group will be taxed as one fiscal unit for the tax year 2023.

Current

The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted or substantively enacted at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Group tax adjustments

Current and deferred taxes based on the consolidated results of the Group are allocated within the Group on the basis of separate return method, modified for determining realizability of tax credits and tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Company on account of group taxation are credited or charged directly to equity as contribution from / distribution to the Holding Company in the year in which they arise.

4.2 Property, plant and equipment

4.2.1 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss except for leasehold land which is stated at cost less accumulated amortization. Cost of leasehold land is amortized using the straight line method over the period of lease term. Cost in relation to certain operating fixed assets signifies historical cost and borrowing costs as referred to in note 4.17.

Depreciation on all operating fixed assets and amortization on leasehold land is charged to statement of profit or loss on the straight-line basis at the following annual rates after taking into account their residual values:

Buildings on freehold land	3.33% to 20%
Buildings on leasehold land	3.33% to 20%
Plant and machinery	3.33% to 33.33%
Furniture and fixtures	10% to 20%
Office equipment	5% to 33.33%
Vehicles	16.66% to 33.33%
Major spare parts and stand-by equipments	3.33% to 33.33%
Right-of-use assets	16% to 33.33%

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The company's estimate of the residual value and useful life of its operating fixed assets as at December 31, 2022 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is derecognized or retired from active use.

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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.2.2 Capital work in progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure including borrowing costs connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.2.3 Major spare parts and stand-by equipment

Major spare parts and stand-by equipment are treated as property, plant and equipment where they meet the definition of property, plant and equipment. Major spares and stand by equipments are stated at cost less accumulated depreciation.

4.3 Investment properties

Property held to earn rentals and/or for capital appreciation, including property under construction for such purposes is classified as investment property. The investment properties of the Company comprise land, which is stated at cost less any identified impairment loss.

4.4 Intangible assets

Expenditure incurred to acquire computer software and SAP Enterprise Resource Planning (ERP) System are capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight-line basis over their useful lives at the rate ranging from 10% to 33.33%.

Useful lives of intangible assets are reviewed, at each statement of financial position date and adjusted if the impact on amortization is significant. The Company's estimate of the useful lives of its intangible assets as at December 31, 2022 has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

4.5 Leases

(a) The Company is the lessee:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these respective options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

(b) The Company is the lessor:

Operating leases

Properties leased out under operating leases are included in investment property in the statement of financial position. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

14

4.6 Employee benefits

4.6.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

4.6.2 Post employment benefits

The main features of the schemes operated by the Company for its employees are as follows:

a) Defined benefit plan

- **Gratuity plan:** There is an approved funded defined benefit gratuity plan for all employees. Monthly contributions are made to the funds on the basis of actuarial recommendation at the rate of 4.50 percent per annum of basic salaries for gratuity. The latest actuarial valuation for the gratuity scheme was carried out as at December 31, 2022. The actual loss on plan assets during the year was Rs 12.291 million (2021: actual gain of Rs 9.450 million).

The future contribution rates of these plans include allowances for deficit and surplus. Projected unit credit method, using the following significant assumptions, is used for valuation of gratuity plan:

	2022	2021
Discount rate	14.50%	12.25%
Expected rate of increase in salary level for the first two years	14.50%	12.25%
Expected rate of increase in salary level after two years	14.50%	12.25%
Expected rate of return	12.25%	10.25%
Expected mortality rate	SLIC(2001-2005) Mortality Table setback 1 year	SLIC(2001-2005) Mortality Table setback 1 year

Plan assets include treasury bills, term finance certificates with scheduled banks, Pakistan investment bonds and units of mutual funds.

The Company is expected to contribute Rs 22.411 million (2021: Rs 19.573 million) to the gratuity fund in the next financial year.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise. Past service costs are recognized immediately in statement of profit or loss.

- **Accumulating compensated absences:** The Company provides for accumulating compensated absences when the employees render services that increase their entitlement to future compensated absences. The annual leaves can be encashed at the time the employee leaves the Company on the basis of the gross salary while no encashment is available for medical leaves. The employees of the Company are entitled to earned annual and medical leaves on the basis of their service with the Company and in accordance with the Company policy.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to statement of profit or loss. The most recent valuation was carried out as at December 31, 2022 using the "Projected Unit Credit Method".

The amount recognised in the statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the statement of profit or loss immediately in the period when these occur.

14

Projected Unit Credit Method, using the following significant assumptions, has been used for valuation of accumulating compensated absences:

	2022	2021
Discount rate	14.50%	12.25
Expected rate of increase in salary level for the first two years	14.50%	12.25
Expected rate of increase in salary level after two years	14.50%	12.25
Expected mortality rate	SLIC(2001-2005) Mortality Table setback 1 year	SLIC(2001-2005) Mortality Table setback 1 year

b) Defined contribution plans

-Provident fund: There is an approved contributory provident fund for all permanent employees. Equal monthly contributions at the rate of 10 % per annum of basic salary plus dearness and cost of living allowance are made by the Company and employees to the fund.

-Pension fund: There is an approved contributory pension fund for executives (management personnel) of the Company. Employees have the option to contribute 6% per annum of basic salary and the Company contributes 20% per annum of basic salary to the fund.

Above retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

4.7 Stores and spares

Stores and spare are valued at moving weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow moving and/or identified as obsolete, adequate provision is made for any excess book value over estimated realizable value. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

Major spare parts and stand-by equipment is capitalised as referred to in note 4.2.3

4.8 Stock in trade

Stock of raw materials, except for those in transit, work-in-process and finished goods are valued principally at the lower of cost and net realisable value. Cost of raw materials is determined using the weighted average cost method. Cost of work-in-process and finished goods comprises direct production costs such as raw materials, consumables and labour as well as production overheads such as employee wages, depreciation, maintenance, etc. The production overheads are measured based on a standard cost method, which is reviewed regularly to ensure relevant measures of utilization, production lead time etc.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

If the expected sales price less completion costs and costs to execute sales (net realisable value) is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

4.9 Financial assets

4.9.1 Classification

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and
- those to be measured at amortized cost.

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

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

The company reclassifies debt investments when and only when its business model for managing those assets changes.

4.9.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

4.9.3 Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

b) Fair Value through Other Comprehensive Income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income / expenses. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / expenses and impairment losses are presented as separate line item in the statement of profit or loss.

c) Fair Value through Profit or Loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the statement of profit or loss and presented net within other income / expenses in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the statement of profit or loss following the derecognition of the investment. Dividends from such investments are recognised in statement of profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other income / expenses in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.9.4 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss.

4.10 Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Company applies IFRS 9 simplified approach to measure the ECL (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables while general 3-stage approach for loans, deposits, other receivables, short term investments and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Trade debts
- Loans, deposits and other receivables
- Bank balances
- Long term security deposits

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognized when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognized without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the company, in full (without taking into account any collaterals held by the company).

Irrespective of the above analysis, in case of trade debts, the company considers that default has occurred when a debt is more than 180 days past due, unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an Active market for that financial asset because of financial difficulties.

The company recognizes life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts with individually significant balance are separately assessed for ECL measurement. All other receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The company recognizes an impairment gain or loss in the statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

The company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.11 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.12 Trade debts and other receivables

Trade debts are amounts due from customer for goods sold or services performed in ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the company. Trade debts and other receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognized at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortized cost using the effective interest rate method less loss allowance.

11

4.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

4.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

4.15 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies. Revenue is recognised upon satisfaction of performance obligations. The normal credit term is 30 to 90 days upon delivery.

The Company manufactures and sells a range of paper & paper board products. Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied.

4.16 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognized in other comprehensive income.

4.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing / finance costs are recognised in statement of profit or loss in the year in which they are incurred.

14

4.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.19 Dividend

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4.20 Provisions

Provisions for legal claims and make good obligations are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period taking in consideration the amount that the Company would rationally pay to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.21 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares,
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

4.22 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.23 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4.24 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and 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
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized. A contingent liability is disclosed unless the possibility of an outflow is remote.

4.25 Impairment of non-financial assets

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses, if any. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

4.26 Contract assets and contract liabilities

A contract asset is recognised for the Company's right to consideration in exchange for goods or services that it has transferred to a customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Company presents the amount as a contract asset, excluding any amounts presented as a receivable. A contract liability is recognised for the Company's obligation to transfer goods or 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, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers a good or service to the customer, the entity shall present a contract liability when the payment is made or the payment is due (whichever is earlier).

4.27 Rounding of amounts

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

5. Issued, subscribed and paid up share capital

2022	2021		2022	2021
(Number of shares)			(Rupees in thousand)	
563,660,255	563,660,255	Ordinary shares of Rs 10 each fully paid in cash	5,636,603	5,636,603
528,213,616	528,213,616	Ordinary shares of Rs 10 each issued as fully paid	5,282,136	5,282,136
		for consideration other than cash - note 5.3		
<u>1,091,873,871</u>	<u>1,091,873,871</u>		<u>10,918,739</u>	<u>10,918,739</u>

5.1 1,091,873,871 (2021: 1,091,873,871) ordinary shares of the Company are held by Packages Limited.

5.2 The holder of ordinary shares of the Company is entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

(88)

5-3 Under the Asset Transfer Agreement entered into between Packages Limited and the Company on September 15, 2012, 528,213,616 fully paid ordinary shares of Rs 10 each were issued to Packages Limited against the transfer of assets, and related liabilities, in respect of paper & paperboard and corrugated business operations at Kasur and Karachi of Packages Limited at their respective carrying values on May 30, 2013 as stated below:

	Rupees in thousands
Assets	
Property, plant and equipment	10,503,560
Long term loans and deposits	18,600
Stores and spares	738,777
Stock in trade	2,396,228
Loans, advances, deposits, prepayments and other receivables	800
	<u>13,657,965</u>
Liabilities	
Long term finances	5,100,000
Deferred tax	827,476
Deferred liabilities	13,586
Trade and other payables	18,213
	<u>5,959,275</u>
	<u>7,698,690</u>
Net assets	
528,213,616 fully paid ordinary shares of Rs 10 each issued to Packages Limited	5,282,136
Share premium on issuance of shares	2,416,554
	<u>7,698,690</u>

2022 2021
(Rupees in thousand)

6. Long term finances - secured

From banking companies:

Loans under refinance scheme	- note 6.1	1,243,576	858,844
Long term loans	- note 6.3	11,015,186	5,811,483
		<u>12,258,762</u>	<u>6,670,327</u>
Current portion shown under current liabilities	- note 13	(1,728,590)	(2,030,156)
		<u>10,530,172</u>	<u>4,640,171</u>

6.1 'Loans under refinance scheme comprise of:

SBP Temporary Economic Refinance Facility - I	- note 6.1.1	921,113	601,179
SBP Temporary Economic Refinance Facility - II	- note 6.1.2	322,463	-
SBP Employee Refinance Scheme for Salaries and wages	- note 6.1.3	-	257,665
		<u>1,243,576</u>	<u>858,844</u>

6.1.1 SBP Temporary Economic Refinance Facility - I

This loan has been obtained from MCB Bank to meet Balancing, Modernising and Replacement (BMR) of their plant to increase its capacity and efficiency. The aggregate loan amount of this facility is Rs. 1,500 million. There have been twelve disbursements amounting to Rs 497.476 million in the financial year.

Mark-up

It carries markup semi-annually at 6 month KIBOR before State Bank of Pakistan's approval and SBP rate i.e. 1% + 0.47% after the State Bank of Pakistan gives approval to a disbursement.

Tenor and repayment

This loan is repayable in 16 equal semi-annual instalments in 10 years including a grace period of 2 years from the date of disbursement.

Security

It is secured by a joint parri passu charge over plant and machinery with 25% margin.

6.1.2 SBP Temporary Economic Refinance Facility - II

This loan has been obtained from ABL to meet Balancing, Modernising and Replacement (BMR) of their plant to increase its capacity and efficiency. The aggregate loan amount of this facility is Rs. 500 million. There has been one disbursement amounting to Rs 31.866 million in the financial year.

Mark-up

It carries markup quarterly at 3 month KIBOR +0.2% before State Bank of Pakistan's approval and SBP rate i.e. 1% + 1% after the State Bank of Pakistan gives approval to a disbursement.

Tenor and repayment

The loan is repayable in 16 equal quarterly instalments in 6 years including a grace period of 2 years from the date of disbursement.

Security

It is secured by a joint parri passu charge over plant and machinery with 25% margin.

6.1.3 SBP Employee Refinance Scheme for Salaries & Wages

This represents long term financing facility availed under State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns ('Refinance Scheme') obtained from ABL, amounting to Rs 531.504 million. The loan has been fully repaid during the year.

Mark-up

It carried markup at 1 per cent per annum with effect from the date it is approved by the State Bank of Pakistan. The effective mark-up charged during the year ranges from 1% to 7.46 % per annum. Markup was paid quarterly in arrears.

Security

It is secured by a joint parri passu charge over plant and machinery with 25% margin.

6.2 The reconciliation of the carrying amount is as follows:

	2022	2021
	(Rupees in thousand)	
Balance as at beginning of the year	858,844	499,937
Disbursements during the year	529,342	862,189
Repayments during the year	(265,752)	(265,752)
Converted to TERF during the year	370,564	-
	<u>1,492,998</u>	<u>1,096,374</u>
Discounting adjustment for recognition at fair value - deferred government grant	(353,805)	(273,367)
Unwinding of discount on liability	104,383	35,837
Balance as at end of the year	<u>1,243,576</u>	<u>858,844</u>
Current portion shown under current liabilities	<u>(78,590)</u>	<u>(296,892)</u>
	<u>1,164,986</u>	<u>561,952</u>

2022 2021
(Rupees in thousand)

6.3 Long term finances consist of:

Temporary Economic Refinance Facility	- note 6.3.1	-	370,564
Musharaka running finance agreement - 1	- note 6.3.2	250,000	583,333
Musharaka running finance agreement - 2	- note 6.3.3	1,000,000	1,666,667
Musharaka running finance agreement - 3	- note 6.3.4	2,000,000	-
Musharaka running finance agreement - 4	- note 6.3.5	3,000,000	-
Term finance agreement -1	- note 6.3.6	666,667	1,000,000
Term finance agreement -2	- note 6.3.7	1,600,000	2,000,000
Demand Finance	- note 6.3.8	2,498,519	190,919
		<u>11,015,186</u>	<u>5,811,483</u>

6.3.1 Temporary Economic Refinance Facility

This loan has been obtained from Allied Bank Limited to meet Balancing, Modernising and Replacement (BMR) of their plant to increase its capacity and efficiency. The loan has been approved by SBP in the current year, resultantly it has been reclassified to Loans under refinance scheme as SBP Temporary Economic Refinance Facility - II.

6.3.2 Musharaka running finance agreement - 1

This loan has been obtained from MCB Islamic Bank Limited against diminishing musharaka agreement to meet the capital expenditure requirements already incurred by the Company from own sources. The aggregate loan amount is Rs 1,000 million.

Mark-up

It carries mark-up at three month KIBOR plus 0.10 % per annum (2021: three month KIBOR plus 0.10 % per annum). The effective mark-up charged during the year ranges from 8.68 % to 15.89 % per annum (2021: 7.4 % to 8.68 % per annum). Mark-up is payable quarterly in arrears.

Tenor and repayment

This loan was originally repayable in 4 years including a grace period of 1 year. However, as per the State Bank of Pakistan's Banking Policy & Regulations Department's Circular Letter No.14 of 2020, the repayment of this loan has been deferred by 1 year. The balance is repayable in 10 equal quarterly instalments ending August 2023.

Security

It is secured by a joint parri passu charge over plant and machinery with 25% margin.

6.3.3 Musharaka running finance agreement - 2

This loan has been obtained from Habib Bank Limited against diminishing musharaka agreement to meet the capital expenditure requirements already incurred by the Company from own sources. The aggregate loan amount is Rs 2,000 million.

Mark-up

It carries mark-up at six month KIBOR plus 0.10 % per annum (2021: six month KIBOR plus 0.10 % per annum). The effective mark-up charged during the year is 7.64% to 16.10% per annum (2021: 7.35 % to 7.77% per annum). Mark-up is payable semi - annually in arrears.

Tenor and repayment

This loan is repayable in 5 years including a grace period of 2 years. The balance is repayable in 6 equal half yearly instalments ending in March 2024.

Security

It is secured by a joint parri passu charge over plant and machinery with 25% margin.

6.3.4 Musharaka running finance agreement - 3

This loan has been obtained from Meezan Bank Limited against diminishing musharaka agreement for the purpose of re-profiling of statement of financial position. The aggregate loan amount is Rs 2,000 million.

Mark-up

It carries mark-up at six month KIBOR per annum. The effective mark-up charged during the year is 11.06% to 16% per annum. Mark-up is payable semi - annually in arrears.

Tenor and repayment

This loan is repayable in 6 years including a grace period of 2 years. The balance is repayable in 8 equal half yearly instalments ending in March 2028.

Security

It is secured by a ranking charge over plant and machinery with 25% margin.

6.3.5 Musharaka running finance agreement - 4

This loan has been obtained from Faysal Bank Limited against diminishing musharaka agreement for the purpose of re-profiling of statement of financial position. The aggregate loan amount is Rs 3,000 million.

Mark-up

It carries mark-up at three months KIBOR per annum. The effective mark-up charged during the year is 14.68% to 15.83% per annum. Mark-up is payable quarterly in arrears.

Tenor and repayment

This loan is repayable in 5 years including a grace period of 2 years. The balance is repayable in 12 equal quarterly instalments ending in May 2027.

Security

It is secured by a ranking charge over plant and machinery with 25% margin.

6.3.6 Term finance agreement - 1

This loan has been obtained from Allied Bank Limited for the purpose of re-profiling of statement of financial position and meeting capital expenditure requirements of the Company. The aggregate loan amount is Rs. 1,000 million.

Mark-up

It carries mark-up at six month KIBOR plus 0.20 % per annum (2021: six month Kibor plus 0.20 % per annum). The effective mark-up charged during the year ranges from 7.96% to 16.31% per annum (2021: 7.50% to 8.04% per annum). Mark-up is payable semi-annually in arrears.

Tenor and repayment

This loan is repayable in 5 years including a grace period of 2 years. The balance is repayable in 6 equal semi-annual instalments ending in September 2024.

Security

It is secured by a joint parri passu charge over plant and machinery with 25% margin.

Handwritten signature or mark.

6.3.7 Term finance agreement - 2

This loan has been obtained from Allied Bank Limited for the purpose of re-profiling of statement of financial position and meeting capital expenditure requirements of the Company. The aggregate loan amount is Rs 2,000 million.

Mark-up

It carries mark-up at six month KIBOR plus 0.10 % per annum (2021: six month KIBOR plus 0.10 % per annum). The effective mark-up charged during the year ranges from 7.63% to 16.09% per annum (2021: 7.38 % to 7.75% per annum). Mark-up is payable quarterly in arrears.

Tenor and repayment

This loan was originally repayable in 7 years including a grace period of 2 years. However, as per the State Bank of Pakistan's Banking Policy & Regulations Department's Circular Letter No.14 of 2020, the repayment of this loan has been deferred by 1 year. The balance is repayable in 10 equal semi-annual instalments ending in September 2026.

Security

It is secured by a joint parri passu charge over plant and machinery with 25% margin.

6.3.8 Demand Finance

This loan has been obtained from MCB Bank to meet Balancing, Modernising and Replacement (BMR) of their plant to increase its capacity and efficiency. The aggregate loan amount of this facility is Rs. 5000 million which is convertible to long term financing facility of SBP. There have been twenty seven disbursements worth Rs. 2,307.6 million in the financial year.

Mark-up

It carries markup at 6 month KIBOR per annum on demand finance facility. SBP rate + 0.5% will be applicable after the State Bank of Pakistan gives approval to a disbursement.

Tenor and repayment

This loan is repayable in 16 equal semi-annual instalments in 10 years including a grace period of 2 years from the date of disbursement.

Security

It is secured by a joint parri passu and ranking charge over plant and machinery with 25% margin.

6.4 The reconciliation of the carrying amount is as follow:	2022	2021
	(Rupees in thousand)	
Opening balance	5,811,483	5,833,333
Disbursements during the year	7,307,600	561,483
Repayments during the year	(1,733,333)	(583,333)
Converted to TERF during the year	(370,564)	-
	11,015,186	5,811,483
Current portion shown under current liabilities	(1,650,000)	(1,733,333)
	9,365,186	4,078,150

7. Lease liabilities

The Company has obtained certain land and building on lease from its Holding Company and a third party. The lease contract renews upon mutual consent of both lessee and lessor. This gives rise to lease liabilities in respect of right-of-use assets as referred in note 19 and are recognised at Company's average incremental borrowing rate of 14.77% per annum (2021: 13.2% per annum).

		2022 (Rupees in thousand)	2021
Present value of lease payments	- note 7.1	66,747	126,429
Current portion shown under current liabilities	- note 13	(45,717)	(35,071)
		<u>21,030</u>	<u>91,358</u>

7.1 Reconciliation of the carrying amount is as follows:

Balance as at beginning of the year	126,429	149,385
Interest on lease liabilities	8,881	16,520
Additions during the year	13,639	-
Reassessment of lease liabilities	(39,097)	-
Rentals paid during the year	(43,105)	(39,476)
Balance as at end of the year	<u>66,747</u>	<u>126,429</u>

7.2 The undiscounted minimum lease payments of the lease liabilities are:

No later than one year	50,353	45,313
Later than one year and not later than five years	22,937	106,303
Later than five years	-	-
- note 7.3	<u>73,290</u>	<u>151,616</u>

7.3 The minimum lease payments are discounted over a lease term ranging from 3 to 6.25 years.

8. Deferred tax liabilities

The net liability for deferred tax comprises of:

Deferred tax liability

Accelerated tax depreciation	2,258,777	1,551,991
Right-of-use assets	13,301	27,408
	<u>2,272,078</u>	<u>1,579,399</u>

Deferred tax asset

Intangible assets	(1,101)	(1,964)
Trade debts	(11,128)	(8,910)
Lease liabilities	(22,027)	(36,096)
Deferred liabilities	(44,574)	(36,664)
Tax losses	(933,294)	(933,294)
	<u>(1,012,124)</u>	<u>(1,016,928)</u>

Net deferred tax liability

<u>1,259,954</u>	<u>562,471</u>
------------------	----------------

The movement in net deferred tax liability during the year is as follows:

Opening balance	562,471	132,957
Charged to statement of profit or loss	697,483	429,514
Closing balance	<u>1,259,954</u>	<u>562,471</u>

74

8.1 The unabsorbed depreciation loss of Rs 3,218.255 million (2021: Rs 3,218.255 million) is available for set off against income of the Company under separate return for indefinite period, but not available under the group taxation model.

	2022	2021
	(Rupees in thousand)	
9. Employees Retirement benefit - Gratuity		
Gratuity fund	370,657	288,669
9.1 Amounts recognised in the statement of financial position are as follows:		
Present value of defined benefit obligation	481,119	404,322
Fair value of plan assets	(110,462)	(115,653)
Liability as at December 31	370,657	288,669
9.2 Movement in net liability for employee retirement benefit - gratuity is as follows:		
Liability as at January 1	288,669	239,040
Charge to the statement of profit or loss	64,185	52,793
Charge to other comprehensive loss	36,515	13,701
Contribution by the Company	(18,712)	(16,865)
Liability as at December 31	370,657	288,669
9.3 Movement in present value of defined benefit obligation is as follows:		
Opening balance	404,322	369,131
Current service cost	29,969	29,155
Interest cost	49,033	36,936
Benefits paid	(8,116)	(17,571)
Experience adjustments	8,458	9,106
Actuarial losses from change in financial assumptions	949	747
Liability transferred from the Holding Company	820	1,558
Liability transferred to the Holding Company	(4,316)	(24,740)
Closing balance	481,119	404,322
9.4 Movement in fair value of plan assets is as follows:		
Opening balance	115,653	130,091
Contributions made	18,712	16,865
Remeasurements in plan assets, excludes interest income	(27,108)	(3,848)
Benefits paid	(8,116)	(17,571)
Plan assets transferred to the Holding Company	(4,316)	(24,740)
Interest Income on plan assets	14,817	13,298
Plan assets transferred from the Holding Company	820	1,558
Closing balance	110,462	115,653
9.5 Amounts recognised in the statement of profit or loss is as follows:		
Current service cost	29,969	29,155
Interest cost	49,033	36,936
Interest Income on plan assets	(14,817)	(13,298)
	64,185	52,793
9.6 Remeasurements charged to other comprehensive loss are as follows:		
Experience adjustments	8,458	9,106
Actuarial losses from change in financial assumptions	949	747
Remeasurements in plan assets, excludes interest income	27,108	3,848
	36,515	13,701

95

9.7 Plan assets

	2022		2021	
	Fair value		Fair value	
	(Rupees in thousand)	%	(Rupees in thousand)	%
Plan assets are comprised as follows:				
Debt instruments - un-quoted	20,104	18.20%	18,123	15.67%
Equity instrument - quoted	71,690	64.90%	74,481	64.40%
Cash and cash equivalents	18,668	16.90%	23,050	19.93%
	110,462	100.00%	115,653	100.00%

9.8 Sensitivity analysis

Year end sensitivity analysis on defined benefit obligations are as follows:

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2022	2021	2022	2021	2022	2021
	%		(Rupees in thousand)		(Rupees in thousand)	
Discount rate	1%	1%	438,115	366,244	(530,749)	(448,528)
Salary	1%	1%	530,734	448,504	(437,367)	(365,576)

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

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

9.9 Risks faced by the Company on account of gratuity fund

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

- Demographic risks

Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more 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 the age, service and the entitled benefits of the beneficiary.

- **Investment risk** – The risk of the investment underperforming and being not sufficient to meet the liabilities.

10. Deferred government grant

This represents deferred government grant recognized in respect of the benefit of below-market interest rate on long term finances as referred to in note 6. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Company has used the prevailing market rate of mark-up for similar instruments to calculate fair values of respective loans. The discount rate used range from 7.84% to 15.96% per annum (2021: 7.84% to 10.58% per annum). The reconciliation of the carrying amount is as follows:

		2022	2021
		(Rupees in thousand)	
Opening balance		269,134	31,603
Deferred grant recognized during the year		353,805	273,367
Credited to profit or loss	- note 33	(98,296)	(35,836)
Closing Balance	- note 10.1	524,643	269,134
Represented by:			
Non-current portion		423,443	230,419
Current portion		101,200	38,715
	- note 6	524,643	269,134

10.1 This grant is being amortized in the statement of profit or loss in line with the recognition of interest expense that the grant is compensating. The amortization of grant has been presented as a reduction of related interest expense in statement of profit or loss. There are no unfulfilled conditions or other contingencies attached to this grant.

		2022	2021
		(Rupees in thousand)	
Long term liabilities	-note 11.1	111,892	73,673
Less: Current portion shown under current liabilities	-note 13	10,389	6,613
		101,503	67,060

11.1 This represents contributions made by employees for purchase of the Company vehicles. The vehicles are transferable to employees at tax written down value after a period of six years.

12. Deferred liabilities

This represents provision made to cover the obligation for accumulating compensated absences:

	2022	2021
	(Rupees in thousand)	
Opening balance	124,470	104,467
Charged to the statement of profit or loss	14,005	28,605
	138,475	133,072
Less: payments made during the year	3,400	8,602
Closing balance	135,075	124,470

12.1 Movement in liability for accumulating compensated absences is as follows:

	2022	2021
Opening balance	124,470	104,467
Current service cost	9,779	13,965
Interest cost	15,040	9,766
Benefits paid	(3,400)	(8,602)
Experience losses	(11,448)	4,207
Loss from change in financial assumptions	634	667
Closing balance	135,075	124,470

2022 2021
(Rupees in thousand)

12.2 Amounts charged to statement of profit or loss are as follows:

Current service cost	9,779	13,965
Interest cost	15,040	9,766
Experience losses	(11,448)	4,207
Loss from change in financial assumptions	634	667
Expense charged to the statement of profit or loss	14,005	28,605

12.3 Sensitivity analysis

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2022	2021	2022	2021	2022	2021
	%age		(Rupees in thousand)		(Rupees in thousand)	
Discount rate	1%	1%	124,172	113,809	(147,792)	(136,943)
Salary	1%	1%	147,903	137,101	(123,813)	(113,466)

12.4 Risks faced by the Company on account of accumulating compensated absences:

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

- **Demographic risks**

Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more 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 the age, service and the entitled benefits of the beneficiary.

2022 2021
(Rupees in thousand)

13. Current portion of non-current liabilities

Current portion of long term finances - secured	- note 6	1,728,590	2,030,156
Current portion of lease liabilities	- note 7	45,717	35,071
Current portion of deferred government grant	- note 10	101,200	38,715
Current portion of long term liabilities	- note 11	10,389	6,613
		1,885,896	2,110,554

14. Finances under mark-up arrangements - secured

Running finances - secured	- note 14.1	14,748,276	7,463,765
Short term finances - secured	- note 14.2	4,400,000	2,200,000
Letters of credit and bank guarantees	- note 14.3	-	-
		19,148,276	9,663,765

14.1 Short term running finances available from commercial banks under mark-up arrangements amount to Rs 16,600 million (2021: Rs 11,000 million). The rates of mark-up range from 10.24% to 17.08% (2021: 7.38% to 10.27%). The mark-up is paid quarterly. In the event the Company fails to pay the balances on the expiry of the quarter, year or earlier demand, mark-up is to be computed at the rates ranging from 20% to 22% (2021: 20% to 22%). The running finance facilities are secured by hypothecation as ranking charge and joint pair passu charge over current assets of the Company. The unavailed balance of running finance facilities as at year end is Rs 1,851.723 million (2021: Rs 3,536.235 million).

14.2 Facilities for obtaining short term finances of Rs 16,100 million (2021: Rs 7,400 million) including Rs 12,600 million (2021: Rs 7,400 million) being available to the Company as a sublimit of the running finance facilities as referred to in note 14.1, are available to the Company. The rates of mark-up range from 7.79% to 16.55% (2021: 7.35% to 10.53%). Short term finances are secured by joint pair passu charge over current assets of the Company.

14.3 Of the aggregate facility of Rs 23,500 million (2021: Rs 16,000 million) for letters of credit, including Rs 8,000 million (2021: Rs 6,400 million) being available to the Company as a sublimit of the running finance facilities as referred to in note 14.1, the amount utilised at December 31, 2022 is Rs 7,174.054 million (2021: Rs 8,241.277 million). Of the aggregate facility of Rs 1,100 million (2021: Rs 1,100 million) for guarantees, including Rs 100 million (2021: Rs 100 million) being available to the Company as a sublimit of the running finance facilities as referred to in note 14.1, the amount utilised at December 31, 2022 is Rs 1,085.620 million (2021: Rs 1,097.263 million). The facilities for letters of credit are secured by lien over import documents while the facility for guarantees is secured by joint pair-passu charge of Rs 1,085.620 million (2021: Rs 1,097.262 million) on all present and future current assets of the Company. The unavailed balance of letters of credit facilities as at year end is Rs 8,688.201 million (2021: Rs 3,829.092 million).

		2022	2021
		(Rupees in thousand)	
15. Trade and other payables			
Trade creditors	- note 15.1	6,300,520	2,791,272
Accrued liabilities	- note 15.2 and note 15.3	1,735,048	1,496,255
Payable to employees' post employment funds	- note 15.4	19,729	16,925
Withholding sales tax payable		39,653	25,972
Contract liability	- note 15.5	844,731	366,499
Security deposits - interest free repayable on demand - unsecured	- note 15.6	14,206	14,506
Workers' welfare fund	- note 15.7	88,613	90,193
Workers' profit participation fund	- note 15.8	13,211	-
Others		3,698	4,455
		<u>9,059,409</u>	<u>4,806,077</u>

15.1 Trade creditors include the following in respect of related parties:

Packages Limited	11,645	20,025
DIC Pakistan Limited	8,567	6,048
Packages Lanka (Private) Limited	68	68
Packages Real Estate (Private) Limited	89	124
Packages Convertors Limited	83,465	144,873
Omyapack (Private) Limited	69,295	34,942
IGI General Insurance Limited	35,411	3,031
IGI Life Insurance Limited	4,934	-
Tripack Films limited	390	-
	<u>213,864</u>	<u>209,111</u>

15.2 Accrued liabilities include Rs 355.959 million (2021: Rs 190.111 million) in respect of Packages Limited, the Holding Company.

15.3 On August 13, 2020, the Honourable Supreme Court announced the order relating to the levy imposed under Gas Infrastructure Development Cess Act, 2015 whereby all arrears of Gas Infrastructure Development Cess ('GIDC') that have become due up to July 31, 2020 and have not been recovered so far shall be recovered from the gas consumers in twenty-four equal monthly instalments starting from August 01, 2020 without the component of late payment surcharge ('LPS') on the outstanding balance of GIDC. The LPS shall only become payable for the delays that may occur in the payment of any of the twenty-four instalments. Accrued liabilities include an amount of Rs 86.865 million (2021: Rs 86.865 million) in respect of GIDC prior to the promulgation date of GIDC Act, 2015.

99

However, on September 18, 2020, the Company obtained a stay order from Honourable Lahore High Court ('LHC') against payment of this GIDC to Sui Northern Gas Pipelines Limited ('SNGPL') on the premise that the matter of the Company is still unresolved at the end of High Level Committee of SNGPL to be formed under Writ Petition No. 31491 of 2016. Therefore, till the time High Level Committee of SNGPL resolves the exact liability of the Company, SNGPL cannot recover the same from the Company. The matter was decided in the favor of the company on June 17, 2021 by the LHC, while SNGPL filed a review petition against the decision

The Honourable Lahore High Court ('LHC') has disposed of the review petition by an order dated September 21, 2022 by stating the fact that High powered committee already constituted by Government of Pakistan is directed to be activated with in a period of two months and thereafter, upon scrutiny and evaluation of the record and documents, the matter of recovery of Cess may commence as per recommendation and directions of the committee.

Lahore High Court has instructed the Federal Government to make rules for resolution of disputes and manner of recovery of GIDC arrears prior to the promulgation date, under section 6 of the GIDC Act, 2015. Therefore, the amount of unpaid GIDC has not been discounted, since the timing of payment is unknown at the date of financial position.

		2022	2021
		(Rupees in thousand)	
15.4 Payable to employees' post employment funds			
Bulleh Shah Packaging (Private) Limited - Employees' Provident Fund (fund of the Company)	- note 15.4.1	11,568	9,582
Bulleh Shah Packaging (Private) Limited - Employees' Gratuity Fund (fund of the Company)		1,578	1,372
Bulleh Shah Packaging (Private) Limited - Management Staff Pension Fund (fund of the Company)	- note 15.4.1	6,583	5,971
		<u>19,729</u>	<u>16,925</u>

15.4.1 Investments out of employees' provident fund and management staff pension fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

15.5 This primarily represents advances received from customers against which sales were made in the subsequent period. Reconciliation of carrying amount is as follows:

	2022	2021
	(Rupees in thousand)	
Opening balance	366,499	108,378
Payments received during the year	1,321,650	620,607
Recognised in sales during the year	(843,418)	(362,486)
Closing balance	<u>844,731</u>	<u>366,499</u>

15.6 This represents amounts received from suppliers and truckers as per the respective agreements, kept in separate bank account maintained for that purpose as required under section 217 subsection 2 of the Companies Act, 2017. These have not been utilized and kept intact.

		2022	2021
		(Rupees in thousand)	
15.7 Workers' welfare fund			
Opening balance		90,193	61,206
Prior Year Expense	- note 32	1,603	-
Provision for the year	- note 32	84,115	85,696
		<u>175,911</u>	<u>146,902</u>
Payable on account of group adjustment		(87,298)	(56,709)
Closing balance		<u>88,613</u>	<u>90,193</u>

100

15.8 Workers' profit participation fund

2022 **2021**
(Rupees in thousand)

Opening balance		(11,300)	-
Provision for the year	- note 32	293,211	233,700
		281,911	233,700
Payments during the year		(268,700)	(245,000)
Closing balance		13,211	(11,300)

16. Accrued finance cost

Accrued mark-up on:

- Long term finances - secured	454,507	132,976
- Finances under mark-up arrangements - secured	649,576	103,502
	1,104,083	236,478

17. Contingencies and commitments

17.1 Contingencies

The banks have issued the following guarantees on Company's behalf in favour of:

- Sui Northern Gas Pipelines Limited against supply of sui gas amounting to Rs 944.620 million (2021: Rs 944.620 million);
- Pakistan State Oil Limited ('PSO') for the supply of fuel against deferred payment amounting to Rs 63 million (2021: Rs 40 million);
- Standard Chartered Bank Limited against supply of visa / master corporate cards amounting to Nil (2021: Rs 5 million);
- Excise and taxation department against dues due to imposition of Infrastructure cess amounting to Rs 78 million (2021: Rs 78 million);
- Sui Northern Gas Pipelines Limited (under stay order of Honourable Lahore High Court) against recovery of GIDC arrears amounting to Rs Nil (2021: 29.642 million);

17.2 Commitments

- Letters of credits for capital expenditure Rs. 5,111.963 million (2021: Rs 3,166.167 million)
- Letters of credit other than for capital expenditure Rs. 2,062.091 million (2021: Rs 5,075.102 million)

18. Property, plant and equipment

2022 **2021**
(Rupees in thousand)

Operating assets	- note 18.1	17,231,404	12,597,715
Capital work in progress	- note 18.2	8,735,213	4,804,009
Major spare parts and stand-by equipment	- note 18.3	177,803	132,420
		26,144,420	17,534,144

18.1 Operating assets

	Freehold land	Buildings on leasehold land	Buildings on freehold land	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total
(Rupees in thousand)								
At December 31, 2022								
Cost	247,714	123,200	3,270,668	35,167,095	29,376	460,961	481,938	39,780,952
Accumulated depreciation / impairment	-	(67,590)	(1,659,395)	(20,309,964)	(24,050)	(352,116)	(136,433)	(22,549,548)
Net book value	<u>247,714</u>	<u>55,610</u>	<u>1,611,273</u>	<u>14,857,131</u>	<u>5,326</u>	<u>108,845</u>	<u>345,505</u>	<u>17,231,404</u>
At December 31, 2022								
Opening net book value	117,287	62,703	1,674,146	10,483,404	4,636	70,930	184,609	12,597,715
Additions - at cost	130,427	-	289,108	5,925,404	1,741	81,343	221,490	6,649,513
Disposals - at net book value	-	-	(217,711)	(144,775)	(25)	(8,948)	(30,960)	(402,419)
Depreciation charged for the year	-	(7,093)	(134,270)	(1,406,902)	(1,026)	(34,480)	(29,634)	(1,613,405)
Closing net book value	<u>247,714</u>	<u>55,610</u>	<u>1,611,273</u>	<u>14,857,131</u>	<u>5,326</u>	<u>108,845</u>	<u>345,505</u>	<u>17,231,404</u>
At December 31, 2021								
Cost	117,287	123,200	3,368,069	29,697,537	28,109	420,815	345,248	34,100,265
Accumulated depreciation / impairment	-	(60,497)	(1,693,923)	(19,214,133)	(23,473)	(349,885)	(160,639)	(21,502,550)
Net book value	<u>117,287</u>	<u>62,703</u>	<u>1,674,146</u>	<u>10,483,404</u>	<u>4,636</u>	<u>70,930</u>	<u>184,609</u>	<u>12,597,715</u>
At December 31, 2021								
Opening net book value	111,052	71,565	1,813,207	10,075,198	5,547	79,890	182,415	12,338,874
Additions - at cost	6,235	-	18,226	1,695,949	-	26,093	55,324	1,801,827
Disposals - at net book value	-	-	-	(34,978)	-	(21)	(29,874)	(64,873)
Depreciation charged for the year	-	(8,862)	(157,287)	(1,252,765)	(911)	(35,032)	(23,256)	(1,478,113)
Closing net book value	<u>117,287</u>	<u>62,703</u>	<u>1,674,146</u>	<u>10,483,404</u>	<u>4,636</u>	<u>70,930</u>	<u>184,609</u>	<u>12,597,715</u>

18.1.1 Following are the particulars of the Company's immovable fixed assets:

Location	Particulars	Usage of immovable property	Total Area (in Acres)
Kot Radha Kishan Road, District Kasur	Freehold land and building	Factory site and offices	239.73
Depalpur, Pakpatan Road, District Okara	Buildings on leasehold land	Purchase center for biomass fuel	13

101

2022 2021
(Rupees in thousand)

18.1.2 The depreciation charge has been allocated as follows:

Cost of sales	1,584,303	1,452,836
Administrative expenses	23,246	20,468
Distribution and marketing costs	5,856	4,809
	1,613,405	1,478,113

18.1.3 Detail of property, plant and equipment disposed off during the year is as follows:

2022						
Particulars of assets sold to	Cost	Accumulated depreciation	Book value	Profit / (loss) on disposal	Sales proceeds	Mode of disposal
(Rupees in thousand)						
Vehicles						
Employees						
Arslan Shahid	1,811	(851)	960	180	1,140	Company Policy
Khalid Abdul Quddus	3,039	(1,155)	1,884	190	2,074	-do-
Asif Ali	2,151	(817)	1,334	194	1,528	-do-
Sibat Usman	1,655	(97)	1,558	(87)	1,471	-do-
Moghees Afzal	1,430	(858)	572	343	915	-do-
Ahsan Shahzad	1,695	(353)	1,342	(52)	1,290	-do-
Hassan Ali	1,788	(1,073)	715	444	1,159	-do-
Hawaisa Waheed	2,395	(459)	1,936	(8)	1,928	-do-
Khurram Ali	1,433	(167)	1,266	(40)	1,226	-do-
Muhammad Abu Bakar Shafique	1,433	(203)	1,230	(4)	1,226	-do-
Muhammad Farhan	1,270	(622)	648	191	839	-do-
Muhammad Naseer Iqbal	1,645	(274)	1,371	(140)	1,231	-do-
Muhammad Uzair Hashmi	2,000	(533)	1,467	(167)	1,300	-do-
Shahid Imran Ch.	1,571	(770)	801	289	1,090	-do-
Hammas Saleem	1,865	(342)	1,523	(82)	1,441	-do-
Muhammad Ali Wajid	3,180	(291)	2,889	(101)	2,788	-do-
Muhammad Nauman Zafar	2,828	(1,358)	1,470	307	1,777	-do-
Sharjil Naushad	2,388	(1,122)	1,266	562	1,828	-do-
Usman Dodhy	1,600	(944)	656	403	1,059	-do-
Emad Ud Din Ahmed	1,678	(1,007)	671	465	1,136	-do-
Moiz Hassan	1,582	(949)	633	1,567	2,200	-do-
Outsiders						
Muhammad Umer	1,823	(1,094)	729	1,171	1,900	-do-
C/F	42,260	(15,339)	26,921	5,625	32,546	

Particulars of assets sold to	Cost	Accumulated depreciation	Book value	Profit / (loss) on disposal	Sales proceeds	Mode of disposal
(Rupees in thousand)						
B/F	42,260	(15,339)	26,921	5,625	32,546	
Plant & Machinery						
Scrapped	100,707	(82,497)	18,210	-	-	Written Off due to fire *
Scrapped	8,161	(4,976)	3,185	-	-	-do-
Scrapped	2,467	(1,665)	802	-	-	-do-
Scrapped	3,153	(1,366)	1,787	-	-	-do-
Scrapped	91,118	(59,226)	31,892	-	-	-do-
Scrapped	1,769	(1,032)	737	-	-	-do-
Scrapped	2,405	(1,323)	1,082	-	-	-do-
Scrapped	3,480	(1,740)	1,740	-	-	-do-
Scrapped	4,936	(1,440)	3,496	-	-	-do-
Scrapped	1,752	(253)	1,499	-	-	-do-
Scrapped	4,788	(1,851)	2,937	-	-	-do-
Scrapped	2,298	(766)	1,532	-	-	-do-
Scrapped	2,435	(947)	1,488	-	-	-do-
Scrapped	2,893	(386)	2,507	-	-	-do-
Scrapped	69,143	(1,153)	67,990	-	-	-do-
Scrapped	2,266	(1,435)	831	-	-	-do-
Scrapped	3,936	(1,771)	2,165	-	-	-do-
Building on Freehold Land						
Scrapped	108,082	(61,516)	46,566	-	-	-do-
Scrapped	102,630	(51,842)	50,788	-	-	-do-
Scrapped	15,731	(7,946)	7,785	-	-	-do-
Scrapped	2,395	(711)	1,684	-	-	-do-
Scrapped	132,186	(37,893)	94,293	-	-	-do-
Scrapped	8,056	(2,149)	5,907	-	-	-do-
Scrapped	781	(203)	578	-	-	-do-
Scrapped	2,621	(841)	1,780	-	-	-do-
Scrapped	2,244	(576)	1,668	-	-	-do-
Scrapped	1,015	(254)	761	-	-	-do-
Scrapped	844	(99)	745	-	-	-do-
Scrapped	3,754	(964)	2,790	-	-	-do-
Office equipment						
Scrapped	1,332	(788)	544	-	-	-do-
Scrapped	3,908	(3,257)	651	-	-	-do-
Scrapped	2,100	(1,540)	560	-	-	-do-
Scrapped	792	(277)	515	-	-	-do-
Scrapped	2,019	(1,111)	908	-	-	-do-
Assets with book value less than Rs 500,000						
	228,369	(215,274)	13,095	3,335	9,539	
	<u>968,826</u>	<u>(566,407)</u>	<u>402,419</u>	<u>8,960</u>	<u>42,085</u>	

* These assets have been destroyed due to fire as more fully explained in note 33 to these financial statements.

2021						
------	--	--	--	--	--	--

Particulars of assets sold to	Cost	Accumulated depreciation	Book value	Profit / (loss) on disposal	Sales proceeds	Mode of disposal
-------------------------------	------	--------------------------	------------	-----------------------------	----------------	------------------

(Rupees in thousand)

Vehicles

Employees

Syed Aslam Mehdi	8,309	(4,404)	3,905	3,209	7,114	Company Policy
Muhammad Sohail Iftikhar	2,795	(256)	2,539	14	2,553	-do-
Haris Bin Khalid	1,780	(134)	1,647	134	1,780	-do-
Muhammad Raheel Kamran	1,750	(117)	1,633	(23)	1,611	-do-
Muhammad Amir Janjua	2,684	(1,261)	1,423	117	1,540	-do-
Muhammad Ali Nazeer	1,600	(213)	1,387	(5)	1,382	-do-
Mohammad Ali	2,503	(1,126)	1,377	161	1,537	-do-
Sunnainah Zaidi	1,849	(573)	1,276	197	1,473	-do-
Saliha Rashad	1,733	(537)	1,196	167	1,363	-do-
S Khurram Ali Naqvi	1,308	(131)	1,177	131	1,308	-do-
Asma Javed	2,220	(1,332)	888	1,123	2,011	-do-
Khuram Ejaz	1,075	(312)	763	61	824	-do-
Mohammad Qadeer	1,250	(525)	725	108	833	-do-
Tahir Majeed	1,771	(1,062)	708	74	782	-do-
Muhammad Nauman Rashid	1,661	(980)	681	282	963	-do-
Ehsan Ul Haq	1,642	(985)	657	386	1,042	-do-
Abid Riaz	1,069	(543)	526	148	674	-do-
Syed Sarosh Sohail	1,512	(907)	605	331	936	-do-
Muhammad Asghar	1,297	(778)	519	302	820	-do-

Outsiders

Riaz Hussain	1,953	(899)	1,055	1,370	2,425	-do-
Syed Hussain Raza	1,953	(899)	1,055	1,401	2,456	-do-

Plant & Machinery

Scrapped	37,046	(2,420)	34,626	(34,626)	-	Written Off
Scrapped	11,420	(11,420)	-	-	-	-do-
Scrapped	2,011	(2,011)	-	-	-	-do-
Scrapped	675	(675)	-	-	-	-do-
Scrapped	762	(461)	301	(301)	-	-do-
Scrapped	435	(435)	-	-	-	-do-

Assets with book value less than Rs 500,000

15,731	(11,524)	4,204	3,157	7,364	
<u>111,794</u>	<u>(46,920)</u>	<u>64,873</u>	<u>(22,082)</u>	<u>42,791</u>	

105

18.2 Capital work in progress

	2022	2021
	(Rupees in thousand)	
Civil works	765,605	362,239
Plant and machinery [including in transit of Rs 1,408.59 million (2021: Rs 548.31 million)]	6,803,294	5,280,722
Advances to suppliers and contractors	2,012,898	213,048
	9,581,797	5,856,009
Less: Accumulated impairment	846,584	1,052,000
- note 18.2.1	8,735,213	4,804,009

18.2.1 The reconciliation of the carrying amount is as follows:

	Balance as at December 31, 2021	Capital expenditure incurred during the year	Transfers to operating assets / Intangible assets	Balance as at December 31, 2022
	(Rupees in thousand)			
Plant and machinery	5,280,722	7,533,145	(6,010,574)	6,803,293
Civil works	362,239	806,290	(402,923)	765,606
Advances to suppliers and contractors	213,048	1,799,850	-	2,012,898
	5,856,009	10,139,285	(6,413,497)	9,581,797
Less: Accumulated impairment	(1,052,000)	205,416	-	(846,584)
	4,804,009	10,344,701	(6,413,497)	8,735,213

	Balance as at December 31, 2020	Capital expenditure incurred during the year	Transfers to operating assets / Intangible assets	Balance as at December 31, 2021
	(Rupees in thousand)			
Plant and machinery	2,987,727	4,019,553	(1,726,558)	5,280,722
Civil works	138,284	247,265	(23,310)	362,239
Advances to suppliers and contractors	125,962	87,086	-	213,048
	3,251,973	4,353,904	(1,749,868)	5,856,009
Less: Accumulated impairment	(1,182,000)	130,000	-	(1,052,000)
	2,069,973	4,483,904	(1,749,868)	4,804,009

18.2.2 During the year, the management re-evaluated the recoverable amount of previously impaired equipment with accumulated carrying value of Rs. 631 million. Sirius Reel component is utilized on the rebuild of Paper Machine - 6 after which the management has reversed the previously recognized impairment loss of Rs. 180 million as the circumstances that caused the impairment in the first place are favourably resolved. The remaining component is estimated at recoverable value [Fair value less costs of disposal ('FVLCD') - level 3 fair value] based on the scrap value of the equipment in the absence of any use or secondary market for such equipment. Since the impairment charge market rates of scrap have increased from Rs. 98,648 to Rs. 102,833 per ton and based on estimated weight of equipment and its metallurgical composition the revised recoverable amount is estimated at Rs. 325.61 million. This has resulted in reversal of impairment amounting to Rs. 25.42 million which is recognized in profit and loss.

18.2.3 This includes borrowing cost capitalised amounting to Rs. 620.048 million (2021: Rs 51.19 million).

106

18.3 Major spare parts and stand-by equipment

	2022	2021
	(Rupees in thousand)	
Cost	198,988	172,989
Accumulated depreciation	(21,185)	(40,569)
Net book value	<u>177,803</u>	<u>132,420</u>

- note 18.3.1

18.3.1 The reconciliation of net book value is as follows:

Balance at the beginning of the year	132,420	116,966
Additions during the year	137,011	44,116
Transfers to property, plant and equipment	(111,012)	(22,461)
Depreciation reversed/(charged)	19,384	(6,201)
Balance at the end of the year	<u>177,803</u>	<u>132,420</u>

- note 18.3.2

18.3.2 The depreciation charge for the year has been allocated to cost of sales.

19. Right-of-use assets

This represents certain land and building obtained on lease from the Holding Company and a third party as referred to in note 7:

	2022	2021
	(Rupees in thousand)	
At December 31		
Cost	159,864	185,322
Accumulated depreciation	(119,557)	(90,813)
Net book value	<u>40,307</u>	<u>94,509</u>

- note 19.1

19.1 The reconciliation of carrying amount is as follows:

Balance at the beginning of the year	94,509	124,780
Additions during the year	13,639	-
Depreciation charged	(28,744)	(30,271)
Lease reassessment	(39,097)	-
Balance at the end of the year	<u>40,307</u>	<u>94,509</u>

- note 19.2

19.2 The depreciation charge has been allocated as follows:

Cost of sales	28,421	28,981
Distribution and marketing costs	323	1,290
	<u>28,744</u>	<u>30,271</u>

20. Investment property

This represents cost of freehold land which has been rented out to Omya Pack (Private) Limited, a related party.

20.1 Fair value of the investment property, based on the valuation carried out by an independent valuer, as at December 31, 2022 is Rs 70 million (2021: Rs 14 million). Forced sale value of the investment property is Rs 52.5 million (2021: Rs 10.5 million). The valuation is considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation. The different levels have been defined in note 43.5.

Valuation techniques used to derive level 2 fair values

Level 2 fair value of investment property has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per acre.

11

20.2 The maturity analysis of undiscounted minimum lease payments to be received on an annual basis:

	2022	2021
	(Rupees in thousand)	
Not later than one year	4,922	3,938
One to five years	15,996	20,918
More than five years	-	-
	<u>20,918</u>	<u>24,856</u>

21. Intangible assets

Cost	193,027	189,605
Accumulated amortisation	(116,015)	(99,958)
Net book value	<u>77,012</u>	<u>89,647</u>

- note 21.1

21.1 The reconciliation of net book value is as follows:

Opening net book value	89,647	91,726
Additions - at cost	3,574	13,970
Amortisation charged	(16,209)	(16,049)
Closing net book value	<u>77,012</u>	<u>89,647</u>

- note 21.2

- note 21.3

21.2 The amortisation charge for the year has been allocated as follows:

Cost of sales	11,972	11,970
Administrative expenses	4,237	4,079
	<u>16,209</u>	<u>16,049</u>

21.3 This includes the following individual intangible assets that are material to the financial statements of the Company:

	Remaining useful life (Years)	2022 (Rupees in thousand) Cost	2021 (Rupees in thousand) Cost	2022 (Rupees in thousand) Carrying amount	2021 (Rupees in thousand) Carrying amount
Distributed Control System	5	73,098	73,098	29,239	36,549
SAP User Licenses	5-5	29,835	29,835	16,409	19,393
Kiwi Plan Software Suite	6-5	25,295	25,295	15,177	17,706

22. Stores and spares

Stores [including in transit Rs 54.656 million (2021: Rs 55.615 million)]	954,269	759,442
Spares [including in transit Rs 61.031 million (2021: Rs 46.835 million)]	713,232	1,032,059
	<u>1,667,501</u>	<u>1,791,501</u>

22.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

23. Stock in trade

Raw materials [including in transit Rs 4,578.973 million (2021: Rs 3,738.886 million)].	16,449,950	7,997,599
Work-in-process	38,640	18,061
Finished goods	4,956,697	4,200,815
	<u>21,445,287</u>	<u>12,216,475</u>

- note 23.1

23.1 Finished goods with a cost of Rs 687.556 million (2021: Rs 1,280.052 million) are being valued at a net realisable value of Rs 627.201 million (2021: Rs 1,216.738 million) and the resulting NRV write down expense has been charged to cost of sales.

24. Trade debts

2022 2021
(Rupees in thousand)

Considered good

- Related parties - unsecured

- note 24.1

1,151,014

579,705

- Others - unsecured

4,467,842

3,064,596

5,618,856

3,644,301

Considered doubtful - others - unsecured

33,720

30,723

5,652,576

3,675,024

Loss allowance

- note 24.2

(33,720)

(30,723)

- note 24.3

5,618,856

3,644,301

24.1 Related parties - unsecured

Packages Convertors Limited (Subsidiary of Holding Company)

1,149,707

578,054

Tri-Pack Films Limited (Associate of Holding Company)

279

376

DIC Pakistan Limited (Subsidiary of Holding Company)

1,028

1,275

1,151,014

579,705

24.1.1 The maximum aggregate amount outstanding at the end of any month during the year was Rs. 1151.014 million (2021: Rs 668.76 million). Ageing analysis of the above receivables is disclosed in note 43.1 (b)(i).

24.2 Loss allowance

2022 2021
(Rupees in thousand)

The reconciliation of loss allowance is as follows:

Balance at the beginning of the year

30,722

28,503

Impairment loss for the year

14,365

2,219

Balances Written off

(11,367)

-

Balance as at end of the year

33,720

30,722

24.3 There are no outstanding trade debts with respect to export sales.**25. Loans, advances, deposits, prepayments and other receivables**

Advances - considered good

- To employees

- note 25.1

1,993

2,024

- To suppliers

258,809

81,811

260,802

83,835

Due from related parties - unsecured

- note 25.2

205,558

38,540

Trade deposits

88,869

23,482

Prepayments

75,751

50,251

Balances with statutory authorities

- Customs duty

75,021

7,549

- Workers' profit participation fund

- note 15.8

-

11,300

- Sales tax recoverable

- note 25.3

1,996,196

288,832

2,071,217

307,681

Letters of credit - margins, deposits, opening charges etc

519,410

80,624

Rebate on imports

72,981

118,062

Insurance claim receivable

- note 25.5 &
25.5.1

937,493

-

Other receivables

13,767

4,893

4,245,848

707,368

109

25.1 Included in advances to employees are amounts due from executives of Rs 0.703 million (2021: Rs 1.756 million).

	2022	2021
25.2 Due from related parties - unsecured	(Rupees in thousand)	
Packages Limited	9,803	4,564
Packages Convertors	93,937	3,899
DIC Pakistan Limited	471	334
IGI Life Insurance Limited	22	50
IGI General Insurance Limited	909	489
OmyaPack (Private) Limited	92,978	26,647
Packages Real Estate	389	42
Packages Foundation	639	750
Tri-Pack Films Limited	30	125
Starch Pack (Private) Limited	6,380	1,640
- note 25.2.1	<u>205,558</u>	<u>38,540</u>

25.2.1 These are in the normal course of business and are interest free.

25.2.2 Age analysis of the above receivables is as follows:

Not past due	106,044	20,602
Up to 90 days	50,135	17,524
90 to 180 days	41,000	64
181 to 365 days	8,379	350
	<u>205,558</u>	<u>38,540</u>

25.2.3 The maximum aggregate amount outstanding from related parties at the end of any month during the year was Rs 205,558 million (2021: Rs 53,684 million).

25.3 For the sales tax periods July 2017 to June 2018, the Deputy Commissioner Inland Revenue ['DCIR'], Unit-3, Audit-III, Large Taxpayers Office, through order dated October 28, 2020 raised an additional sales tax demand of Rs 239.48 million (2020: Rs 239.48 million) along with default surcharge and penalty. The sales tax demand primarily pertains to disallowance of input tax claimed by the Company. The matter was appealed by the Company before the Commissioner Inland Revenue (Appeals) which is currently pending adjudication. Further the DCIR has not allowed credit of Rs 2,046,122 being voluntarily paid input tax. In this regard the Company filed appeal before the Commissioner (Appeals) which has been heard and the order is awaited. After the refusal by the Commissioner Appeals to grant further stay, the Company through its legal counsel approached the High Court of Sindh, who vide order in C.P.No. D-2927 of 2021 dated April 28, 2021 granted further stay. The management, in consultation with their legal advisor, is of the view that these sales tax matters will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements.

25.4 For the sales tax periods January 2019 to December 2019, the Deputy Commissioner Inland Revenue ['DCIR'], Unit-3, Audit-III, Large Taxpayers Office, issued a notice dated January 17, 2022 under section 25 of Sales Tax Act, 1990. Through the said notice, the DCIR required certain details and information in connection with the audit proceedings for the above tax periods. The said notice was duly complied by the Company. Thereafter the DCIR through assessment order dated December 31, 2022 raised sales tax demand of Rs 661.697 million along with default surcharge and penalty. The sales tax demand primarily pertains to disallowance of input tax claimed on import and local purchased items which are not allowed under section 8 with SRO 490(I)/2004 as amended by SRO 450(I)/2013. The DCIR has also raised demand in respect of various other issues. However, an appeal dated March 1, 2023 has been filed against the assessment order by the Company before the Commissioner Inland Revenue (Appeals), which is currently pending adjudication. The management, in consultation with their legal advisor, is of the view that these sales tax matters will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements.

25.5 This represents insurance claim receivable on assets destroyed due to the fire as more fully explained in note 33.2.

25.5.1 It includes an amount of Rs. 585.833 million receivable from IGI General Insurance Limited, a related party.

26. Income tax recoverable

In respect of tax year 2017, the DCIR issued notice dated March 11, 2020 under section 177(1) of the Income Tax Ordinance, 2001 in which the DCIR intimated that the Company had been selected for audit under the provisions of Clause 72B of Part-IV of the Second Schedule to the Income Tax Ordinance, 2001 for the above tax year and required the company to furnish information and documents. The above notice was fully complied by the company. Based on submissions and explanations, the DCIR vide his notice dated December 22, 2021 issued under section 122(9) of the Ordinance identified some discrepancies and intend to amend the deemed assessment order under section 120 of the Ordinance. In this regard, the Company duly furnished and complied the said notice. In response to the reply to the aforesaid notice, the DCIR passed an order dated April 28, 2022, in which the DCIR worked out tax demand amounting to Rs. 428,944,984. Being aggrieved of the order the Company filed an appeal before the CIR(A). The CIR(A) vide its appellate order dated January 26, 2023 deleted or remanded back the majority disallowances except carry forward of minimum tax paid under section 113(2)(c) of the Ordinance amounting to Rs. 426,274,057 which is brought forward from tax years 2014, 2015 and 2016. Being aggrieved of the above appellate order to the extent of carry forward of the minimum tax, the Company is in the process of filing an appeal before the Appellate Tribunal Inland Revenue. The management, in consultation with their legal advisor, is of the view that these matters will eventually be decided in the favor of the Company; therefore no provision has been made in these financial statements.

27. Cash and bank balances

2022 2021
(Rupees in thousand)

At banks in current accounts	15,867	15,288
In hand	1,863	1,402
	<u>17,730</u>	<u>16,690</u>

28. Revenue

Local sales	55,331,218	43,130,563
Export sales	254,084	10,436
	<u>55,585,302</u>	<u>43,140,999</u>
Less: Sales tax and excise duty	(7,996,127)	(6,202,680)
Net sales	<u>47,589,175</u>	<u>36,938,319</u>

28.1 Information by geographical area

Kenya	5,142	-
Karachi Export Processing Zone	445	-
Kuwait	22,290	-
Oman	16,281	-
United Arab Emirates	195,896	-
Uganda	14,030	-
Afghanistan	-	10,436
	<u>254,084</u>	<u>10,436</u>

2022 2021
(Rupees in thousand)

29. Cost of sales

Materials consumed		24,893,105	19,503,982
Salaries, wages and amenities	- note 29.1	2,256,009	1,890,739
Travelling expenses		94,758	56,489
Fuel and power		6,495,961	5,061,618
Production supplies		915,639	1,091,427
Rent, rates and taxes	- note 29.2	196,031	51,189
Material handling charges		293,488	180,362
Medical expenses		70,330	51,177
Insurance		161,517	118,507
Repairs and maintenance		817,370	659,983
Packing expenses		375,539	387,205
Safety equipment		91,678	43,361
Depreciation on property, plant and equipment	- note 18.1.2, 18.3.2 & 19.2	1,593,340	1,488,018
Amortisation of intangible assets	- note 21.2	11,972	11,970
Technical fees		33,119	15,106
Vehicle running expense		5,097	3,985
Waste removal expenses		42,486	33,949
Others	- note 29.3	242,812	112,853
		<u>38,590,251</u>	<u>30,761,920</u>
Add: Opening work-in-process		18,061	18,450
Less: Closing work-in-process		(38,640)	(18,061)
Cost of goods produced	- note 29.4	<u>38,569,672</u>	<u>30,762,309</u>
Add: Opening stock of finished goods		4,200,815	3,623,302
Less: Closing stock of finished goods		(4,956,697)	(4,200,815)
		<u><u>37,813,790</u></u>	<u><u>30,184,796</u></u>

29.1 Salaries, wages and amenities include the following:

Defined benefit plans

- Gratuity fund	51,849	42,762
- Accumulated compensated absences	11,313	23,170

Defined contribution plans

- Provident fund	33,821	30,927
- Pension fund	49,095	46,927
	<u>146,078</u>	<u>143,786</u>

29.2 This includes Rs 122.282 million (2021: Rs 48.735 million) in respect of short term leases not recognised as a lease liability [including Rs 0.820 million (2021: Rs 1.539 million) from Packages Limited, the Holding Company).

29.3 This includes raw materials, finished goods and stores and spares written off amounting to Rs 10.580 million (2021: Rs 30.468 million), Rs 14.083 million (2021: Rs 9.576 million) and Rs Nil (2021: Rs 1.188 million) respectively.

29.4 Cost of goods produced includes Rs 3,045.368 million (2021: Rs 1,974.249 million) for stores and spares consumed.

30. Administrative expenses

2022 2021
(Rupees in thousand)

Salaries, wages and amenities	- note 30.1	393,281	294,510
Travelling expenses		16,611	9,537
Rent, rates and taxes	- note 30.2	17,638	16,421
Insurance		3,331	2,387
Printing, stationery and periodicals		15,154	10,501
Postage, telephone and telex		7,726	6,354
Medical expenses		8,091	5,810
Entertainment expenses		4,096	1,178
Motor vehicles running expenses		17,532	7,519
Computer charges		29,716	21,421
Training expense		3,642	770
Professional services	- note 30.3	42,679	18,554
Repairs and maintenance		14,162	6,391
Depreciation on property, plant and equipment	- note 18.1.2	23,246	20,468
Amortisation of intangible assets	- note 21.2	4,237	4,079
Sustainability expenses		6,158	342
Others		16,181	26,331
	- note 30.4	<u>623,481</u>	<u>452,573</u>

30.1 Salaries, wages and amenities include the following:**Defined benefit plans**

- Gratuity fund	9,037	6,863
- Accumulated compensated absences	1,972	3,719

Defined contribution plans

- Provident fund	5,895	4,964
- Pension fund	8,557	7,531
	<u>25,461</u>	<u>23,077</u>

30.2 This includes Rs 0.288 million (2021: Rs 0.261 million) in respect of short term leases from Packages Limited, the Holding Company, not recognised as a lease liability

30.3 Professional services

2022 2021
(Rupees in thousand)

The charges for professional services include the following in respect of auditors' services for:

Statutory audit	3,585	3,230
Half yearly review	1,289	1,042
Tax services	10,580	3,820
Reporting to group auditors and other certifications	398	356
Out of pocket expenses	454	438
	<u>16,306</u>	<u>8,886</u>

30.4 Administrative expenses include Rs. 47.823 million (2021: Rs 25.469 million) for stores and spares consumed.

31. Distribution and marketing costs

2022 2021
(Rupees in thousand)

Salaries, wages and amenities	- note 31.1	143,583	127,372
Travelling expenses		24,568	12,009
Rent, rates and taxes		14,499	12,521
Freight and distribution		518,470	355,301
Insurance		2,012	1,468
Advertising		8,215	9,314
Depreciation on property, plant and equipment	- note 18.1.2 & 19.2	6,179	6,099
Others		3,011	2,759
	- note 31.2	<u>720,537</u>	<u>526,843</u>

2022 **2021**
(Rupees in thousand)

31.1 Salaries, wages and amenities include the following:

Defined benefit plans

- Gratuity fund	3,299	3,168
- Accumulated compensated absences	720	1,716

Defined contribution plans

- Provident fund	2,152	2,291
- Pension fund	3,124	3,476
	<u>9,295</u>	<u>10,651</u>

31.2 Distribution and marketing cost include Rs 0.071 million (2021: Rs 0.804 million) for stores and spares consumed.

	2022	2021
	(Rupees in thousand)	
32. Other operating expenses		
Workers' profit participation fund	293,211	233,700
Workers' welfare fund	85,718	85,696
Donations	65,591	88,849
Material written off	-	1,189
Exchange loss-net	887,172	332,900
Loss on disposal of fixed assets	-	22,082
Advances written off	-	1,077
Miscellaneous	17,377	-
	<u>1,349,069</u>	<u>765,493</u>

32.1 This represents donations made to Packages Foundation ('foundation'). Syed Aslam Mehdi and Syed Hyder Ali being the Directors of the company are also Directors of the foundation while another Director of the company, Mr Khurram Raza Bakhtayari is the Honorary Secretary of the foundation.

	2022	2021
	(Rupees in thousand)	
33. Other income		
Income from non-financial assets		
Profit on disposal of property, plant and equipment	8,960	-
Rental income from investment property	4,552	3,938
Scrap sales	694	2,252
Government grant	98,296	35,836
Reversal of impairment on property plant and equipment	205,416	130,000
Insurance claim	331,933	-
Others	42,044	9,316
	<u>691,895</u>	<u>181,342</u>
Others		
Provision and other unclaimed balances written back	21,777	27,513
	<u>713,672</u>	<u>208,855</u>

33.1 This represents rental income from investment property from OmyaPack (Private) Limited (joint venture of the Holding Company) and Packages Convertors Limited (subsidiary of the holding company).

33.2 This represents net insurance gain on assets destroyed in fire.

On February 09, 2022, a fire event occurred at the finishing house and central stores which damaged the building and certain items of property, plant and equipment, stores and spares and stock-in-trade with book value aggregating to Rs. 5,811.12 million which were adequately insured. The Company has filed an insurance claim and the insurer has accepted and acknowledged the claim amounting to Rs. 6,143.05 million. Accordingly, an insurance settlement gain of Rs 331.93 has been recognised.

In addition to above, the Company is also entitled, under the insurance policy, to claim loss incurred due to business interruption. Therefore, subsequent to the year-end the Company has submitted the initial communication to the Insurance Company's surveyor for the recovery of loss due to business interruption. However, the loss claim is yet to be acknowledged and confirmed by the Insurance Company therefore it has not been recorded in these financial statements.

	2022	2021
	(Rupees in thousand)	
34. Finance costs		
Interest and mark-up on:		
- long term finances - secured	1,167,730	474,466
- finances under mark-up arrangements - secured	1,109,855	360,698
- lease liabilities	8,881	16,520
	<u>2,286,466</u>	<u>851,684</u>
Bank charges	9,855	8,733
	<u>2,296,321</u>	<u>860,417</u>

35. Taxation		
Current tax		
- current year	1,337,265	813,217
- prior year	171,000	-
	<u>1,508,265</u>	<u>813,217</u>
Deferred tax	697,483	429,514
	<u>2,205,748</u>	<u>1,242,731</u>

The Company's provision for current and deferred tax is based on separate return method as explained in note 4.1.

	2022	2021
	% age	
35.1 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	29.00	29.00
Tax effect of amounts that are chargeable to tax at different rates	(0.11)	(0.01)
Tax Credits	(0.12)	(0.18)
Super tax charged during the year	3.01	-
Super tax for prior year charged during the year	3.12	-
Tax effect of impairment reversal in respect of which no deferred tax asset has been recognised	(1.09)	(0.87)
Deferred tax previously not recognized	4.85	-
Amounts that are not deductible for tax purposes - net	1.55	0.60
	<u>11.21</u>	<u>(0.46)</u>
Average effective tax rate charged to the statement of profit or loss	<u>40.21</u>	<u>28.54</u>

36. Earning per share			
Profit for the year	Rupees in thousand	3,279,536	3,112,102
Weighted average number of ordinary shares	Numbers	1,091,873,871	1,091,873,871
Earnings per share	Rupees	3.00	2.85

36.1 Diluted earning per share

Diluted earning per share has not been presented as the Company does not have any convertible instrument in issue as at December 31, 2022 and December 31, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

115

37. Remuneration of chief executive, directors and executives

37.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the chief executive, directors and executives of the Company are as follows:

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees in thousand)					
Short term employee benefits						
Managerial remuneration	14,654	11,606	-	-	119,526	95,811
Housing	6,591	5,219	-	-	63,114	49,506
Utilities	1,465	1,160	-	-	16,419	12,369
Bonus	18,622	13,166	-	-	153,501	106,435
Leave passage	1,221	967	-	-	4,219	4,327
Medical expenses	208	209	-	-	5,373	4,489
Club expenses	-	24	-	-	-	36
Others	2,999	4,196	-	-	33,195	18,058
	45,760	36,547	-	-	395,347	291,031
Post employment benefits						
Contributions	4,907	4,007	-	-	35,488	29,622
Other long term benefits						
Accumulating compensated absences	368	290	-	-	2,784	5,315
	51,035	40,844	-	-	433,619	325,968
Number of persons	1	1	6	6	46	36

37.2 The Company also provides the chief executive and executives with Company vehicles and mobile phones.

37.3 During the year, the Company paid meeting fee amounting to Rs 1.950 million (2021: Rs 1.850 million) to its non-executive directors. The number of non-executive directors is 6 (2021: 6).

38. Number of employees

	2022	2021
Total number of employees as at year end	1,084	1,061
Average number of employees during the year	1,065	1,063

39. Transactions with related parties

The related parties comprise Holding Company, subsidiaries, associates and joint ventures of the Holding Company, directors, key management personnel and post employment benefit plans of the Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in note 37. Other significant transactions with related parties are as follows:

		2022	2021
		(Rupees in thousand)	
Relationship with the Company	Nature of transactions		
i. Holding Company	Purchase of services	66,930	66,625
	Sale of goods and services	-	528
	Purchase of property, plant and equipment	28,889	185
	Rental charged to the Company	80,352	76,021
	Dividend Paid	1,500,796	2,661,879
ii. Others	Purchase of goods and services	1,256,457	777,336
	Sale of goods and services	8,682,332	6,026,635
	Purchase of Property, plant and equipment	50,849	34,344
	Rental charged by the Company	4,552	3,938
	Insurance premium charged	318,371	205,316
	Insurance claims received	3,110,896	23,588
	Material loan given	49,969	-
	Material loan received	-	408
	Donation	65,591	26,497
iii. Key management personnel	Remuneration	- note 39.1	139,820
			126,410

39.1 This represents remuneration of the Chief Executive and some of the executives that are included in the remuneration disclosed in note 37 to these financial statements.

All transactions with related parties have been carried out on mutually agreed terms and conditions.

39.2 The related parties with whom the Company had entered into transactions or had arrangements/agreements in place during the year have been disclosed below along with their basis of relationship:

Name	Country of Incorporation	Registered Address	Relationship	%age of shareholding of Company
Packages Limited	Pakistan	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi	Holding Company	100%
Packages Convertors Limited	Pakistan	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi	Group Company	N/A
DIC Pakistan Limited	Pakistan	G-20, Block 9, Khyaban-e-Jami, Clifton, Karachi	Group Company	N/A
Omya Pack (Private) Limited	Pakistan	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi	Group Company	N/A
IGI General Insurance Limited	Pakistan	7th floor, the Forum, Suite No. 701-713, Block 9, Khayaban-e-Jami, Clifton, Karachi.	Group Company	N/A
IGI Life Insurance Limited	Pakistan	7th floor, the Forum, Suite No. 701-713, Block 9, Khayaban-e-Jami, Clifton, Karachi.	Group Company	N/A
Tri-Pack Films Limited	Pakistan	Plot # G,1, G-4 Napier Quarter, Karachi	Associate	N/A
Packages Foundation	Pakistan	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi.	Group Company	N/A
Packages Real Estate (Private) Limited	Pakistan	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi.	Group Company	N/A
StarchPack (Private) Limited	Pakistan	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi.	Group Company	N/A
Bulleh Shah Packaging (Pvt.) Limited- Employees' Gratuity Fund	Pakistan	Not Applicable	Post Employment Benefit Plan	N/A
Bulleh Shah Packaging (Private) Limited - Management Staff Pension Fund	Pakistan	Not Applicable	Post Employment Contribution Plan	N/A
Bulleh Shah Packaging (Pvt.) Limited - Employees' Provident Fund	Pakistan	Not Applicable	Post Employment Contribution Plan	N/A
Asghar Abbas	Pakistan	Not Applicable	Chief Executive Officer	N/A

40. Capacity and production - tonnes	Capacity		Actual production	
	2022	2021	2022	2021
Paper and board mill	275,000	265,000	233,380	231,431
Corrugator	96,000	96,000	93,444	94,155

40.1 Actual production is less than the installed capacity due to gap between market demand and supply.

	2022	2021
	(Rupees in thousand)	
41. Cash generated from operations		
Profit before taxation	5,485,284	4,354,833
Adjustment for:		
Provision for retirement benefits	64,185	52,793
Provision for accumulated compensated absences	14,005	28,605
Depreciation on operating assets	1,613,405	1,478,113
Depreciation on spares and stand-by equipment	(19,384)	6,201
Depreciation on right-of-use assets	28,744	30,271
Amortisation on intangible assets	16,209	16,049
Impairment loss on financial assets	14,365	2,219
Insurance gain on assets destroyed in fire	(331,933)	-
Reversal of impairment loss on capital work-in-progress	(205,416)	(130,000)
Provision and other unclaimed balances written back	(21,777)	(27,513)
Finance costs	2,296,321	860,417
Exchange loss	887,172	332,900
(Gain)/Loss on disposal of property, plant and equipment	(8,960)	22,082
Profit before working capital changes	9,832,220	7,026,970
Effect on cash flow due to working capital changes:		
Increase in trade and other payables	3,199,341	1,099,727
Increase in stores and spares	(902,146)	(153,796)
Increase in stock-in-trade	(13,338,417)	(4,987,147)
Increase in loans, advances, deposits, prepayments and other receivables	(2,600,841)	(405,449)
Increase in trade debts	(1,988,920)	(1,143,161)
	<u>(5,798,763)</u>	<u>1,437,144</u>
42. Cash and cash equivalents		
Finances under mark-up arrangements - secured	(19,148,276)	(9,663,765)
Cash and bank balances	17,730	16,690
	<u>(19,130,546)</u>	<u>(9,647,075)</u>

43. Financial risk management

43.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates and hedges financial risks. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Company's overall risk management procedures to minimize the potential adverse effects of financial market on the Company's performance are as follows:

(a) Market risk

(i) 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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Currency risk arises from future commercial transactions and recognised assets and liabilities. Currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency. Currently, the Company's currency risk is restricted to amounts payable to foreign entities.

	2022	2021
	(in thousand)	
In USD		
Loans, advances, deposits, prepayments and other receivables	4,065	17
Cash in hand	1	-
Trade and other payables	(6,991)	(6,637)
	<u>(2,925)</u>	<u>(6,620)</u>
In EURO		
Loans, advances, deposits, prepayments and other receivables	6,197	4
Cash in hands	1	-
Trade and other payables	(11,200)	(1,030)
	<u>(5,002)</u>	<u>(1,026)</u>

At December 31, 2022, if the Rupee had weakened / strengthened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been Rs 103.431 million lower / higher (2021: Rs 14.692 million higher / lower), mainly as a result of foreign exchange losses / gains on translation of Euro-denominated financial assets and liabilities.

At December 31, 2022, if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been Rs 46.959 million lower / higher (2021: 83.668 million higher / lower), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial assets and liabilities.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to equity price risk since the company has not invested in any listed equity securities. The company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rate. As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates.

The Company's interest rate risk arises from short term and long-term borrowings. These borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions. At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments were:

	2022	2021
	(Rupees in thousand)	
Fixed rate instruments		
Financial liabilities		
Lease liabilities	66,747	126,429
Net exposure	<u>66,747</u>	<u>126,429</u>
Floating rate instruments		
Financial liabilities		
Long term finances - secured	12,258,762	6,670,327
Finances under mark-up arrangements - secured	19,148,276	9,663,765
Net exposure	<u>31,407,038</u>	<u>16,334,092</u>

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

At December 31, 2022, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been Rs 175.117 million lower / higher (2021: Rs 80.547 million higher / lower), mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Company arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The management believes that it is not exposed to major concentration of credit risk. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) Exposure to credit risk

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk and which are past due but not impaired are as under:

	2022	2021
	(Rupees in thousand)	
Long term security deposits	87,263	83,973
Trade debts	4,637,638	2,308,042
Loans, advances, deposits, prepayments and other receivables	567,003	148,726
Balances with banks	15,867	15,288
	<u>5,307,771</u>	<u>2,556,029</u>

The aging analysis of trade receivables from related parties as at statement of financial position date is as follows:

	2022	2021
	(Rupees in thousand)	
Not past due	1,096,918	565,265
Up to 90 days	34,656	14,347
90 to 180 days	6,012	93
Above 180 days	13,428	-
	<u>1,151,014</u>	<u>579,705</u>

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 months before December 31, 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade debts. The Company has identified the Gross Domestic Product and the Consumer Price Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. On that basis, the loss allowance as at December 31, 2022 and December 31, 2021 was determined as follows:

December 31, 2022

	Local Sales		
	Expected Loss rate	Trade debts	Loss Allowance
	Rupees in thousands		
Not past due	0.11%	4,559,255	5,127
Up to 90 days	1.33%	951,353	12,678
90 to 180 days	5.05%	132,560	6,691
Above 180 days	98.04%	9,408	9,224
		<u>5,652,576</u>	<u>33,720</u>

December 31, 2021

Not past due	0.24%	3,161,754	7,630
Up to 90 days	3.45%	463,416	15,988
90 to 180 days	7.30%	44,910	3,278
Above 180 days	77.41%	4,944	3,827
		<u>3,675,024</u>	<u>30,723</u>

(ii) Credit quality of financial assets

The credit quality of company's financial assets (majorly bank balances) that are neither past due nor impaired can be assessed by reference to external credit ratings as follows:

	Short term	Long term	Rating Agency	2022	2021
	(Rupees in thousand)				
Deutsche Bank AG, Pakistan	A-2	A-	S&P	40	39
Habib Bank Limited	A-1+	AAA	JCR-VIS	14,206	14,852
MCB Islamic Bank Limited	A1	A	PACRA	562	352
The Bank of Punjab	A1+	AA+	PACRA	17	-
Bank Islami Pakistan Limited	A1	A+	PACRA	8	-
Meezan Bank Limited	A-1+	AAA	JCR-VIS	1,015	-
National Bank of Pakistan	A-1+	AAA	PACRA	19	45
				<u>15,867</u>	<u>15,288</u>

(c) Impairment of financial assets

The Company's trade debts against local and export sales of inventory are subject to the expected credit loss model. While bank balances and debt investments carried at amortised cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade debts

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months preceding the reporting date and the corresponding historical credit losses experienced within the aforementioned period. The historical loss rates are adjusted to reflect current and forward-looking information based on macroeconomic factors affecting the ability of the customers to settle the receivables.

(d) Liquidity risk

Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the company's business, the company's finance department maintains flexibility in funding by maintaining availability under committed credit lines. At Dec 31, 2022, the Company had Rs 16,600 million available borrowing limits from financial institutions under mark up arrangements and Rs 17.730 million in cash and bank balances.

Management monitors the forecasts of the Company's cash and cash equivalents (note 41) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

At December 31, 2022	(Rupees in thousand)					
	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years
Long term finances - secured	12,258,762	12,258,762	1,353,023	2,471,256	6,489,755	1,944,728
Lease liabilities	66,747	73,290	50,353	18,407	4,530	-
Finances under mark up arrangements - secured	19,148,276	19,148,276	19,148,276	-	-	-
Trade and other payables	8,175,025	8,175,025	8,175,025	-	-	-
Accrued finance cost	1,104,083	1,104,083	1,104,083	-	-	-
	<u>40,752,893</u>	<u>40,759,436</u>	<u>29,830,760</u>	<u>2,489,663</u>	<u>6,494,285</u>	<u>1,944,728</u>
At December 31, 2021	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years
Long term finances - secured	6,670,327	6,670,327	-	1,999,085	3,588,606	1,082,636
Lease liabilities	126,429	151,616	45,313	47,246	59,057	-
Finances under mark up arrangements - secured	9,663,765	9,663,765	9,663,765	-	-	-
Trade and other payables	4,413,606	4,413,606	4,413,606	-	-	-
Accrued finance cost	236,478	236,478	236,478	-	-	-
	<u>21,110,605</u>	<u>21,135,792</u>	<u>14,359,162</u>	<u>2,046,331</u>	<u>3,647,663</u>	<u>1,082,636</u>

124

43.2 Financial instruments by categories

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at reporting date.

	At amortised cost	
	2022	2021
	(Rupees in thousand)	
Financial assets		
Long term security deposits	87,263	83,973
Trade debts	5,618,856	3,644,301
Loans, advances, deposits, prepayments and other receivables	567,003	148,726
Cash and bank balances	17,730	16,690
	<u>6,290,852</u>	<u>3,893,690</u>
Financial liabilities		
Long term finances - secured	12,258,762	6,670,327
Lease liabilities	66,747	126,429
Finances under mark-up arrangements - secured	19,148,276	9,663,765
Trade and other payables	8,175,025	4,413,606
Accrued finance cost	1,104,083	236,478
	<u>40,752,893</u>	<u>21,110,605</u>

43.3 Offsetting financial assets and financial liabilities

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

43.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. Consistent with the others in industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including the current and non-current borrowings as disclosed in note 6 less cash and cash equivalents as disclosed in note 42. Total capital is calculated as equity as shown in the statement of financial position plus net debt. The gearing ratio as at year is as follows:

		2022	2021
		(Rupees in thousand)	
Borrowings	- note 6	11,015,186	5,811,483
Add: Cash and cash equivalents	- note 42	19,130,546	9,647,075
Net debt		30,145,732	15,458,558
Total equity		15,778,051	14,153,430
Total capital		<u>45,923,783</u>	<u>29,611,988</u>
Gearing ratio	Percentage	66%	52%

43.4.1 Loan covenants

Under the terms of the agreements for long term finances entered into with various lenders as referred in note 6, the Company is required to comply with certain financial covenants. The Company has complied with all the covenants throughout the year except of Loan mentioned in 6.3.3 that requires the Company to maintain less than 2 leverage. Non-compliance with this covenant restrict the Company to distribute dividends to its shareholder. The Company is in the process to obtain waiver over such restriction and expected to obtain the same.

43.5 Fair value estimation

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Specific valuation techniques used to value financial instruments include:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

There were no material Level 1, 2 or 3 assets or liabilities during current or prior year.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

44 Date of authorization for issue

These financial statements were authorised for issue on March 21, 2023 by the Board of Directors of the Company.

45 Events after the statement of financial position date

The Board of Directors have proposed a final cash dividend for the year ended December 31, 2022 of Rs 0.550 per share (2021: Rs 0.733), amounting to Rs 600 million (2021: Rs 800 million) at their meeting held on March 21, 2023 for approval of the members at the Annual General Meeting which is scheduled to be held on April 27, 2023.

Moreover, the Board of Directors have approved an interim cash dividend for the period ended February 28, 2023 of Rs. 0.321 per share (2021: 0.092) amounting to Rs. 350 million (2021: 100.45 million).

46 Corresponding figures

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison and better presentation. However, no significant reclassification has been made.

Asif Ali
Chief Executive

[Signature]
DIRECTOR
CERTIFIED TRUE COPY
FOR BULLEH SHAH PACKAGING (PRIVATE) LIMITED

[Signature]
SECRETARY

(126)

Form A
THE COMPANIES ACT, 2017
THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS, 2018
[Section 130(1) and Regulation 4]
ANNUAL RETURN OF COMPANY HAVING SHARE CAPITAL

PART-I

(Please complete in typescript or in bold block capitals)

1.1 CUIN (Registration Number): 0052465

1.2 Name of the Company: BULLEH SHAH PACKAGING (PVT.) LIMITED

1.3 Fee payment details: 1.3.1 Chalan No: E-2023-1477513 1.3.2. Amount: 1000.0

1.4 Form A made upto: dd mm yyyy 27/04/2023

1.5 Date of AGM: 27/04/2023

PART - II**Section A**

2.1 Registered Office Address: 4TH FLOOR, THE FORUM, SUITE # 418 TO 422, G-20, BLOCK-9, CLIFTON, KHAYABAN-E-JAMI, KARACHI

2.2 Email Address: iqra.sajjad@packages.com.pk

2.3 Office Tel. No.: 35860252

2.4 Office Fax No.: 35860251

2.5 Principle line of business: PAPER AND BOARD - ALLIED (OTHER)

2.6 Mobile No. of Authorized officer (Chief Executive/ Director/ Company Secretary/ Chief Financial Officer): 03380348363

2.7 Authorized Share Capital

Classes and kinds of Shares	No. of Shares	Amount	Face Value
Ordinary Shares		15,000,000,000.00	

2.8 Paid up Share Capital

Classes and kinds of Shares	No. of Shares	Amount	Face Value
Ordinary Shares		10,918,738,710.00	

2.9 Particulars of the holding /subsidiary company, if any

Name of Company	Holding/Subsidiary	% Shares Held
PACKAGES LIMITED	0000792	100

2.10 Chief Executive

Name: ASGHAR ABBAS

Address: 177 A EME SECTOR DHA , MULTAN ROAD, LAHORE

NIC No: 3520229369013

Next Page

<https://eservices.secp.gov.pk/eServices/EFormControllerServlet?pwscustomFormName=&...> 5/25/2023

CERTIFIED TRUE COPY
 FOR BULLEH SHAH PACKAGING (PRIVATE) LIMITED

SECRETARY

(127)

2.11 Chief Financial Officer

Name: WAQAS MUNIR
 Address: HOUSE NO.38-B, STREET NO.1, PHASE-5, DHA, LAHORE
 NIC No: 3520253836733

2.12 Secretary

Name: IQRA SAJJAD
 Address: D-78 BLOCK 2, LANE 8, CLIFTON KARACHI
 NIC No: 4210180783354

2.13 Legal Advisor

Name: HASSAN AND HASSAN
 Address: PAAF BUILDING 70 KASHMIR EGERTON ROAD LAHORE
 NIC No:

2.14 Particulars of Auditors

Name: A. F. FERGUSON AND CO. CA
 Address: 23-C AZIZ AVENUE, CANAL BANK, GULBERG-V, LAHORE

2.15 Particulars of Shares Registrar (if applicable)

Name:
 Address:
 Email:

Section-B

2.16 List of Directors on the date Annual return is made

S#	Name of Director	Residential Address	Nationality	NIC (Passport No. if foreigner)	Date of appointment /election	Name of Member/Creditors nominating/appointing
1	KHURRAM RAZA BAKHTI	HOUSE NO.568-A, STREET 14, PHASE V, DEFENCE HOUSING AUTHORITY, LAHORE-CANTT., LAHORE	Pakistan	3520159153151	28/10/2021	
2	SYED HYDER ALI	70-F C C GULBERG LAHORE	Pakistan	3520116552251	28/10/2021	
3	RIYAZ ALI TOWFIQ CHIND	62-B SOUTH CIRCULAR AVENUE, PHASE-2, DHA, KARACHI	Pakistan	4230147134173	28/10/2021	
4	SYEO ASLAM MEHDI	175-D STREET # 3, PHASE V, DEFENCE HOUSING AUTHORITY, LAHORE CANTT., LAHORE	Pakistan	4220137450665	28/10/2021	
5	ASGHAR ABBAS	177 A EME SECTOR DHA, MULTAN ROAD, LAHORE	Pakistan	3520226389013	28/10/2021	
6	IMRAN KHALID NIAZI	HOUSE NO.25-E-3, GULBERG-3, LAHORE	Pakistan	3520227742279	28/10/2021	
7	AVESHA KHAN	HOUSE NO.14-A, STREET NO.15, SECTOR F-8/3, ISLAMABAD	Pakistan	4230121882752	15/12/2022	

CERTIFIED TRUE COPY
 FOR GULSHAH SHAH PACKAGING (PRIVATE) LIMITED

SECRETARY

128

2.17 List of members & debenture holders on the date upto which this Form is made

S#	Folio#	Name *	Address	Nationality	No of shares	Percentage	NIC No(Passport if foreigner)
Members							
1	8	PACKAGES LIMITED	4TH FLOOR, THE FORUM, SUITE NO 416-4	Pakistan	1091873865		000000000000
2	28	RIYAZ ALI TOWFIQ CHINYO	62-B SOUTH CIRCULAR AVENUE, PHASE	Pakistan	1		4230147134173
3	27	IMRAN KHALID NIAZI	HOUSE NO.25-E-3, GULBERG-3, LAHORE	Pakistan	1		3520227742279
4	21	KHURRAM RAZA BAKHTAYARI	HOUSE NO 558-A, STREET 14, PHASE-5, I	Pakistan	1		3520159153151
5	17	SYED ASLAM MEHDI	175-D, STREET 3, PHASE-V, DHA., LAHOR	Pakistan	1		4220137459665
6	15	SYED HYDER ALI	70-FCC, GULBERG, LAHORE	Pakistan	1		3520116552251
7	29	AYESHA KHAN	HOUSE NO. 14-A, STREET NO. 15, SECTC	Pakistan	1		4230121662752
Debenture Holders							

* In case the member or debenture holder is holding shares or debentures on behalf of other person(s), the name of such other person(s) shall be mentioned in parentheses alongwith the name of the member or debenture holder

Previous Page

Next Page

CERTIFIED TRUE COPY
FOR BULLEH SHAH PACKAGING (PRIVATE) LIMITED

SECRETARY

2.18 Transfer of shares (debentures) since last Form A was made

S#	Name of Transferor	Name of Transferee	No of Shares Transferred	Date of Registration of transfer
Members				
1	PACKAGES LIMITED	AYESHA KHAN	1	15/12/2022
Debenture Holders				

PART-3

3.1 Declaration:

I do hereby solemnly, and sincerely declare that the information provided in the form is:

- (i) true and correct to the best of my knowledge, in consonance with the record as maintained by the Company and nothing has been concealed; and
(ii) hereby reported after complying with and fulfilling all requirements under the relevant provisions of law, rules, regulations, directives, circulars and notifications whichever is applicable.

3.2 Name of Authorized Officer with designation/ Authorized Intermediary

IQRA SAJJAD	Secretary
-------------	-----------

3.3 Signatures

Electronically signed by IQRA SAJJAD

3.4 Registration No of Authorized Intermediary, if applicable

Day	Month	Year
-----	-------	------

3.5 Date

25/05/2023

CERTIFIED TRUE COPY
FOR BULLEH SHAH PACKAGING (PRIVATE) LIMITED

SECRETARY

Previous Page

Next Page

Management Profile



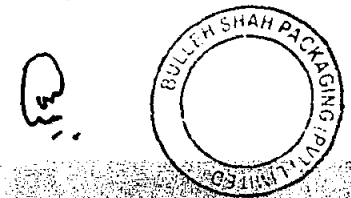
Asghar Abbas - Chief Executive Officer
He joined Packages in 1998 and is associated with the Group for 25 years. He is an Engineer from UET with MBA from Nanyang Technological University, Singapore.



Faisal Haneef - Business Unit Head (PBD)
He joined Packages in 1998 and is associated with the Group for 25 years. He is a Mechanical Engineer from UET with Master's degree from Asian Institute of Technology, Thailand and MBA from Nanyang Technological University, Singapore.



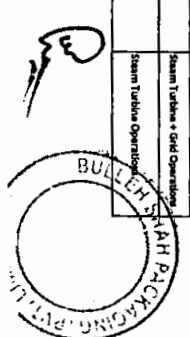
Waqas Munir - Chief Financial Officer
He joined Packages in 2014 as Manager Internal Audit and is associated with the Group for 9 years. He served as Group Head Internal Audit and Group Head HR. He is a Chartered Accountant and Certified Internal Auditor.



CREATING A BETTER TOMORROW

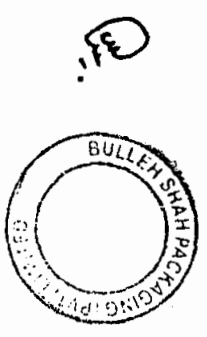
132

Sl. #	Emp. ID	Employee Name	Department	Education	Expertise & Experience in Years	BU Sub Distribution	Work Location	15th RI	16th RI	Org Chart Reporting	Org Chart Reporting	Area / Function
1	1528	KHALID NASUL	Boiler 200 Tons	DME Mechanical C Class Boiler Engineer	Power Plant Operations 13 Years BOP	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
2	1537	ADNAN SANWAR	Boiler 200 Tons	Mechanical Engineer In Energy & Environmental Engineering	Power Plant Operations 13 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
3	1539	MUHAMMAD TAYYAB KHAN	Boiler 200 Tons	BSc & MSc Mechanical Engineering	Power Plant Health & Safety 13 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	ES (Energy Operations)
4	1539	ZAHID MAHMOOD	Boiler 200 Tons	DME Mechanical A Class Boiler Engineer	Power Plant Operations 13 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
5	1532	MUHAMMAD AFTAB SALEEM	Boiler 200 Tons	Mechanic A Class Boiler Engineer	Power Plant Operations 23 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
6	1531	MUHAMMAD USHAQ	Boiler 200 Tons	Mechanic C Class Boiler Engineer	Power Plant Operations 20 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
7	1546	MUHAMMAD HUSNAIN SAEED RANA	Boiler 200 Tons	3-years certificate Trade DME Mechanical	Power Plant Operations 21 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
8	1533	UMAR DUAZ	Boiler 200 Tons	DME Mechanical B Class Boiler Engineer	Power Plant Operations 23 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
9	1550	ABD SHAIKOR	Boiler 200 Tons	DME Mechanical C Class Boiler Engineer	Power Plant Operations 28 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
10	1541	MOON FAREED	Boiler 200 Tons	BS Industrial & Manufacturing Engineering DME Mechanical	Power Plant Operations 10 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
11	1543	HAFIZ MUHAMMAD TAYYIB	Boiler 200 Tons	B Tech (Hons) Mechanical A Class Boiler Engineer	Power Plant Operations 17 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
12	1546	ADNAN ANWAR	Boiler 200 Tons	DME Mechanical B Tech (Hons) Mechanical	Power Plant Operations 17 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
13	1735	MUHAMMAD AAMIR KHAN	Boiler 200 Tons	DME Mechanical A Class Boiler Engineer	Power Plant Operations 5 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
14	1497	MUHAMMAD ARAF	Boiler 200 Tons	DME Mechanical C Class Boiler Engineer	Power Plant Operations 8 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
15	1500	FAHEEM AHMED	Boiler 200 Tons	DME Mechanical C Class Boiler Engineer	Power Plant Operations 6 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
16	1541	ABDUL RAUF	Boiler 200 Tons	DME Mechanical B Tech (Hons) Mechanical	Power Plant Operations 14 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
17	1547	MUHAMMAD ADEEL ABAS	Boiler 200 Tons	DME Mechanical C Class Boiler Engineer	Power Plant Operations 8 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
18	1534	HAFIZ MUHAMMAD USHAQ SALEEM	Boiler 200 Tons	DME Mechanical C Class Boiler Engineer	Power Plant Operations 9 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
19	1535	SCORAB MUHAMMAD	Boiler 200 Tons	DME Mechanical A Class Boiler Engineer	Power Plant Operations 8 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
20	1545	MUHAMMAD AKMAL	Boiler 200 Tons	DME Mechanical A Class Boiler Engineer	Power Plant Operations 14 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
21	1499	USMAN TAYYIB	Boiler 200 Tons	DME Mechanical C Class Boiler Engineer	Power Plant Operations 8 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
22	1553	MUHAMMAD ZEESHAN ACHAM	Boiler 200 Tons	DME Mechanical B Class Boiler Engineer	Power Plant Operations 12 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
23	1551	MUSHAQ UR REHMAN	Boiler 200 Tons	DME Mechanical C Class Boiler Engineer	Power Plant Operations 7 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
24	1536	RANA WASIM AHMAD	Boiler 200 Tons	DME Mechanical B Tech Mechanical	Power Plant Operations 13 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
25	1538	MUHAMMAD ADEEL	Boiler 200 Tons	DME Mechanical C Class Boiler Engineer	Power Plant Operations 8 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
26	1560	SHAHID RAZA	Boiler 200 Tons	Mechanic B Class Boiler Engineer	Power Plant Operations 17 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
27	1743	KAMRAN AHMED	Boiler 200 Tons	DME Mechanical DME Chemical	Power Plant Operations 10 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
28	694	SHAHID IQBAL	Boiler 200 Tons	DME Chemical DME Chemical	Power Plant Operations 11 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
29	1550	MUHAMMAD KASHIF SOHAL	Boiler 200 Tons	DME Chemical DME Chemical	Power Plant Operations 9 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
30	1551	MUHAMMAD SHABIR	Boiler 200 Tons	DME Chemical DME Chemical	Power Plant Operations 9 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
31	1552	MUHAMMAD HAFIZ	Boiler 200 Tons	DME Chemical DME Chemical	Power Plant Operations 9 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
32	457	ERHAN UL HAQ	Boiler 200 Tons	Electrical Engineer Mechanics Engineer	Power Plant Operations 12 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
33	889	STED SANJOSH SOHAL	Boiler 200 Tons	Mechanics Engineer MS Energy Engineering	Power Plant Operations 13 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
34	1728	MUHAMMAD ARIQ	Power House Common	MPhil Coal Technology MSA	Power Plant Operations 13 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
35	971	AMITKA HUSSAN	Power House Common	DME Electrical	Power Plant Operations 22 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
36	1535	UMAR AHMAD	Power Line II	DME Electrical	Power Plant Operations 22 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations
37	1527	KASHID ALI	Power Line II	DME Electrical C Class Boiler Engineer	Power Plant Operations 13 Years	Energy Operations	KASUR	889	STED SANJOSH SOHAL	26	MUHAMMAD FAKAL HANEEF	Energy Operations



133

Sl. No.	Emp. ID	Employee Name	Department	Education	Experience & Experience in Yrs.	BU Sub Distribution	Work Location	1st Bt.	1st Bt.	105th Bt.	Org Chart Reporting	Org Chart Reporting	Area / Function
38	1561	FAHAD NAZKI	Power Line II	DGE Mechanical C class boiler Engineer	Power Plant Operation 13 years experience	Energy Operations	MAJUN	1561	105th Bt.	ZAHID MUHAMMAD	ADNAN SARWAR	ADNAN SARWAR	Steam Turbine Operations
39	1560	TANYAS AQBAW	Power Line II	DGE Mechanical C class boiler Engineer	Power Plant Operation 14 years experience	Energy Operations	MAJUN	1560	105th Bt.	MUHAMMAD AFTAB ALAEM	ADNAN SARWAR	ADNAN SARWAR	Steam Turbine Operations
40	1562	SAUD ALI	Power Line II	DGE Mechanical C class boiler Engineer	Power Plant Operation 19 years experience	Energy Operations	MAJUN	1562	105th Bt.	ADNAN ANWAR	ADNAN SARWAR	ADNAN SARWAR	Steam Turbine Operations
41	1554	NAVEED AQBAW	Steam Boiler 657 one	DGE Mechanical B Tech Mechanical C class boiler Engineer	Power Plant Operation 15 years experience	Energy Operations	MAJUN	1554	105th Bt.	MUHAMMAD AFTAB ALAEM	ADNAN SARWAR	ADNAN SARWAR	Steam Turbine Operations
42	1563	SHAHID HUSSAIN	Steam Boiler 657 one	2 years certificate Mechanical	Power Plant Operation 28 years experience	Energy Operations	MAJUN	1563	105th Bt.	ADNAN RAUF	ADNAN SARWAR	ADNAN SARWAR	Steam Turbine Operations
43	1568	MUHAMMAD KASHIF	Steam Boiler 657 one	DGE Chemical	Power Plant Operations 9 years	Energy Operations	MAJUN	1568	105th Bt.	ZAHID MUHAMMAD	ADNAN SARWAR	ADNAN SARWAR	Steam Turbine Operations
44	1569	ABDUL RAQIT	Steam Boiler 657 one	DGE Electrical	Power Plant Operations 6 years	Energy Operations	MAJUN	1569	105th Bt.	ADNAN ANWAR	ADNAN SARWAR	ADNAN SARWAR	Steam Turbine Operations

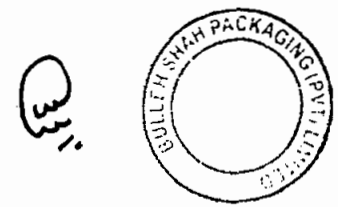


134

RESEARCHING... DEVELOPING... INNOVATING... IMPROVING...



BSP FUTURE BUSINESS PLANS



CREATING A BETTER TOMORROW

BSPPL BUSINESS PROFILE

- BSPPL is wholly owned by Packages Limited
- BSPPL spread over 225 acres of land expanded its product lines to Liquid Packaging Board, Folding Box Board, White Line Chip Board, Writing Paper and Photocopy Paper, Test Liner and Fluting/Corrugated medium paper
- BSPPL currently has the capacity to produce 360,000 tons of paper and board, and 210 million corrugated boxes annually
- BSPPL setup a captive co-generation thermal plant for its self consumption of electricity and steam requirement
- Biomass thermal co-generation plant has the Gross Installed Capacity of 41 MW and Gross Operational Capacity of 30 MW (at present), with the boiler of 150 TPH steam, which is utilized in the manufacturing process

136



BSPPL BUSINESS PROFILE

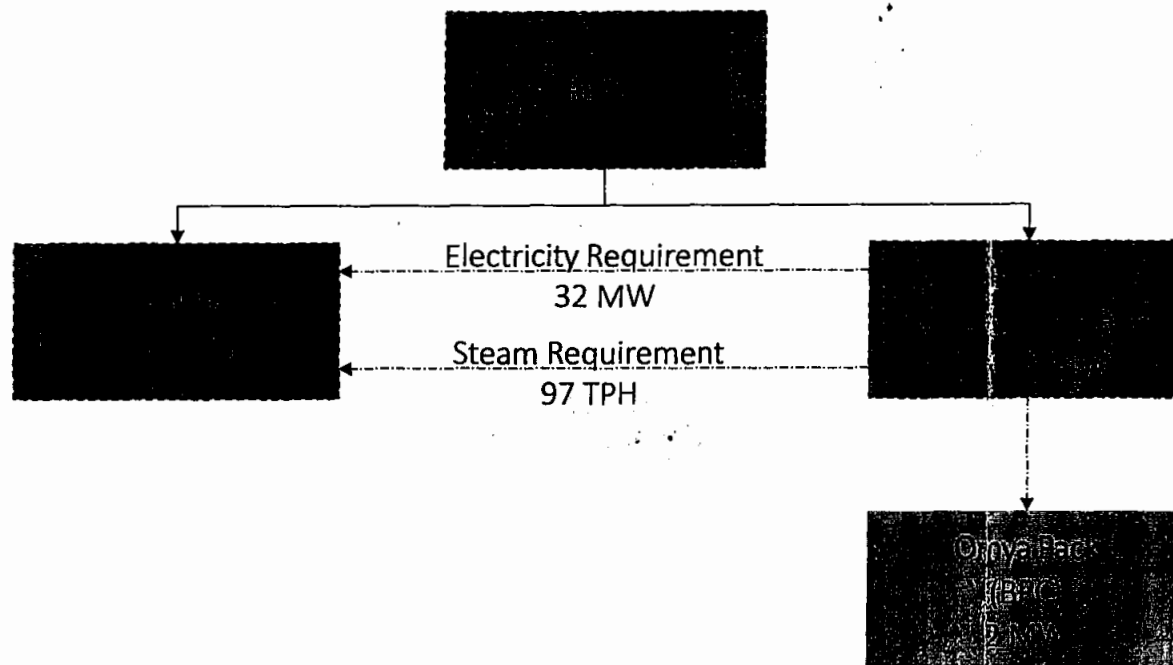
- BSPPL got Generation License for Biomass thermal generation plant from NEPRA on 12 Nov 2020
 - BSPPL got permission for supplying of electricity to its associated company OmyaPack Private Limited (BPC) under Second-Tier Supply Authorization
 - Interconnection between BSPPL and BPC is on private land, electricity supplied exclusively through a private underground cable/feeder operating at 220/440 volts



CREATING A BETTER TOMORROW

BSPPL BUSINESS PROFILE

- BSPPL supply arrangement and steam requirement



(138)



BSPPL BUSINESS PLANS

- Investment on paper board machines has increased production capacity by 50% on both machines. From 240,000 tons to 360,000 tons annually.
- Further investments will increase production capacity by 20%.
- This expansion will increase both the electricity requirement and steam requirement of 12 MW and 9 TPH respectively in next 2 to 3 years.
- All these changes along with relocation of businesses to Kasur will increase electricity requirement.



CREATING A BETTER TOMORROW

BSPPL YEARLY ELECTRICITY/STEAM REQUIREMENT`

STEAM REQUIREMENT (TPH)	YEAR 1	YEAR 2	YEAR 3
BSPPL	97	99	99
OMYA PACK	-	-	-
Future Expansion	-	7	7
Total Steam (TPH)	97	106	106
ELECTRICITY REQUIREMENT (MW)			
BSPPL	32	33	34
OMYA PACK	2	2	3
Future Expansion	2	10	12
Total Electricity Requirement (MW)	37	45	49
NET GENERATION (MW)			
Existing Generation plant	26	26	40
Future Expansion	-	8	15
Total Net Generation (MW)	26	34	45

ELECTRICITY OUTLOOK 2024-26

- With these planned investments the electricity requirement of the complex is expected to increase to 49 MW.
- Current electricity generation is around 26MW. With planned investment this can go up to 45 MW by 2026.
- BSP has the financial capability to invest in these expansion projects as demonstrated in the past.

(141)



BSPPL INVESTMENT PLAN

- BSP has invested around USD 300 million in last three years. Future investments planned are around USD 200 million.

INVESTMENT (PKR Million)	YEAR 1	YEAR 2	YEAR 3
Future Expansion – Generation	2,450	3,672	7,644
Future Expansion – Business	5,126	14,328	4,742
Total	7,576	18,000	12,386



CREATING A BETTER TOMORROW



142

The Pakistan Credit Rating Agency Limited

Rating Report

Bulleh Shah Packaging (Pvt.) Limited

Report Contents

1. Rating Analysis
2. Financial Information
3. Rating Scale
4. Regulatory and Supplementary Disclosure

Rating History					
Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
05-Sep-2023	AA-	A1	Stable	Maintain	-
05-Sep-2022	AA-	A1	Stable	Initial	-

Rating Rationale and Key Rating Drivers

Bulleh Shah Packaging (Private) Limited 'BSP' or ('The Company') ratings reflect the strong sponsor's profile, established market position, and adequate financial profile. The Company is a wholly-owned subsidiary of Packages Limited. The assigned rating takes into account the strong governance framework, strong control environment, and qualified and experienced management team. BSP is predominately manufacturing i) Corrugated boxes and ii) Paper & Paper boards. As per management representation, the Company's market share in the overall industry (Paper & Board) is almost ~15%. Liquid packing board (falls under the purview of paper & Board) - the Company is the sole manufacturer in this segment, and Corrugated board - BSP is the major supplier and holds 16% market share. During CY22, the utilization level remained on the higher side Corrugator~97% and paper and board 85%. In order to improve productivity and capture further market share of imported paperboard, BSP has performed BMR on its paper and board mill.

As far the financial performance is concerned, the top line of the Company has shown an increasing trend due to an increase in sale price but the increase in prices of products has impacted demand. Though, an industry-wide volumetric decrease in sales has been reported but, the selling prices have absorbed the impact to much extent. During 6MCY23, the Company generated a top line of ~PKR 31,391mln (6MCY22: ~PKR 21,631mln, CY22: ~PKR 47,589mln), showing an increase of ~ 32% in revenue. However, considering i) PKR depreciation ii) foreign exchange losses, and iii) finance cost, the bottom line of the Company clocked in at ~PKR 996mln in 6MCY23 decreased from ~PKR 2,031mln in 6MCY22 (CY22: ~PKR 3,280mln). The Company is strengthening its revenue base by devising new business strategies in the export segment. The Company has received ~PKR 6bln insurance claim during the period which is partially utilized for BMR and working capital management. On the other side, leverage indicators continue to remain elevated on account of higher utilization of short-term and long-term borrowings for funding working capital requirements and performing BMR work on its paper and board mill respectively. However, STB has been reduced due to efficient working capital management. The Company is also exploring ways to reduce the reliance on imported raw materials so that, the supply chain can be made more efficient. Going forward, the impact of higher finance costs & overheads on profitability is expected to be offset by an improvement in margins and an increase in the top line. However, the Company has been managing its energy requirements by using a mix of Biomass, Gas, and supply from WAPDA.

The ratings are dependent upon the management's ability to improve margins while sustaining its market share. Prudent management of the working capital, and maintaining sufficient cash flows and coverages are imperative for the ratings. Any significant decrease in margins, profitability and coverages will impact the ratings.



Disclosure	
Name of Rated Entity	Bulleh Shah Packaging (Pvt.) Limited
Type of Relationship	Solicited
Purpose of the Rating	Entity Rating
Applicable Criteria	Methodology Corporate Rating(Jun-22),Methodology Correlation Between Long-term & Short-term Rating Scales(Jun-22),Methodology Rating Modifiers(Jun-22)
Related Research	Sector Study Paper and Packaging(Nov-22)
Rating Analysts	Muhammad Atif Chaudhry Atif.Chaudhry@pacra.com +92-42-35869504



The Pakistan Credit Rating Agency Limited

Paper and Packaging

143

Profile

Legal Structure Bulleh Shah Packaging (Private) Limited 'BSP' or 'The Company' was incorporated as a private limited company on September 16, 2005 under the Companies Act, 2017. The Company's primary object is to carry on the business of manufacture and sale of paper & paper board of all kind and corrugated boxes.

Background The Company was established in new green project incorporated as a separate entity under the name of Bulleh Shah Paper Mills (BSPM). In September 2012, joint venture between Stora Enso (35%) and Packages Limited (65%) was established and the name has been changed to Bulleh Shah Packaging (Pvt.) Ltd. Lately, in 2017 Stora Enso took an exit making the Company wholly owned by Packages Limited.

Operations Bulleh Shah Packaging (Private) Limited is engaged in the manufacturing and sale of Corrugated boxes, Paper, paper board and Other products of paper. The Installed capacity of paper & paper board is 360,000 MT per annum, while that of corrugated box is 130,000 MT per annum.

Ownership

Ownership Structure Bulleh Shah Packaging (pvt.) limited is 100% owned subsidiary of Packages Limited.

Stability Packages Limited is the flagship investment holding company of the Ali Group which has a history spanning over a period of more than 65 years. Packages' investment book comprises entities engaged in the manufacturing and sale of inks, flexible packaging material, paper, paperboard, and corrugated boxes, biaxially oriented polypropylene film and cast polypropylene film, production and sale of ground calcium carbonate products, entities engaged in insurance, power generation, real estate segment of the economy and recently diversifying into manufacturing of corn-based starch.

Business Acumen The Group is ranked amongst the leading industrial groups of the country with interests in paper and packaging, financial institutions, education. Packages Limited has significant successful joint ventures with international conglomerates and long standing relationship with various multinational companies.

Financial Strength Packages has a consolidated total assets of ~ PKR 172bln and equity of ~ PKR 66.7bln and generated a turnover of ~PKR 121.8bln during CY22.

Governance

Board Structure The Company has a seven members board comprising one independent directors, five non-executive directors and one executive directors (including the CEO). The board is chaired by Mr. Syed Hyder Ali. Apt Board size and presence of independent oversight supplements good governance framework.

Members' Profile The BoD, with a well-diversified background and relative expertise of its members, is a key source of oversight and guidance for the management. The Chairman of the Board Mr. Syed Hyder Ali is a seasoned business professional and carries a track record of successful business ventures with him. All other members are professionally qualified with extensive experience and diversified skill mix.

Board Effectiveness The Board met six times during CY22, with the majority attendance to discuss pertinent matters. The minutes of the meetings are documented properly. To ensure effective governance, the Board has formed three committees, namely, (i) Audit Committee (ii) Executive Committee (iii) Human Resource and Remuneration Committee Both committees are chaired by non-executive directors.

Financial Transparency M/s A.F. Ferguson & Co, are the external auditors of the Company. They gave an unqualified opinion on the Company's financial statements for the year ended Dec 31, 2022. The board has also established an internal audit department.

Management

Organizational Structure The Company has established a well-defined management structure divided into functional departments with clear lines of responsibilities.

Management Team The Company's CEO, Mr. Asghar Abbas has joined Packages Limited in 1998 and developed strategic and functional level expertise in packaging business over the years while serving at various positions in different companies of the Packages Group.

Effectiveness The experience of the sponsors along with a professional management team has helped the Company to streamline their operations and cut down on their costs. The production facilities have minimal wastage which is effectively managed through re-cycling and re-using in the process 250 tons of paper per day.

MIS To generate MIS and operational reports, ERP software, SAP ECC6 is used.

Control Environment To ensure operational efficiency, the Internal Audit Function is in place that identifies and reports risks. The audit committee reviews the internal audit department reports and planned activities.

Business Risk

Industry Dynamics Pakistan's packaging industry consists of four major segments, paper, plastic, tinplate and glass. Paper and plastic segments occupy the major share in total market. Despite, the economic slowdown caused by several issues, demand for the segment remained almost consistent as it falls in the supply chain of various essential products and industries. The segment's direct costs consist largely of imported raw materials. Chemical wood pulp is one of the main raw materials in the production of paper packaging. Therefore, volatility in exchange rates and international price trends has an impact on costs.

Relative Position The Company's market share in the overall industry (Paper & Board) is almost ~15%. Liquid packing board (falls under the purview of paper & Board) - the Company is the sole manufacturer in this segment, and Corrugated board - BSP is the major supplier and holds 16% market share.

Revenues The Company's top line shows an increasing trend due to increase in sale price but the increase in prices of products has impacted demand. Though, an industry-wide volumetric decrease in sales has been reported the selling prices have absorbed the impact to much extent. During 6MCY23, the Company generated a top line of ~PKR 31,391mln (6MCY22: ~PKR 21,631mln, CY22: ~PKR 47,589mln, CY21: ~PKR 36,938mln), showing an increase of ~ 32% in revenue.

Margins In 6MCY23, the gross margin and operating profit margin both decreased as compared to 6MCY22. The GP margin decreased from ~ 23% in 6MCY22 to ~ 20.4% in 6MCY23 (CY22: ~20.5%, CY21: ~18.3%) while the OP margin decreased from ~ 20.3% in 6MCY22 to ~ 17.8% in 6MCY23. However, during CY22 and 6MCY23 considering i) PKR depreciation ii) foreign exchange losses, and iii) finance cost, the net profit margin of the Company decreased from ~ 9.4% in 6MCY22 to ~ 3.2% in 6MCY23 (CY22: ~6.9%, CY21: ~8.4%).

Sustainability The Company has a well-established brand name in the market, especially in consumer products. Going forward, in order to strengthen its market position, BSP has recently done BMR to enhance the production capacity of the paper and board division and corrugator division. Going forward the Company is also planning for further expansion plans including new projects which will majorly reduce the dependence of BSP on imported pulp.

Financial Risk

Working Capital The Company has reduced the working capital requirement by efficiently managing the inventory and reducing receivable days by collecting sales in advance. The Company's net inventory days decreased to ~119 days from ~129 days in CY22 which inventory days are still very high because BSP has imported raw materials in huge quantities due to the rise in raw material prices and currency rate fluctuations. Meanwhile, trade receivable days also decreased to ~30 days from ~36 days during the same period. During 6MCY23 the trade payable days increased to ~55 days from ~53 days during CY22. Consequently, the Company's net working capital days decreased to ~94 days during 6MCY23 from ~111 days at the end of CY22.

Coverages In 6MCY23, the Company's FCFOs stood at ~PKR 6,587mln increasing from ~PKR 4,619mln in 6MCY22 (CY22: ~PKR 8,734mln, CY21: ~PKR 6,504mln). But during 6MCY23, FCFO/Finance cost stood at ~ 2.6x decreased from ~ 5.9x of coverage during 6MCY22 (CY22: ~3.8x, CY21: ~7.6x) due to a significant increase in the finance cost. The finance cost stood at ~PKR 2,534mln increased from ~PKR 790mln (CY22: ~PKR 2,296mln, CY21: ~PKR 860mln); however, this is still a healthy coverage level for the Company.

Capitalization The Company has a highly leveraged capital structure. Long-term debt is related to expansion activities, whereas short-term debt is related to working capital management. The Company has planned to finance CAPEX partially with a mix of debt and equity. At the end of 6MCY23 the long-term borrowing has increased to ~PKR 14,999mln from ~PKR 10,551mln end-CY22 (end-CY21: ~PKR 4,732mln) and the fixed assets increased to ~PKR 29,910mln from ~PKR 26,144mln end-CY22 (end-CY21: ~PKR 17,534mln). While the short-term borrowing has decreased to ~PKR 14,038mln from ~PKR 19,148mln during the same period (end-CY21: ~PKR 9,665mln). Consequently, at the end of 6MCY23, the total borrowing has decreased to ~PKR 30,805mln from ~PKR 31,585mln at the end of CY22 (end-CY21: ~PKR 16,507mln). The long-term liabilities are ~111% of equity at the end of 6MCY23 (CY22: ~81%, CY21: ~42%). Its gearing ratio has decreased from ~66.7% at the end of CY22 to ~65.6% at the end of 6MCY23 due to a decrease in total borrowings, while it has remained at ~53.8% in CY21.

Bulleh Shah Packaging (Pvt.) Limited
Rating Report

Sep-23

www.PACRA.com



144



The Pakistan Credit Rating Agency Limited
Bulleh Shah Packaging (Pvt.) Limited
Paper and Packaging

Financial Summary
PKR mn

	Jun-23	Dec-22	Dec-21	Dec-20	Dec-19
A. BALANCE SHEET					
1 Non-Current Assets	30,250	26,349	17,802	14,826	15,244
2 Investments	6	6	6	6	6
3 Related Party Exposure	154	206	39	15	19
4 Current Assets	30,913	33,257	19,129	12,626	11,149
a Inventories	19,616	21,445	12,216	7,229	5,541
b Trade Receivables	4,626	5,619	3,644	2,503	2,544
5 Total Assets	61,323	59,818	36,975	27,472	26,418
6 Current Liabilities	11,511	10,163	5,043	4,557	3,532
a Trade Payables	9,997	9,059	4,806	3,289	3,076
7 Borrowings	30,805	31,585	16,507	9,797	11,065
8 Related Party Exposure	-	-	-	-	-
9 Non-Current Liabilities	2,887	2,291	1,273	557	707
10 Net Assets	16,120	15,778	14,153	12,561	11,114
11 Shareholders' Equity	16,120	15,778	14,153	12,561	11,114

B. INCOME STATEMENT					
1 Sales	31,391	47,589	36,938	28,813	26,414
a Cost of Good Sold	(24,989)	(37,814)	(30,185)	(23,618)	(24,241)
2 Gross Profit	6,401	9,775	6,754	5,195	2,173
a Operating Expenses	(808)	(1,344)	(979)	(958)	(951)
3 Operating Profit	5,593	8,431	5,774	4,237	1,223
a Non Operating Income or (Expense)	(792)	(650)	(559)	(303)	306
4 Profit or (Loss) before interest and Tax	4,801	7,782	5,215	3,934	1,528
a Total Finance Cost	(2,334)	(2,296)	(860)	(1,209)	(1,504)
b Taxation	(1,272)	(2,206)	(1,243)	(75)	(453)
6 Net Income Or (Loss)	996	3,280	3,112	2,650	(429)

C. CASH FLOW STATEMENT					
a Free Cash Flows from Operations (FCFO)	6,587	8,734	6,504	5,101	2,768
b Net Cash from Operating Activities before Working Capital Changes	4,127	6,700	5,669	3,631	1,467
c Changes in Working Capital	1,074	(15,631)	(5,590)	(1,315)	1,003
1 Net Cash provided by Operating Activities	5,201	(8,931)	79	2,316	2,470
2 Net Cash (Used in) or Available From Investing Activities	(3,186)	(4,847)	(4,348)	(1,014)	(1,534)
3 Net Cash (Used in) or Available From Financing Activities	3,148	4,294	(2,127)	(1,236)	1,234
4 Net Cash generated or (Used) during the period	5,163	(9,483)	(6,396)	66	2,170

D. RATIO ANALYSIS					
1 Performance					
a Sales Growth (for the period)	31.9%	28.8%	28.2%	9.1%	0.0%
b Gross Profit Margin	20.4%	20.5%	18.3%	18.0%	8.2%
c Net Profit Margin	3.2%	6.9%	8.4%	9.2%	-1.6%
d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)	24.4%	-14.5%	2.5%	13.1%	14.3%
e Return on Equity / Net Profit Margin * Asset Turnover * (Total Assets/Sha	12.5%	21.9%	23.3%	22.4%	-3.9%
2 Working Capital Management					
a Gross Working Capital (Average Days)	149	165	126	113	112
b Net Working Capital (Average Days)	94	111	86	73	69
c Current Ratio (Current Assets / Current Liabilities)	2.7	3.3	3.8	2.8	3.2
3 Coverages					
a EBITDA / Finance Cost	2.9	4.3	8.3	4.6	2.0
b FCFO / Finance Cost+CMLTB+Excess STB	1.9	2.1	2.2	2.5	0.8
c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)	2.1	1.9	1.2	1.7	6.1
4 Capital Structure					
a Total Borrowings / (Total Borrowings+Shareholders' Equity)	65.6%	66.7%	53.8%	43.8%	49.9%
b Interest or Markup Payable (Days)	109.6	176.3	101.3	53.6	111.4
c Entity Average Borrowing Rate	16.2%	10.2%	6.5%	11.5%	13.5%

Q



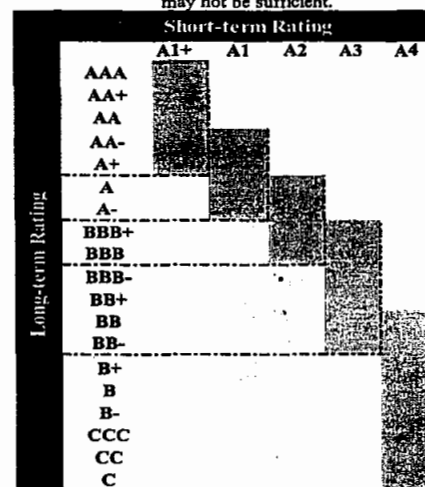
145

Credit Rating

Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

Scale	Long-term Rating Definition
AAA	Highest credit quality. Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments
AA+	
AA	Very high credit quality. Very low expectation of credit risk. Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
AA-	
A+	
A	High credit quality. Low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.
A-	
BBB+	
BBB	Good credit quality. Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.
BBB-	
BB+	Moderate risk. Possibility of credit risk developing. There is a possibility of credit risk developing, particularly as a result of adverse economic or business changes over time; however, business or financial alternatives may be available to allow financial commitments to be met.
BB	
BB-	
B+	
B	High credit risk. A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.
B-	
CCC	Very high credit risk. Substantial credit risk "CCC" Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. "CC" Rating indicates that default of some kind appears probable. "C" Ratings signal imminent default.
CC	
C	
D	Obligations are currently in default.

Scale	Short-term Rating Definition
A1+	The highest capacity for timely repayment.
A1	A strong capacity for timely repayment.
A2	A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.
A3	An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial conditions.
A4	The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. Liquidity may not be sufficient.



*The correlation shown is indicative and, in certain cases, may not hold.

Outlook (Stable, Positive, Negative, Developing) Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.

Rating Watch Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.

Suspension It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.

Withdrawn A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults, or/and e) PACRA finds it impractical to surveil the opinion due to lack of requisite information.

Harmonization A change in rating due to revision in applicable methodology or underlying scale.

Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening.

Note. This scale is applicable to the following methodology(s):

- a) Broker Entity Rating
- b) Corporate Rating
- c) Debt Instrument Rating
- d) Financial Institution Rating
- e) Holding Company Rating
- f) Independent Power Producer Rating
- g) Microfinance Institution Rating
- h) Non-Banking Finance Companies Rating

Disclaimer: PACRA has used due care in preparation of this document. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA shall owe no liability whatsoever to any loss or damage caused by or resulting from any error in such information. Contents of PACRA documents may be used, with due care and in the right context, with credit to PACRA. Our reports and ratings constitute opinions, not recommendations to buy or to sell.

Signature



Rating Team Statements

(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

2) Conflict of Interest

i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)

ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)

iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

Restrictions

(3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)

(4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)

(5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k).

Conduct of Business

(6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)

(7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).

(8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(g)

(9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)

(10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)

(11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

Independence & Conflict of interest

(12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA's opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity

(13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)

(14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)

(15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)

(16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)

(17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

Monitoring and review

(18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 18-(a)

(19) PACRA reviews all the outstanding ratings on semi-annual basis or as and when required by any creditor or upon the occurrence of such an event which requires to do so; | Chapter III | 18-(b)

(20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 18-(c)

(21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument; | Chapter III | 18-(d)

Probability of Default

(22) PACRA's Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e, probability). PACRA's transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA's Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past | Chapter III | 14-(f-VII)

Proprietary Information

(23) All information contained herein is considered proprietary by PACRA. Hence, none of the information in this document can be copied or, otherwise reproduced, stored or disseminated in whole or in part in any form or by any means whatsoever by any person without PACRA's prior written consent

Handwritten signature



E-STAMP



ID : PB-LHR-6153CB399B976A30
Type : Low Denomination
Amount : Rs 300/-

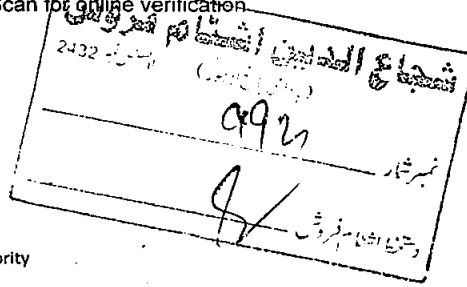


Scan for online verification

Description: AFFIDAVIT - 4
Applicant: Bulleh Shah Packaging Pvt Ltd [00000-0000000-0]
Representative From : Bulleh Shah Packaging Pvt Ltd
Agent: Akash Yousaf [35201-5161816-1]
Address: Lahore
Issue Date: 27-Nov-2023 4:34:13 PM
Delisted On/Validity: 4-Dec-2023
Amount in Words: Three Hundred Rupees Only
Reason: In Favor of National Electric Power Regulatory Authority
Vendor Information: Shuja Ud Din | PB-LHR-2432 | Badami Bagh

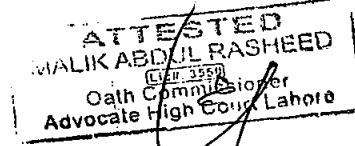


147



نوٹ: یہ فرمیشن تاریخ اجرا سے سات دنوں تک کے لیے قابل استعمال ہے۔ اس اسٹامپ کی تصدیق برقی ویب سائٹ کے ذریعہ کرنا یا ایس ایم ایس سے کی جا سکتی ہے

Type "eStamp <16 digit eStamp Number>" send to 8100.



BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY AFFIDAVIT

I, KHURRAM RAZA BAKHTAYARI, DIRECTOR, being the duly authorized representative of BULLEH SHAH PACKAGING (PVT.) LIMITED, duly authorized in this regard by virtue of BOARD RESOLUTION dated 02 October 2023, hereby solemnly affirm and declare that the following license has been granted by the honorable Authority to Bulleh Shah Packing Private Limited:

1. Generation License No. SGC/151/2020 dated November 12, 2020, for supply of electricity to one Bulk Power Consumer i.e., Omya Pack (Private) Limited (the "BPC") in place of originally allowed Second Tier Supply Authorization.

Deponent
Khurram Raza Bakhtayari
Director
BULLEH SHAH PACKAGING
PRIVATE LIMITED

E-STAMP



ID : PB-LHR-2E8A1A6A4A6ED5
Type: Low Denomination
Amount : Rs. 300/-



Scan for online verification

Description : AFFIDAVIT - 4
Applicant : BULLEH SHAH PACKAGING PVT LTD [00000-0000000-0]
Representative: BULLEH SHAH PACKAGING PVT LTD
Agent: MUHAMMAD NAZIR [35202-2433508-7]
Address : LAHORE
Issue Date : 1-Dec-2023 10:43:20 AM
Delisted On/Validity : 8-Dec-2023
Amount in Words : Three Hundred Rupees Only
Reason : IN FAVOUR OF NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
Vendor Information : Muhamamd Sadiq | PB-LHR-675 | Feroze Pur Road

Muhamamd Sadiq Stamp Vendor
Feroze Pur Road
Date: 01/12/2023
Lic. No. 675
Surveys and property

نوٹ: یہم فریقینکشن شروع اور اسے سات دنوں تک کے لیے قابل استعمال ہے۔ اس اسٹامپ کا یہی وہب سٹامپنگ اور کرڈ یا اس ایم ایس سے ہی چا سکتی ہے۔
Type "eStamp <16 digit eStamp Number>" send to 8100



BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY AFFIDAVIT

I, KHURRAM RAZA BAKHTAYARI, DIRECTOR, being the duly authorized representative of BULLEH SHAH PACKAGING (PVT.) LIMITED, duly authorized in this regard by virtue of BOARD RESOLUTION dated 02 October 2023, do hereby declare and affirm on oath as under:

1. That the accompanying Application for grant of Electric Power Supplier license in lieu of Second-Tier Authorization for a consumer of generation company not connected to the DISCOs network filed before the National Electric Power Regulatory Authority, the contents of the same form an integral part of this affidavit, are true and correct to the best of my knowledge and belief.
2. That nothing has been concealed or misstated in the accompanying Application.

Deponent
Khurram Raza Bakhtayari
Director
BULLEH SHAH PACKAGING
PRIVATE LIMITED

ATTESTED
CH. MOHAMED SADIQ ADVOCATE
O/S
High Court Lahore

E-STAMP



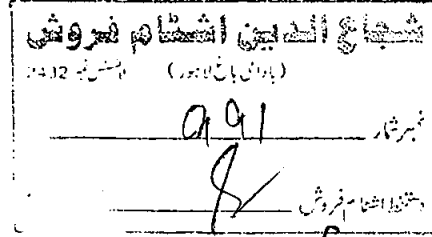
ID : PB-LHR-BB26DFB73A941FC0
Type : Low Denomination
Amount : Rs 300/-



Scan for online verification

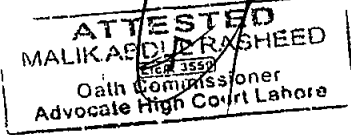


Description: AFFIDAVIT - 4
Applicant: Bulleh Shah Packaging Pvt Ltd [00000-0000000-0]
Representative From : Bulleh Shah Packaging Pvt Ltd
Agent: Akash Yousaf [35201-5161816-1]
Address: Lahore
Issue Date: 27-Nov-2023 4:32:33 PM
Delisted On/Validity: 4-Dec-2023
Amount in Words: Three Hundred Rupees Only
Reason: In Favor of National Electric Power Regulatory Authority
Vendor Information: Shuja Ud Din | PB-LHR-2432 | Badami Bagh



نوٹ: یہ درخواستیں تاریخ اجرا سے سات دنوں تک کے لیے قابل استعمال ہیں۔ اس اسٹامپ کی تصدیق برقی، ویب سائٹ، کیو آر کوڈ یا ایس ایم ایس سے کی جا سکتی ہے

Type "eStamp <16 digit eStamp Number>" send to 8100.



BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

AFFIDAVIT

I, KHURRAM RAZA BAKHTAYARI, DIRECTOR, being the duly authorized representative of BULLEH SHAH PACKAGING (PVT.) LIMITED, duly authorized in this regard by virtue of BOARD RESOLUTION dated 02 October 2023, hereby solemnly affirm and declare that the Applicant is compliant with and shall always fulfill the obligations imposed on it under the National Electricity Policy and National Electricity Plan made under section 14A of the Act. Moreover, the applicant commits to adhering to relevant obligations where applicable as per laws.

Deponent
Khurram Raza Bakhtayari
Director
BULLEH SHAH PACKAGING
PRIVATE LIMITED

E-STAMP



ID : PB-LHR-4CA13316BE2CFA8C
Type: Low Denomination
Amount: Rs. 300/-



Scan for online verification

Description : AFFIDAVIT - 4
Applicant : BULLEH SHAH PACKAGING PVT LTD [00000-0000000-0]
Representative: BULLEH SHAH PACKAGING PVT LTD
Agent: MUHAMMAD NAZIR [35202-2433508-7]
Address : LAHORE
Issue Date : 1-Dec-2023 10:43:51 AM
Delisted On/Validity : 8-Dec-2023
Amount in Words : Three Hundred Rupees Only
Reason : IN FAVOUR OF NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
Vendor Information : Muhammad Sadiq | PB-LHR-675 | Feroze Pur Road

نوٹ: یہ افریقیشن فارم اپنا سے سات دنوں تک کے لیے قابل استعمال ہے۔ اسے منسلک ویب سائٹ پر رجسٹر کرنا پڑے گا۔
Type "eStamp <16 digit eStamp Number>" send to 8100

Muhammad Sadiq Stamp Vendor
Feroze Pur Road
Lic. No 675
Date 1/12/2023
Stamp Paper is not issued by the perches and property



BEFORE THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

AFFIDAVIT

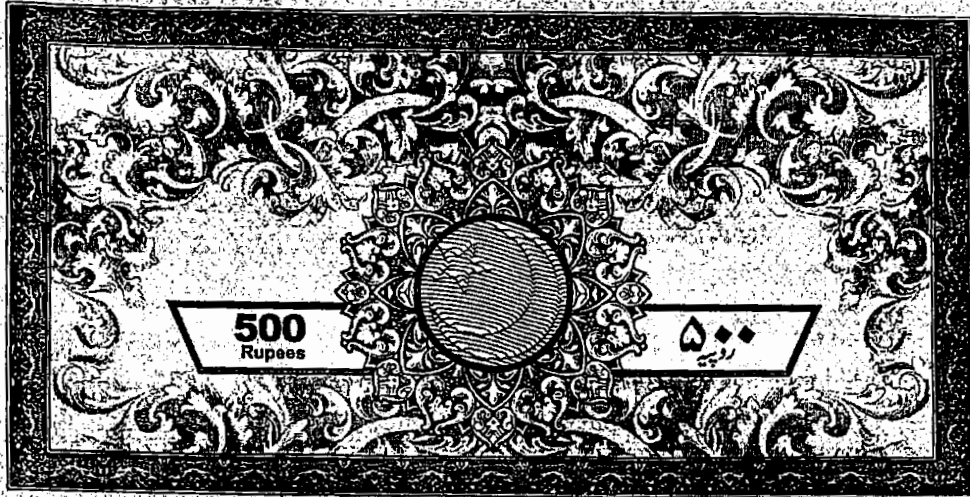
I, KHURRAM RAZA BAKHTAYARI, DIRECTOR, being the duly authorized representative of BULLEH SHAH PACKAGING (PVT.) LIMITED, duly authorized in this regard by virtue of BOARD RESOLUTION dated 02 October 2023, hereby solemnly affirm and declare that the Applicant is compliant with and shall always fulfill all the requirements of The Eligibility Criteria (Electric Power Supplier License) Rules, 2023. Moreover, the applicant commits to adhering to relevant obligations where applicable as per laws.

Deponent
Khurram Raza Bakhtayari
Director
BULLEH SHAH PACKAGING
PRIVATE LIMITED

ATTESTED
CH. MOFEN SULTAN ADVOCATE
Office: 1st Floor, 1st Floor
High Court Lahore

820368

151



LAND LEASE AGREEMENT

BY AND BETWEEN

CALCIPACK (Pvt.) Limited ("CALCIPACK")

AND

BULLEH SHAH PACKAGING (PRIVATE) LIMITED, ("BSP")

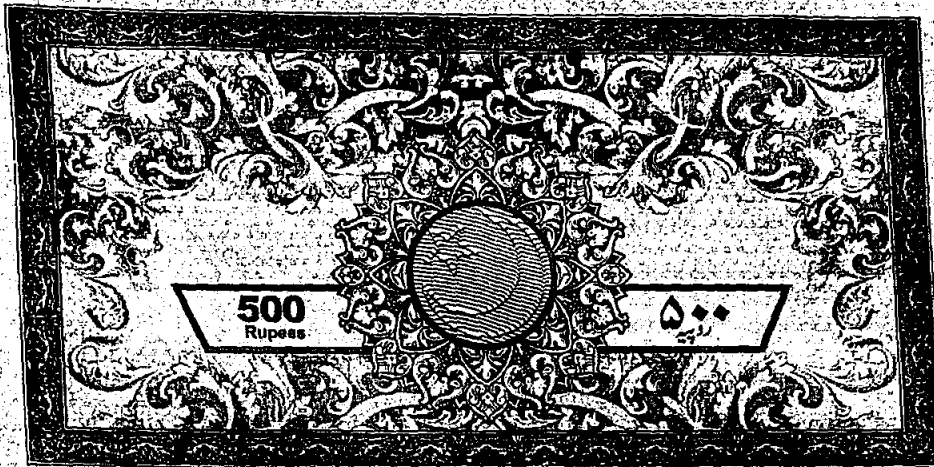


Mr
for



152

820367



LAND LEASE AGREEMENT

This Tenancy Agreement is made at Lahore on this 7th day of SEPTEMBER 2016;

BY AND BETWEEN

CALCIPACK (Pvt.) Limited, a company incorporated under the Companies Ordinance, 1984 with its registered office at 4th Floor, The Forum, Suite No.416-422, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi (hereinafter referred to as "**CALCIPACK**", which expression shall, wherever the context so requires or permits, includes its successors-in-interest, representatives and permitted assigns) of the **ONE PART** and acting through Mr. Fazeel Ur Rehman s/o Fazal Ur Rehman, holding CNIC No. 35202-2425947-3.

AND

BULLEH SHAH PACKAGING (PRIVATE) LIMITED, a company incorporated under the Companies Ordinance, 1984 with its registered office at 4th Floor, The Forum, Suite No.416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi (hereinafter referred to as "**BSP**", which expression shall, wherever the context so requires or permits, includes its successors-in-interest, representatives and assigns) of the **OTHER PART** and acting through Mr. Syed Aslam Mehdi s/o Syed Ashhad Mehdi, holding CNIC No. 42201-3745966-5.
(BSP and CALCIPACK are hereinafter collectively referred to as the "**PARTIES**")

WHEREAS

- (a) CALCIPACK is a company which manufactures products based on natural calcium carbonate mainly by grinding & classifying processes.
- (b) BSP is the sole and absolute owner of the following land, situated at Mouza Herdosehari, Tehsil and District Kasur.



Khasra No.	Kanals
2790	8
2791	8
2798	8
2799	8
2800	8
2801	8
2884	8
Total	56

as delineated in the Site Plan duly signed by the parties and attached herewith as Annexure 'A' (the said area of 56 kanals hereinafter collectively referred to as "PREMISES") is intended to be rented out by BSP to CALCIPACK on the terms and conditions contained hereunder.

(c) **NOW, THEREFORE, THIS TENANCY AGREEMENT WITNESSETH AS FOLLOWS:**

1. Rental, Lease Term & Payment Term

Total rent for the PREMISES shall be PKR 3.150 million (Pakistan Rupee ^{three} ~~two~~ million one hundred thousand) annually, which shall be payable by CALCIPACK to BSP in advance on the date of commencement of tenancy (to be agreed between the parties) under this Agreement. All payments of the rental amount in terms of this Tenancy Agreement shall be subject to deductions / withholding of all taxes as may be required under the applicable law.

1.2 The lease of the Premises shall commence from 1 May 2017 and be valid for ten (10) years. The ten (10) years lease is renewable with mutual agreement.

1.3 The Parties agree that the rental shall be the same for 3 years from the commencement date defined in clause 1.2 and that the rental shall be increased after every three years by 25% (twenty five percent) as per Annexure 'B'.

2. CALCIPACKS' Covenants

CALCIPACK covenants with BSP as follows:

- (i) The purpose of the Premises shall be only for ground calcium carbonate manufacturing. Without the prior consent of BSP, CALCIPACK cannot utilize the PREMISES for any other purposes.
- (ii) CALCIPACK shall pay all utility bills i.e. in respect of water, electricity, gas, conservancy, municipal services and telephone and incidental charges and claims arising therefrom in respect of and utilized in the PREMISES during the term of the tenancy including any Government Taxes and charges resulting from the conduct of business by CALCIPACK. For avoidance of doubt, in no event shall CALCIPACK be liable to make payment of any bills, taxes and charges relating to property taxes which shall be the sole and exclusive obligation of BSP.
- (iii) CALCIPACK shall pay all future taxes and other local municipal tax & Federal tax or imposed by any authority to carry out the business, except those laid out in Clause 2 (ii).
- (iv) CALCIPACK shall not sublet the PREMISES to any person(s) or company during the subsistence of this agreement or any renewal thereof.

3. BSP Covenants

BSP covenants with CALCIPACK as follows:

- (i) BSP is the sole and exclusive owner of the PREMISES and warrants that it has good, valid and legal title to the PREMISES.
- (ii) BSP shall fully defend its title in and to the PREMISES and will indemnify CALCIPACK against any damage, costs, charges, expenses, claims, fees and/or expenses which CALCIPACK may suffer or be exposed to by reason of any claim against the title or defect in title of the PREMISES.
- (iii) BSP does not guarantee provision of electricity, gas, water, conservancy and sewerage facility at the PREMISES during the term of the tenancy or any

extension thereof and CALCIPACK acknowledges and accepts this position. CALCIPACK will be responsible to get these connections from the concerned authorities. However, BSP shall make reasonable efforts to facilitate CALCIPACK in obtaining these connections.

- (iv) BSP shall allow CALCIPACK quiet and peaceful use of the PREMISES without any interruption whatsoever.
- (v) BSP shall be responsible to pay charges, bills and taxes referred in Clause 2(ii) only for the period prior to the commencement of the tenure of the tenancy under the Tenancy Agreement. BSP shall provide to CALCIPACK the requisite payment challans in respect of such charges, bills and taxes to CALCIPACK.
- (vi) All property and other land related taxes in respect of the PREMISES and any expenses related to reclassification of land for industrial use shall be solely borne by BSP.
- (vii) BSP shall at all times during the term of this Tenancy Agreement comply with all applicable regulations in relation to the PREMISES and shall not attempt to take any action which would result in BSP defaulting of such obligations. BSP further agrees to indemnify and keep harmless CALCIPACK against any costs, charges, expenses, claims, fees or actions that may arise as a result of BSP failing to comply with its obligations in relation to the PREMISES and vice versa.
- (viii) BSP has the requisite authorization and authority to rent the PREMISES to CALCIPACK for the term specified herein.

4. Rights of BSP

- (i) BSP has the right to inspect the PREMISES with adequate notice during normal working hours.
- (ii) BSP has the right to obtain from the management of CALCIPACK such information as may be required for ensuring regulatory compliance in relation to the PREMISES.

5. Obligations of BSP

During the term of this Agreement, BSP shall not:

- (i) grant the right to occupancy of the PREMISES, either temporarily or free of charge or otherwise, to any third party; and
- (ii) assign its rights under the Sale Deed (except mortgage in favour of financial institutions) without CALCIPACK's prior written consent and provided that the assignee shall (a) undertake to comply with the terms and conditions of this Tenancy Agreement; (b) recognize the rights of CALCIPACK as a tenant of the PREMISES; and (c) confirm and undertake that the rights of CALCIPACK as a tenant of the PREMISES shall not be adversely affected in any manner whatsoever.

6. Additions to the PREMISES

- (i) For initial construction and if in the opinion of CALCIPACK, it appears necessary for its operations that additions or improvements to the PREMISES are necessary, CALCIPACK shall submit to BSP written proposals including the costs.
- (ii) On receipt of the said proposal, BSP shall consider, including right to say no based on valid reasons, or agree to do either of the following:



- (a) arrange from BSP's funds for the said construction, additions or improvements to be carried out, in which event BSP agree beforehand on a higher rental after such construction, additions or improvements; or
- (b) allow CALCIPACK to arrange for construction, additions or improvements to be carried out on its own, in which event BSP shall have the right (including reasonable right to say no), at the end of the term hereof or termination of this Agreement, to buy from CALCIPACK at the book value of the said construction, additions or improvements as per the audited financial statements of CALCIPACK.
- (iii) CALCIPACK shall have the right to put up its signboard, name-plate, logo, emblem, flag and national tax number etc within the parameters of the PREMISES and at the main entrances of BSP, subject to restrictions imposed by the local body concerned. CALCIPACK shall also be entitled to use the postal address of BSP as its postal address.

7. Renewal and Termination

- 7.1 CALCIPACK and BSP hereby undertake to execute all necessary documents or deeds as may be required to give effect to any renewal of the tenure of tenancy under this Tenancy Agreement.
- 7.2 BSP may terminate this Agreement by giving prior written notice to CALCIPACK of not less than twelve (12) months.
- 7.3 This Tenancy Agreement may be terminated by CALCIPACK by serving three (3) months prior written notice to BSP at any time during the tenure of the tenancy. Upon termination by CALCIPACK in accordance with this any advance rent paid by CALCIPACK to BSP shall be immediately refunded and returned to CALCIPACK without any deduction or set-off.
- 7.4 In the event of a termination, CALCIPACK shall remove the plant & machinery on its own cost and give back to BSP the Premises, within 12 months since the effective date of the termination, subject to clause 6 above.

8. Governing Law and Arbitration

This Tenancy Agreement shall be governed in accordance with the laws of the Islamic Republic of Pakistan.

Any disputes or differences arising out of or relating to the interpretation or effect of any term of this Tenancy Agreement, and/or breach of any term of this Tenancy Agreement shall, unless amicably settled, be referred to and finally resolved by arbitration under the Arbitration Act 1940 of Pakistan, which rules shall be deemed to be incorporated by reference into this clause. The number of arbitrators shall be three (3). Each party shall have the right to nominate one (1) arbitrator and the two party appointed arbitrators shall nominate the chairman of the tribunal within sixty (60) days of the date of appointment of the second party appointed arbitrator.

9. Notices

Any notice required to be given under this Tenancy Agreement including any notice of change of address pursuant to this Clause shall be in writing. Such notice shall be sufficiently served if properly addressed to the other party at the addresses given below and sent by registered post (acknowledgement due) or courier:



Handwritten signature



To BSP: Mr. Syed Aslam Mehdi
Shahrah-e-Roomi
P.O Amer Sidhu, Lahore, 54760

To CALCIPACK: Mr. Fazeel Ur Rehman
Shahrah-e-Roomi
P.O Amer Sidhu, Lahore, 54760

IN WITNESS WHEREOF, this Tenancy Agreement has been signed by the Parties on the day, month and year first above written in the presence of witness.

S. a. mehdi
On behalf of Bulleh Shah Packaging (Private)
Limited



[Signature]
On behalf of CalciPack (Private) Limited



[Signature]
On behalf of Bulleh Shah Packaging (Private)
Limited

IN THE PRESENCE OF:
SIGNATURE OF WITNESSES

[Signature] 1- Syed Aslam Aslam

Muhammad Ali Mohammad Ali
2-

ANNEXURE 'A'



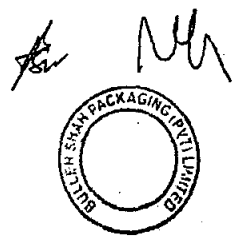
for



158

ANNEXURE 'B'

Sr. No.	Period	Rent PKR per annum
1	Year 1	3,150,000
2	Year 2	3,150,000
3	Year 3	3,150,000
4	Year 4	3,937,500
5	Year 5	3,937,500
6	Year 6	3,937,500
7	Year 7	4,921,875
8	Year 8	4,921,875
9	Year 9	4,921,875
10	Year 10	6,152,344



33



December 28, 2023
Ref: AG/ 509

Reference: Letter No. NEPRA/R/LAS-100/38102 dated 11.12.2023 (received on 12.12.2023)

To:
The Registrar
National Electric Power Regulatory Authority
NEPRA Tower, Attaturk Avenue (East)
Sector G-5/1, Islamabad

SUBJECT: APPLICATION FOR GRANT OF ELECTRIC POWER SUPPLIER LICENSE IN LIEU OF SECOND-TIER AUTHORIZATION FOR SALES OF ELECTRICITY TO OMYA PACK (PRIVATE) LIMITED (BPC) NOT CONNECTED TO THE DISCOs NETWORK

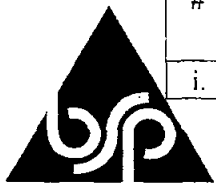
Dear Sir,

1. In response to your aforementioned letter, we would like to apprise you that BSPPL has already diligently addressed each item highlighted by NEPRA in its letter No. NEPRA/R/LAS-100/38102 dated 11.12.2023 (received on 12.12.2023) ("NEPRA Letter").
2. The fee remitted for the submitted application was calculated based on the November indexation for the projects with capacity up to 10 MW, as the fee structure for December 2023 was not available at that time. We would like to confirm the submission of the outstanding fee amounting to 20,111/- herewith, aligning with the necessary requirements.
3. In accordance with paragraph 3 of the NEPRA letter, we would like to bring to your attention that the requisite information, as stipulated by the Eligibility Criteria (Electric Power Supplier) Rules, 2023, had been previously submitted along with the initial application. However, for your convenience and reference, we are herewith providing the said information.
4. Capitalized terms used herein which have not been defined shall have the same meaning as given to such terms in BSPPL's initial application.

I. Information/documents required under Rule 3 of Supply Eligibility Criteria Rules:

The required information is provided as follows:

#	Documents Required	Submitted with Initial Application (Page no.)	Annexure with this Application
i.	Certificate of Incorporation with SECP	32	A



RESPONSIBLE

Lahore Office
Shahrah-e-Roomi P.O. Amer
Sidhu, Lahore – 54760,
Ph: 042-35811541-46

Kasur Factory
Kasur - 7 KM, Kot Radha Kishan Rd.
Off 4 KM Kasur-Raiwind Rd,
Kasur - 55050
Ph: 049-2717335-45

Karachi Office
416-420, The Forum,
Block Khayaban-e-Jamali,
Clifton, Karachi
Ph: 021-9866041

BULLEH SHAH PACKAGING (PRIVATE) LIMITED
A Packages Group Company

Paper • Board • Corrugated Products

#	Documents Required	Submitted with Initial Application (Page no.)	Annexure with this Application
ii.	Information regarding Minimum Solvency Requirement	142-146, 71	B
iii.	Strategic Business Plan for the three years duly certified by CEO or CFO or Company Secretary	134-141	C
iv.	Minimum Human Resource Requirement	130-133	D
v.	An Affidavit signed by duly authorized officer in the form as provided in Schedule-III	149	E
vi.	Information regarding ability to ensure prompt and effective coordination with the system operator, market operator and relevant distribution licensees to comply with the provisions of the grid code, distribution code, commercial code, and other relevant legal instruments as applicable.	As BSPPL generator and BPC are not connected to the grid, wherever required we will ensure the communication, however as per our understanding this compliance requirement should be deemed as not applicable.	
vii.	Information regarding ability to discharge the following public service obligations:		
	a. quality of electric power supply service by:	BSPPL is applying for supplier license in lieu of second tier authorization to align existing authorization with supply regulations.	
	i. Automated systems or software tools for billing and collection		
	ii. Exchange system for communications and transactions with the market operator, system operator, distribution licensees, and other relevant entities	BSPPL will comply with the performance standards and any codes specified by the Authority for provision of electric power services, particularly, effective and timely billing and collection of charges, customer support services and resolution of consumer complaints	
	iii. complying with the performance standards and any codes specified by the Authority for provision of electric power services, particularly, effective and timely billing and collection of charges, customer support services and resolution of consumer complaints		
	iv. ensuring timely dissemination of reporting requirements	BSPPL affirms its commitment to compliance as applicable.	
	v. Maintaining the complete and accurate records and data in respect of all aspects of electric power supply business. All such records and data shall, unless provided otherwise under the law, be maintained for a period of five years after the creation of such record or data;	BSPPL hereby affirms its commitment to maintaining records in accordance with the specified requirements.	
	b. Information regarding transparency of transaction by:	BSPPL is committed to compliance with all applicable regulations. Presently, we adhere to the International Financial Reporting Standards (IFRS) for our reporting requirements. It is noteworthy that A.F. Ferguson & Co. serves as the auditors for BSPPL, ensuring the	
	i. compliance with the accounting standards and uniform system of accounts as specified by the Authority and in addition to that ensure compliance with international financial		



RESPONSIBLE

Lahore Office
Shahrah-e-Roomi P.O. Amer
Sidhu, Lahore – 54760,
Ph: 042-35811541-46

Kasur Factory
Kasur – 7 KM, Kot Radha Kishan Rd.
Off 4 KM Kasur-Raiwind Rd,
Kasur - 55050
Ph: 049-2717335-45

Karachi Office
416-42, Block-20, The Forum,
Block-20, Chayaban-e-Jamali,
Clifton, Karachi
Ph: 021-3540844

BULLEH SHAH PACKAGING (PRIVATE) LIMITED
A Packages Group Company

Paper • Board • Corrugated Products

#	Documents Required	Submitted with Initial Application (Page no.)	Annexure with this Application
	reporting standards (IFRS) as applicable in Pakistan;	integrity and accuracy of its financial records.	
	ii. Sharing the necessary information and data through website or portal as required by any legal instrument	As BSPPL is not connected to the grid, wherever required we will share the required information, however as per our understanding this compliance requirement should be deemed as not applicable.	
	iii. Information required by the Authority for the purpose of monitoring		
	c. Collection and deposit of the following charges, as may be determined by the Authority, in a timely manner, including but not limited to— i. transmission use of system charges; ii. distribution use of system charges; iii. market and system operator fee; and iv. any other charges as provided in rule 5 of these rules	BSPPL has to acquire an Electric Power Supplier License from the Authority in accordance with the Licensing Regulations, read along with the provisions of the Electric Power Supplier Regulations pursuant to the letter dated December 12, 2022, having Reference/No. NEPRA/DG (Lic)/I AG-30/23448 issued by NEPRA, wherein BSPPL was directed to apply for Electric Supplier License. It is crucial to emphasize that the BPC is not connected to any grid infrastructure and operates exclusively within the same premises on a privately owned property under the boundary rational. For abundant clarity, it is stated that BSPPL is supplying electricity to BPC which is not connected to LESCO and functions solely on same premises i.e., private property. The NE Policy and NE Plan require a competitive supplier to pay for grid charges, including the cross subsidy and stranded cost, only in case the competitive supplier's generator and the BPC are both connected with the grid directly or indirectly. Moreover, BSPPL will collect and deposit the charges if applicable in its instant case.	
	d. Collection and deposit of any and all surcharges as may be imposed by the Federal Government and applicable taxes in a timely and effective manner.	BSPPL acknowledges its commitment to compliance and will adhere to any applicable charges in its specific case.	



RESPONSIBLE

Lahore Office
Shahrah-e-Roomi P.O. Amer
Sidhu, Lahore – 54760,
Ph: 042-35811541-46

Kasur Factory
Kasur – 7 KM, Kot Radha Kishan Rd.
Off 4 KM Kasur-Raiwind Rd,
Kasur - 55050
Ph: 049-2717335-45

Karachi Office
416-42, C-29, The Forum,
Block Khayaban-e-Jami
Clifton, Karachi
Ph: 021-35869-11

BULLEH SHAH PACKAGING (PRIVATE) LIMITED
A Packages Group Company

Paper • Board • Corrugated Products

1003

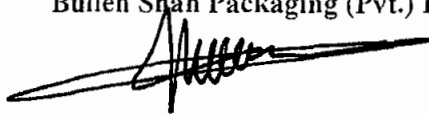
II. Information/documents required under Rule 6 of Supply Eligibility Criteria Rules:

The copy of the affidavit, as required by Rule 6 of the Supply Eligibility Criteria Rules, is enclosed herewith as Annexure – F. It is pertinent to note that the original affidavit was submitted with the initial application and can be found on page number 150 of the application document.

Your cooperation in this regard will be highly appreciated.

Yours Sincerely,

For and on behalf of
Bulleh Shah Packaging (Pvt.) Limited



Mr. Khurram Raza Bakhtayari
Director



RESPONSIBLE

BULLEH SHAH PACKAGING (PRIVATE) LIMITED
A Packages Group Company

Paper • Board • Corrugated Products

Lahore Office
Shahrah-e-Roomi P.O. Amer
Sidhu, Lahore – 54760,
Ph: 042-35811541-46

Kasur Factory
Kasur – 7 KM, Kot Radha Kishan Rd.
Off 4 KM Kasur-Raiwind Rd,
Kasur – 55050
Ph: 049-2717335-45

Karachi Office
416-417, G-20, The Forum,
Block 10, Khayaban-e-Jamii,
Clifton, Karachi
Ph: 021-5566941

SECURITIES & EXCHANGE COMMISSION OF PAKISTAN



COPY

CERTIFICATE OF INCORPORATION ON CHANGE OF NAME

[Under section 40 of the Companies Ordinance, 1984 (XLVII of 1984)]

Company Registration No: 0052465

I hereby certify that pursuant to the provisions of section 39 of the Companies Ordinance, 1984 (XLVII of 1984), the name of BULLEH SHAH PAPER MILL (PRIVATE) LIMITED has been changed to BULLEH SHAH PACKAGING (PRIVATE) LIMITED and that the said company has been duly incorporated as a company limited by shares as a private company under the provisions of the said Ordinance.

This change is subject to the condition that for period of one year from the date of issue of this certificate, the company shall continue to mention its former name along with its new name on the outside of every office or place in which its business is carried on and in every document or notice referred to in clauses (a) and (c) of section 143.

Given under my hand at Karachi this 03rd day of October Two Thousand and Twelve.



Rs. 5000/-

(SIDNEY C. PEREIRA)
Joint Registrar/Incharge
Company Registration Office,
Karachi

CERTIFIED TRUE COPY
FOR BULLEH SHAH PACKAGING (PRIVATE) LIMITED

Shanay No. 19046(1) dtd. 03/10/2012

SECRETARY

BULLEH SHAH PACKAGING (PRIVATE) LIMITED

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
1,500,000,000 (2021: 1,500,000,000)			
ordinary shares of Rs 10 each		<u>15,000,000</u>	<u>15,000,000</u>
Issued, subscribed and paid up share capital			
1,091,873,871 (2021: 1,091,873,871)			
ordinary shares of Rs 10 each	5	10,918,739	10,918,739
Capital reserves		2,876,471	2,876,471
Revenue reserve: Un-appropriated profits		<u>1,982,841</u>	<u>358,220</u>
		<u>15,778,051</u>	<u>14,153,430</u>

NON-CURRENT LIABILITIES

Long term finances - secured	6	10,530,172	4,640,171
Lease liabilities	7	21,080	91,358
Deferred tax liabilities	8	1,259,954	562,471
Employees retirement benefit - gratuity	9	370,657	388,669
Deferred government grant	10	423,443	230,419
Long term liabilities	11	101,503	62,060
Deferred liabilities	12	<u>135,076</u>	<u>124,470</u>
		<u>12,841,834</u>	<u>6,004,618</u>

CURRENT LIABILITIES

Current portion of non-current liabilities	13	1,885,890	2,110,554
Finances under mark-up arrangements - secured	14	19,148,276	9,663,765
Trade and other payables	15	9,059,409	4,806,077
Accrued finance cost	16	<u>1,104,083</u>	<u>236,478</u>
		<u>31,197,664</u>	<u>16,816,874</u>

CONTINGENCIES AND COMMITMENTS

	17		
		<u>59,817,549</u>	<u>36,974,922</u>

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	18	26,144,420	17,534,144
Right-of-use assets	19	40,307	94,504
Investment property	20	5,699	5,699
Intangible assets	21	<u>77,012</u>	<u>89,647</u>
Long term security deposits		<u>87,263</u>	<u>87,073</u>
		<u>26,354,701</u>	<u>17,807,072</u>

CURRENT ASSETS

Stores and spares	22	1,667,501	1,701,501
Stock in trade	23	21,445,287	12,210,371
Trade debts	24	5,018,856	2,644,701
Loans, advances, deposits, prepayments and other receivables	25	4,245,848	707,168
Income tax recoverable	26	<u>467,626</u>	<u>780,015</u>
Cash and bank balances	27	<u>17,730</u>	<u>16,690</u>
		<u>33,162,848</u>	<u>19,166,950</u>

	<u>59,817,549</u>	<u>36,974,922</u>
--	-------------------	-------------------

The annexed notes 1 to 46 form an integral part of these financial statements

Chief Executive

Director

(71)

Annexure - B

CERTIFIED TRUE COPY
 FOR BULLEH SHAH PACKAGING (PRIVATE) LIMITED
 SECRETARY



142

The Pakistan Credit Rating Agency Limited

Rating Report

Bulleh Shah Packaging (Pvt.) Limited	Report Contents
	1. Rating Analysis
	2. Financial Information
	3. Rating Scale
	4. Regulatory and Supplementary Disclosure

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
05-Sep-2023	AA-	A1	Stable	Maintain	-
05-Sep-2022	AA-	A1	Stable	Initial	-

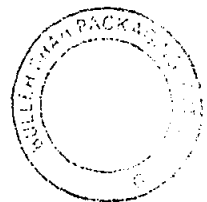
Rating Rationale and Key Rating Drivers

Bulleh Shah Packaging (Private) Limited 'BSP' or ('The Company') ratings reflect the strong sponsor's profile, established market position, and adequate financial profile. The Company is a wholly-owned subsidiary of Packages Limited. The assigned rating takes into account the strong governance framework, strong control environment, and qualified and experienced management team. BSP is predominately manufacturing i) Corrugated boxes and ii) Paper & Paper boards. As per management representation, the Company's market share in the overall industry (Paper & Board) is almost ~15%. Liquid packing board (falls under the purview of paper & Board) - the Company is the sole manufacturer in this segment, and Corrugated board - BSP is the major supplier and holds 16% market share. During CY22, the utilization level remained on the higher side Corrugator~97% and paper and board 85%. In order to improve productivity and capture further market share of imported paperboard, BSP has performed BMR on its paper and board mill.

As far the financial performance is concerned, the top line of the Company has shown an increasing trend due to an increase in sale price but the increase in prices of products has impacted demand. Though, an industry-wide volumetric decrease in sales has been reported but, the selling prices have absorbed the impact to much extent. During 6MCY23, the Company generated a top line of ~PKR 31,391mln (6MCY22: ~PKR 21,631mln, CY22: ~PKR 47,589mln), showing an increase of ~32% in revenue. However, considering i) PKR depreciation ii) foreign exchange losses, and iii) finance cost, the bottom line of the Company clocked in at ~PKR 996mln in 6MCY23 decreased from ~PKR 2,031mln in 6MCY22 (CY22: ~PKR 3,280mln). The Company is strengthening its revenue base by devising new business strategies in the export segment. The Company has received ~PKR 6bln insurance claim during the period which is partially utilized for BMR and working capital management. On the other side, leverage indicators continue to remain elevated on account of higher utilization of short-term and long-term borrowings for funding working capital requirements and performing BMR work on its paper and board mill respectively. However, STB has been reduced due to efficient working capital management. The Company is also exploring ways to reduce the reliance on imported raw materials so that, the supply chain can be made more efficient. Going forward, the impact of higher finance costs & overheads on profitability is expected to be offset by an improvement in margins and an increase in the top line. However, the Company has been managing its energy requirements by using a mix of Biomass, Gas, and supply from WAPDA.

The ratings are dependent upon the management's ability to improve margins while sustaining its market share. Prudent management of the working capital, and maintaining sufficient cash flows and coverages are imperative for the ratings. Any significant decrease in margins, profitability and coverages will impact the ratings.

R



Disclosure	
Name of Rated Entity	Bulleh Shah Packaging (Pvt.) Limited
Type of Relationship	Solicited
Purpose of the Rating	Entity Rating
Applicable Criteria	Methodology Corporate Rating(Jun-22),Methodology Correlation Between Long-term & Short-term Rating Scales(Jun-22),Methodology Rating Modifiers(Jun-22)
Related Research	Sector Study Paper and Packaging(Nov-22)
Rating Analysts	Muhammad Atif Chaudhry Atif.Chaudhry@pacra.com +92-42-35869504



The Pakistan Credit Rating Agency Limited

Paper and Packaging

143

Profile

Legal Structure Bulleh Shah Packaging (Private) Limited 'BSP' or 'The Company') was incorporated as a private limited company on September 16, 2005 under the Companies Act, 2017. The Company's primary object is to carry on the business of manufacture and sale of paper & paper board of all kind and corrugated boxes.

Background The Company was established in new green project incorporated as a separate entity under the name of Bulleh Shah Paper Mills (BSPM). In September 2012, joint venture between Stora Enso (35%) and Packages Limited (65%) was established and the name has been changed to Bulleh Shah Packaging (Pvt.) Ltd. Lately, in 2017 Stora Enso took an exit making the Company wholly owned by Packages Limited.

Operations Bulleh Shah Packaging (Private) Limited is engaged in the manufacturing and sale of Corrugated boxes, Paper, paper board and Other products of paper. The Installed capacity of paper & paper board is 360,000 MT per annum, while that of corrugated box is 130,000 MT per annum.

Ownership

Ownership Structure Bulleh Shah Packaging (pvt.) limited is 100% owned subsidiary of Packages Limited.

Stability Packages Limited is the flagship investment holding company of the Ali Group which has a history spanning over a period of more than 65 years. Packages' investment book comprises entities engaged in the manufacturing and sale of inks, flexible packaging material, paper, paperboard, and corrugated boxes, biaxially oriented polypropylene film and cast polypropylene film, production and sale of ground calcium carbonate products, entities engaged in insurance, power generation, real estate segment of the economy and recently diversifying into manufacturing of corn-based starch.

Business Acumen The Group is ranked amongst the leading industrial groups of the country with interests in paper and packaging, financial institutions, education. Packages Limited has significant successful joint ventures with international conglomerates and long standing relationship with various multinational companies.

Financial Strength Packages has a consolidated total assets of ~PKR 172bln and equity of ~PKR 66.7bln and generated a turnover of ~PKR 121.8bln during CY22.

Governance

Board Structure The Company has a seven members board comprising one independent directors, five non-executive directors and one executive directors (including the CEO). The board is chaired by Mr. Syed Hyder Ali. Apt Board size and presence of independent oversight supplements good governance framework.

Members' Profile The BoD, with a well-diversified background and relative expertise of its members, is a key source of oversight and guidance for the management. The Chairman of the Board Mr. Syed Hyder Ali is a seasoned business professional and carries a track record of successful business ventures with him. All other members are professionally qualified with extensive experience and diversified skill mix.

Board Effectiveness The Board met six times during CY22, with the majority attendance to discuss pertinent matters. The minutes of the meetings are documented properly. To ensure effective governance, the Board has formed three committees, namely, (i) Audit Committee (ii) Executive Committee (iii) Human Resource and Remuneration Committee Both committees are chaired by non-executive directors.

Financial Transparency M/s A.F. Ferguson & Co, are the external auditors of the Company. They gave an unqualified opinion on the Company's financial statements for the year ended Dec 31, 2022. The board has also established an internal audit department.

Management

Organizational Structure The Company has established a well-defined management structure divided into functional departments with clear lines of responsibilities.

Management Team The Company's CEO, Mr. Asghar Abbas has joined Packages Limited in 1998 and developed strategic and functional level expertise in packaging business over the years while serving at various positions in different companies of the Packages Group.

Effectiveness The experience of the sponsors along with a professional management team has helped the Company to streamline their operations and cut down on their costs. The production facilities have minimal wastage which is effectively managed through re-cycling and re-using in the process 250 tons of paper per day.

MIS To generate MIS and operational reports, ERP software, SAP ECC6 is used.

Control Environment To ensure operational efficiency, the Internal Audit Function is in place that identifies and reports risks. The audit committee reviews the internal audit department reports and planned activities.

Business Risk

Industry Dynamics Pakistan's packaging industry consists of four major segments, paper, plastic, tinplate and glass. Paper and plastic segments occupy the major share in total market. Despite, the economic slowdown caused by several issues, demand for the segment remained almost consistent as it falls in the supply chain of various essential products and industries. The segment's direct costs consist largely of imported raw materials. Chemical wood pulp is one of the main raw materials in the production of paper packaging. Therefore, volatility in exchange rates and international price trends has an impact on costs.

Relative Position The Company's market share in the overall industry (Paper & Board) is almost ~15%. Liquid packing board (falls under the purview of paper & Board) - the Company is the sole manufacturer in this segment, and Corrugated board ~BSP is the major supplier and holds 16% market share.

Revenues The Company's top line shows an increasing trend due to increase in sale price but the increase in prices of products has impacted demand. Though, an industry-wide volumetric decrease in sales has been reported the selling prices have absorbed the impact to much extent. During 6MCY23, the Company generated a top line of ~PKR 31,391mln (6MCY22: ~PKR 21,631mln, CY22: ~PKR 47,589mln, CY21: ~PKR 36,938mln), showing an increase of ~32% in revenue.

Margins In 6MCY23, the gross margin and operating profit margin both decreased as compared to 6MCY22. The GP margin decreased from ~23% in 6MCY22 to ~20.4% in 6MCY23 (CY22: ~20.5%, CY21: ~18.3%) while the OP margin decreased from ~20.3% in 6MCY22 to ~17.8% in 6MCY23. However, during CY22 and 6MCY23 considering i) PKR depreciation ii) foreign exchange losses, and iii) finance cost, the net profit margin of the Company decreased from ~9.4% in 6MCY22 to ~3.2% in 6MCY23 (CY22: ~6.9%, CY21: ~8.4%).

Sustainability The Company has a well-established brand name in the market, especially in consumer products. Going forward, in order to strengthen its market position, BSP has recently done BMR to enhance the production capacity of the paper and board division and corrugator division. Going forward the Company is also planning for further expansion plans including new projects which will majorly reduce the dependence of BSP on imported pulp.

Financial Risk

Working Capital The Company has reduced the working capital requirement by efficiently managing the inventory and reducing receivable days by collecting sales in advance. The Company's net inventory days decreased to ~119 days from ~129 days in CY22 which inventory days are still very high because BSP has imported raw materials in huge quantities due to the rise in raw material prices and currency rate fluctuations. Meanwhile, trade receivable days also decreased to ~30 days from ~36 days during the same period. During 6MCY23 the trade payable days increased to ~55 days from ~53 days during CY22. Consequently, the Company's net working capital days decreased to ~94 days during 6MCY23 from ~111 days at the end of CY22.

Coverages In 6MCY23, the Company's FCFOs stood at ~PKR 6,587mln increasing from ~PKR 4,619mln in 6MCY22 (CY22: ~PKR 8,734mln, CY21: ~PKR 6,504mln). But during 6MCY23, FCFO/Finance cost stood at ~2.6x decreased from ~5.9x of coverage during 6MCY22 (CY22: ~3.8x, CY21: ~7.6x) due to a significant increase in the finance cost. The finance cost stood at ~PKR 2,534mln increased from ~PKR 790mln (CY22: ~PKR 2,296mln, CY21: ~PKR 860mln); however, this is still a healthy coverage level for the Company.

Capitalization The Company has a highly leveraged capital structure. Long-term debt is related to expansion activities, whereas short-term debt is related to working capital management. The Company has planned to finance CAPEX partially with a mix of debt and equity. At the end of 6MCY23 the long-term borrowing has increased to ~PKR 14,999mln from ~PKR 10,551mln end-CY22 (end-CY21: ~PKR 4,732mln) and the fixed assets increased to ~PKR 29,910mln from ~PKR 26,144mln end-CY22 (end-CY21: ~PKR 17,534mln). While the short-term borrowing has decreased to ~PKR 14,038mln from ~PKR 19,148mln during the same period (end-CY21: ~PKR 9,665mln). Consequently, at the end of 6MCY23, the total borrowing has decreased to ~PKR 30,805mln from ~PKR 31,585mln at the end of CY22 (end-CY21: ~PKR 16,507mln). The long-term liabilities are ~11% of equity at the end of 6MCY23 (CY22: ~81%, CY21: ~42%). Its gearing ratio has decreased from ~66.7% at the end of CY22 to ~65.6% at the end of 6MCY23 due to a decrease in total borrowings, while it has remained at ~53.8% in CY21.

W



The Pakistan Credit Rating Agency Limited

Bulleh Shah Packaging (Pvt.) Limited
Paper and Packaging

Financial Summary

PKR mln

	Jun-23	Dec-22	Dec-21	Dec-20	Dec-19
	12M	12M	12M	12M	12M
BALANCE SHEET					
1 Non-Current Assets	30,250	26,349	17,802	14,826	15,244
2 Investments	6	6	6	6	6
3 Related Party Exposure	154	206	39	15	19
4 Current Assets	30,913	33,257	19,129	12,626	11,149
a Inventories	19,616	21,445	12,216	7,229	5,541
b Trade Receivables	4,626	5,619	3,644	2,503	2,544
5 Total Assets	61,323	59,818	36,975	27,472	26,418
6 Current Liabilities	11,511	10,163	5,043	4,557	3,532
a Trade Payables	9,997	9,059	4,806	3,289	3,076
7 Borrowings	30,805	31,585	16,507	9,797	11,065
8 Related Party Exposure	-	-	-	-	-
9 Non-Current Liabilities	2,887	2,291	1,273	557	707
10 Net Assets	16,120	13,778	14,153	12,561	11,114
11 Shareholders' Equity	16,120	13,778	14,153	12,561	11,114

INCOME STATEMENT					
1 Sales	31,391	47,589	36,938	28,813	26,414
a Cost of Good Sold	(24,989)	(37,814)	(30,185)	(23,618)	(24,241)
2 Gross Profit	6,401	9,775	6,754	5,195	2,173
a Operating Expenses	(808)	(1,344)	(979)	(958)	(951)
3 Operating Profit	5,593	8,431	5,774	4,237	1,223
a Non Operating Income or (Expense)	(792)	(650)	(539)	(303)	306
4 Profit or (Loss) before Interest and Tax	4,801	7,782	5,215	3,934	1,528
a Total Finance Cost	(2,534)	(2,296)	(860)	(1,209)	(1,504)
b Taxation	(1,272)	(2,206)	(1,243)	(75)	(453)
6 Net Income Or (Loss)	996	3,280	3,112	2,650	(429)

CASH FLOW STATEMENT					
a Free Cash Flows from Operations (FCFO)	6,587	8,734	6,504	5,101	2,768
b Net Cash from Operating Activities before Working Capital Changes	4,127	6,700	5,669	3,631	1,467
c Changes in Working Capital	1,074	(15,631)	(5,590)	(1,315)	1,003
1 Net Cash provided by Operating Activities	5,201	(8,931)	79	2,316	2,470
2 Net Cash (Used in) or Available From Investing Activities	(3,186)	(4,847)	(4,348)	(1,014)	(1,534)
3 Net Cash (Used in) or Available From Financing Activities	3,148	4,294	(2,127)	(1,236)	1,234
4 Net Cash generated or (Used) during the period	5,163	(9,483)	(6,396)	66	2,170

RATIO ANALYSIS					
1 Performance					
a Sales Growth (for the period)	31.9%	28.8%	28.2%	9.1%	0.9%
b Gross Profit Margin	20.4%	20.5%	18.3%	18.0%	8.2%
c Net Profit Margin	3.2%	6.9%	8.4%	9.2%	4.6%
d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)	24.4%	-14.5%	2.5%	13.1%	14.3%
e Return on Equity / Net Profit Margin * Asset Turnover * (Total Assets/Share)	12.5%	21.9%	23.3%	22.4%	-3.9%
2 Working Capital Management					
a Gross Working Capital (Average Days)	149	165	126	113	112
b Net Working Capital (Average Days)	94	111	86	73	69
c Current Ratio (Current Assets / Current Liabilities)	2.7	3.3	3.8	2.8	3.2
3 Coverages					
a EBITDA / Finance Cost	2.9	4.3	8.3	4.6	2.9
b FCFO / Finance Cost+CMLTB+Excess STB	1.9	2.1	2.2	2.5	0.8
c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)	2.1	1.9	1.2	1.7	6.1
4 Capital Structure					
a Total Borrowings / (Total Borrowings+Shareholders' Equity)	65.6%	66.7%	53.8%	43.8%	49.9%
b Interest or Markup Payable (Days)	109.6	176.3	101.3	53.6	111.4
c Entity Average Borrowing Rate	16.2%	10.2%	6.5%	11.5%	15.3%



Credit Rating

Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

Scale	Long-term Rating Definition
AAA	Highest credit quality. Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments
AA+	
AA	Very high credit quality. Very low expectation of credit risk. Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
AA-	
A+	
A	High credit quality. Low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.
A-	
BBB+	
BBB	Good credit quality. Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.
BBB-	
BB+	
BB	Moderate risk. Possibility of credit risk developing. There is a possibility of credit risk developing, particularly as a result of adverse economic or business changes over time; however, business or financial alternatives may be available to allow financial commitments to be met.
BB-	
B+	
B	High credit risk. A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.
B-	
CCC	
CC	Very high credit risk. Substantial credit risk "CCC" Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. "CC" Rating indicates that default of some kind appears probable. "C" Ratings signal imminent default.
C	
D	Obligations are currently in default.

Scale	Short-term Rating Definition
A1+	The highest capacity for timely repayment.
A1	A strong capacity for timely repayment.
A2	A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.
A3	An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial conditions.
A4	The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. Liquidity may not be sufficient.

Long-term Rating	Short-term Rating					
	A1+	A1	A2	A3	A4	
AAA						
AA+						
AA						
AA-						
A+						
A						
A-						
BBB+						
BBB						
BBB-						
BB+						
BB						
BB-						
B+						
B						
B-						
CCC						
CC						
C						

*The correlation shown is indicative and, in certain cases, may not hold.

Outlook (Stable, Positive, Negative, Developing) Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.

Rating Watch Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.

Suspension It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.

Withdrawn A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults, or/and e) PACRA finds it impractical to surveil the opinion due to lack of requisite information.

Harmonization A change in rating due to revision in applicable methodology or underlying scale.

Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening.

Note. This scale is applicable to the following methodology(s):

- | | |
|---------------------------------|---|
| a) Broker Entity Rating | e) Holding Company Rating |
| b) Corporate Rating | f) Independent Power Producer Rating |
| c) Debt Instrument Rating | g) Microfinance Institution Rating |
| d) Financial Institution Rating | h) Non-Banking Finance Companies Rating |

Disclaimer: PACRA has used due care in preparation of this document. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA shall owe no liability whatsoever to any loss or damage caused by or resulting from any error in such information. Contents of PACRA documents may be used, with due care and in the right context, with credit to PACRA. Our reports and ratings constitute opinions, not recommendations to buy or to sell.

11



Rating Team Statements

(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

2) Conflict of Interest

i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)

ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)

iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

Restrictions

(3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)

(4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)

(5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

Conduct of Business

(6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)

(7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-A-(p).

(8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)

(9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)

(10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)

(11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

Independence & Conflict of interest

(12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA's opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity

(13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)

(14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)

(15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)

(16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)

(17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

Monitoring and review

(18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 18-(a)

(19) PACRA reviews all the outstanding ratings on semi-annual basis or as and when required by any creditor or upon the occurrence of such an event which requires to do so; | Chapter III | 18-(b)

(20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 18-(c)

(21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument; | Chapter III | 18-(d)

Probability of Default

(22) PACRA's Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability).

PACRA's transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA's Transition Study available at our website, (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past | Chapter III | 14-(f-VII)

Proprietary Information

(23) All information contained herein is considered proprietary by PACRA. Hence, none of the information in this document can be copied or, otherwise reproduced, stored or disseminated in whole or in part in any form or by any means whatsoever by any person without PACRA's prior written consent

COPY

134



BSP FUTURE BUSINESS PLANS

33



CREATING A BETTER TOMORROW

BSPPL BUSINESS PROFILE

- BSPPL is wholly owned by Packages Limited
- BSPPL spread over 225 acres of land expanded its product lines to Liquid Packaging Board, Folding Box Board, White Line Chip Board, Writing Paper and Photocopy Paper, Test Liner and Fluting/Corrugated medium paper
- BSPPL currently has the capacity to produce 360,000 tons of paper and board, and 210 million corrugated boxes annually
- BSPPL setup a captive co-generation thermal plant for its self consumption of electricity and steam requirement
- Biomass thermal co-generation plant has the Gross Installed Capacity of 41 MW and Gross Operational Capacity of 30 MW (at present), with the boiler of 150 TPH steam, which is utilized in the manufacturing process

BSPPL BUSINESS PROFILE

- BSPPL got Generation License for Biomass thermal generation plant from NEPRA on 12 Nov 2020
 - BSPPL got permission for supplying of electricity to its associated company OmyaPack Private Limited (BPC) under Second-Tier Supply Authorization
 - Interconnection between BSPPL and BPC is on private land, electricity supplied exclusively through a private underground cable/feeder operating at 220/440 volts



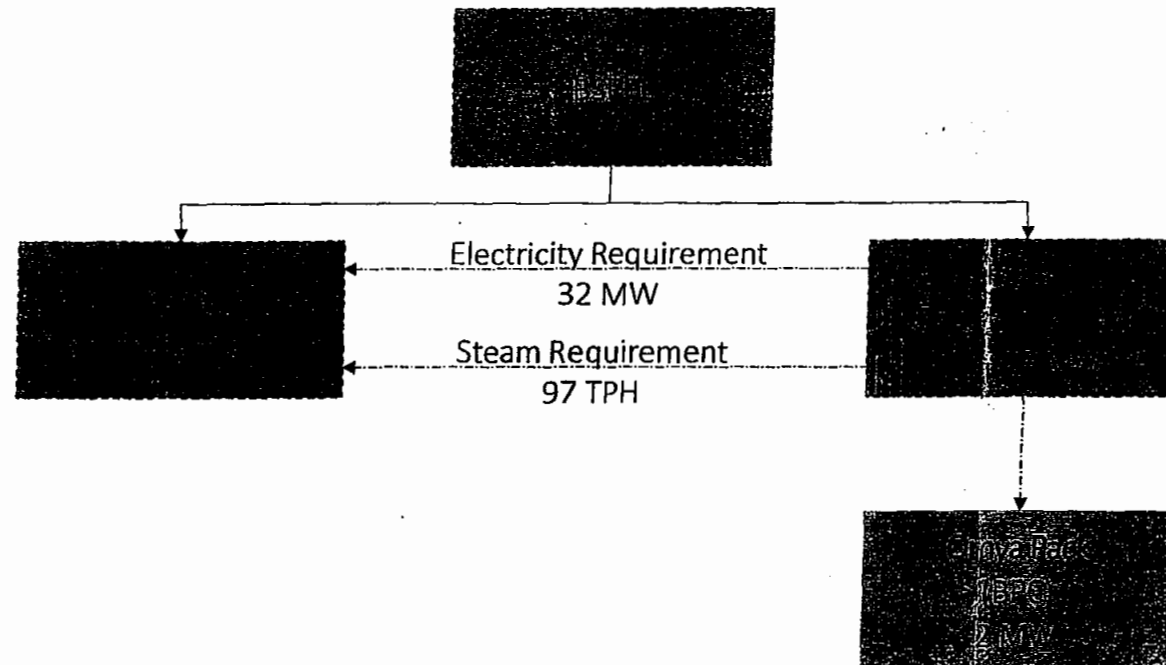
CREATING A BETTER TOMORROW

137



BSPPL BUSINESS PROFILE

- BSPPL supply arrangement and steam requirement



IGI IGISI sanofi

CREATING A BETTER TOMORROW

- Investment on paper board machines has increased production capacity by 50% on both machines. From 240,000 tons to 360,000 tons annually.
- Further investments will increase production capacity by 20%.
- This expansion will increase both the electricity requirement and steam requirement of 12 MW and 9 TPH respectively in next 2 to 3 years.
- All these changes along with relocation of businesses to Kasur will increase electricity requirement.

BSPPL YEARLY ELECTRICITY/STEAM REQUIREMENT



STEAM REQUIREMENT (TPH)	YEAR 1	YEAR 2	YEAR 3
BSPPL	97	99	99
OMYA PACK			
Future Expansion		7	7
Total Steam (TPH)	97	106	106
ELECTRICITY REQUIREMENT (MW)			
BSPPL	32	33	34
OMYA PACK	2	2	3
Future Expansion	2	10	12
Total Electricity Requirement (MW)	37	45	49
NET GENERATION (MW)			
Existing Generation plant	26	26	40
Future Expansion		8	15
Total Net Generation (MW)	26	34	45



IGI IGIESI sanofi

CREATING A BETTER TOMORROW

ELECTRICITY OUTLOOK 2024-26

- With these planned investments the electricity requirement of the complex is expected to increase to 49 MW.
- Current electricity generation is around 26MW. With planned investment this can go up to 45 MW by 2026.
- BSP has the financial capability to invest in these expansion projects as demonstrated in the past.

(141)



BSPPL INVESTMENT PLAN

- BSP has invested around USD 300 million in last three years. Future investments planned are around USD 200 million.

INVESTMENT (PKR Million)	YEAR 1	YEAR 2	YEAR 3
Future Expansion - Generation	2,450	3,672	7,644
Future Expansion - Business	5,126	14,828	14,742
Total	7,576	18,000	12,386



CREATING A BETTER TOMORROW

Management Profile

COPY



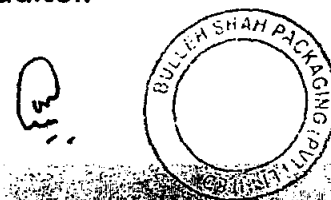
Asghar Abbas - Chief Executive Officer
He joined Packages in 1998 and is associated with the Group for 25 years. He is an Engineer from UET with MBA from Nanyang Technological University, Singapore.



Faisal Haneef - Business Unit Head (PBD)
He joined Packages in 1998 and is associated with the Group for 25 years. He is a Mechanical Engineer from UET with Master's degree from Asian Institute of Technology, Thailand and MBA from Nanyang Technological University, Singapore.

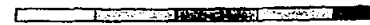


Waqas Munir - Chief Financial Officer
He joined Packages in 2014 as Manager Internal Audit and is associated with the Group for 9 years. He served as Group Head Internal Audit and Group Head HR. He is a Chartered Accountant and Certified Internal Auditor.



CREATING A BETTER TOMORROW



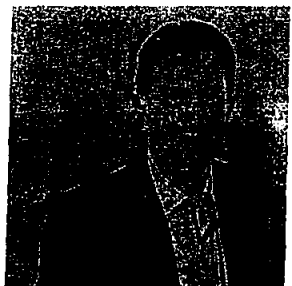


Management Profile

Syed Ali Murtaza Bukhari -
Business Unit Head (Corrugated Packaging)



He joined Packages in 2003 as Production Engineer and is associated with the Group for 20 years. He is a Mechanical Engineer from UET with MBA from Nanyang Technological University, Singapore.



Ahsan Cheema -
Cluster Head of Human Resources

He joined Packages in 2015 as IR Manager and is associated with the Group for 8 years. He has over 14 years of experience in HR and IR management. He has MBA Marketing degree from University of Lahore and Master of HR Management Degree from University of Punjab.

31



CREATING A BETTER TOMORROW

[illegible]

(133)

	Emp ID	Employee Name	Department	Education	Expertise & Experience in Years	BU Sub Distribution	Work Location	IMS-RL	LMS-RL	Org Chart Reporting	Org Chart Reporting	Area / Function
38	1561	FAHAD NAZIR	Power Line II	DAE Mechanical C class boiler Engineer	Power Plant Operation 13 years experience	Energy Operations	KASUR	1529	ZAHID MAHMOOD	1537	ADNAN SARWAR	Steam Turbine Operations
39	1560	TAYYAS AKRAM	Power Line II	DAE Mechanical C class boiler Engineer	Power Plant Operation 14 years experience	Energy Operations	KASUR	1532	MUHAMMAD AFTAB SALEEM	1537	ADNAN SARWAR	Steam Turbine Operations
40	1562	SAJID ALI	Power Line II	2 years technical certificate Electrical	Power Plant Operation 19 years experience	Energy Operations	KASUR	1546	ADNAN ANWAR	1537	ADNAN SARWAR	Steam Turbine Operations
41	1554	SAYED ANWAR	Steam Boiler 65Tons	DAE Mechanical B Tech Mechanical C class boiler Engineer	Power Plant Operation 15 years experience	Energy Operations	KASUR	1532	MUHAMMAD AFTAB SALEEM	1537	ADNAN SARWAR	Utilities Operations
42	1563	SHAHID HUSSAIN	Steam Boiler 65Tons	2 years certificate Mechanical	Power Plant Operation 28 years experience	Energy Operations	KASUR	1541	ABDUR RAUF	1537	ADNAN SARWAR	Utilities Operations
43	1548	MUHAMMAD KASHIF	Steam Boiler 65Tons	DAE Chemical	Power Plant Operations 9 Years	Energy Operations	KASUR	1529	ZAHID MAHMOOD	1537	ADNAN SARWAR	Utilities Operations
44	1549	ABDUL BASIT	Steam Boiler 65Tons	DAE Electrical	Power Plant Operations 6 Years	Energy Operations	KASUR	1546	ADNAN ANWAR	1537	ADNAN SARWAR	Utilities Operations



E-STAMP

ID : PB-LHR-BB26DFB73A941FC0
 Type : Low Denomination
 Amount : Rs 300/-



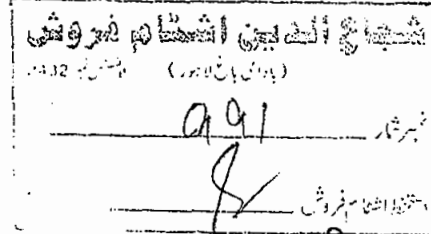
Scan for online verification



149

COPY

Description: AFFIDAVIT - 4
 Applicant: Bulleh Shah Packaging Pvt Ltd [00000-0000000-0]
 Representative From : Bulleh Shah Packaging Pvt Ltd
 Agent: Akash Yousaf [35201-5161816-1]
 Address: Lahore
 Issue Date: 27-Nov-2023 4:32:33 PM
 Delisted On/Validity: 4-Dec-2023
 Amount in Words: Three Hundred Rupees Only
 Reason: In Favor of National Electric Power Regulatory Authority
 Vendor Information: Shuja Ud Din | PB-LHR-2432 | Badami Bagh



نوٹ: یہ قریضہ تارخ اجرا سے سبک دتوں تک کے لیے قابل استعمال ہے۔ اس اسٹامپ کی تصدیق ہائریب ویب سائٹ، کھوار کوڈ یا ایس ایم ایس سے کی جا سکتی ہے
 Type "eStamp <16 digit eStamp Number>" send to 8100.

ATTESTED
 MALIK ABDUL RASHEED
 Oath Commissioner
 Advocate High Court Lahore

BEFORE
THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
AFFIDAVIT

I, KHURRAM RAZA BAKHTAYARI, DIRECTOR, being the duly authorized representative of BULLEH SHAH PACKAGING (PVT.) LIMITED, duly authorized in this regard by virtue of BOARD RESOLUTION dated 02 October 2023, hereby solemnly affirm and declare that the Applicant is compliant with and shall always fulfill the obligations imposed on it under the National Electricity Policy and National Electricity Plan made under section 14A of the Act. Moreover, the applicant commits to adhering to relevant obligations where applicable as per laws.

Deponent
 Khurram Raza Bakhtayari
 Director
 BULLEH SHAH PACKAGING
 PRIVATE LIMITED

E-STAMP

ID : PB-LHR-4CA13316BE2CFA8C
Type: Low Denomination
Amount: Rs. 300/-



Scan for online verification

Description : AFFIDAVIT - 4
Applicant : BULLEH SHAH PACKAGING PVT LTD [00000-0000000-0]
Representative: BULLEH SHAH PACKAGING PVT LTD
Agent: MUHAMMAD NAZIR (35202-2433508-7)
Address : LAHORE
Issue Date : 1-Dec-2023 10:43:51 AM
Delisted On/Validity : 8-Dec-2023
Amount in Words : Three Hundred Rupees Only
Reason : IN FAVOUR OF NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
Vendor Information : Muhammad Sadiq | PB-LHR-675 | Feroze Pur Road

نوٹ: یہ افڈاویٹ تاریخ اجرا سے سات دنوں تک کے لیے قابل استعمال ہے۔ اسے اسٹامپ پرچہ واپس سنبھال کر دیا یا اس پرچہ سے غلط استعمال ہونے کی صورت میں
Type "eStamp <16 digit eStamp Number>" send to 8100

Muhamamd Sadiq Stamp Vendor
Feroze Pur Road
Lic. No. 675
Date 1/12/2023
Stamp Paper is not issued by the perches and property

COPY

**BEFORE
THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY**

AFFIDAVIT

I, KHURRAM RAZA BAKHTAYARI, DIRECTOR, being the duly authorized representative of BULLEH SHAH PACKAGING (PVT.) LIMITED, duly authorized in this regard by virtue of BOARD RESOLUTION dated 02 October 2023, hereby solemnly affirm and declare that the Applicant is compliant with and shall always fulfill all the requirements of The Eligibility Criteria (Electric Power Supplier License) Rules, 2023. Moreover, the applicant commits to adhering to relevant obligations where applicable as per laws.

Deponent
Khurram Raza Bakhtayari
Director
BULLEH SHAH PACKAGING
PRIVATE LIMITED

ATTESTED
CH. MOEEN ULLAH ADVOCATE
Senior Advocate
High Court Lahore