FOSTERING GROWTH THROUGH INNOVATION

ANNUAL REPORT 2023

KHYBER TOBACCO COMPANY LIMITED

Our Vision

To outperform Nationally and Internationally and be on top through Teamwork, Quality, Brand Recognition and Customer Service.

Our Mission

To expand the presence of our brands and operations globally through a network of reliable partners, suppliers and distributors.

CHAIRMAN'S REVIEW

I am pleased with the performance of Khyber Tobacco Company Limited (" the Company") for the year ended June 30, 2023.

At Khyber Tobacco Company Limited (KTC), we strongly believe in the importance of giving back to the communities we serve. Sustainability is a key focus of everything we do, and we are proud to be at the forefront of the Environment, Social & Governance (ESG) movement. Shareholders now evaluate companies based on their ESG performance, as it provides insight into potential sustainability risks and helps them devise investment strategies. As one of the early adopters of corporate social responsibility (CSR) in Pakistan, KTC has embarked on a memorable journey towards embracing ESG.

At our company, we prioritize responsible and ethical behavior in all aspects of our operations. This serves as the basis for our culture and values. We believe that strong governance is essential for achieving sustainable, long-term growth. By upholding these principles, we can reach our goals and make ongoing progress.

Like other developing economies, the recent events have had a negative impact on our economy. The political instability has only added to the fragility of the situation. To address the current account deficit, the Central Bank is taking measures to slow down the economy. Despite these challenges, your Company was able to achieve a post-tax profit of Rs. 1,998.4 million due to efficient operations, with the export of tobacco driving this success.

We are grateful to have the opportunity to fulfill our shareholders' need for sustained income during these inflationary times. As a result of our outstanding performance, we are pleased to announce a final dividend of Rs 1.00 per share, in addition to the 20% interim bonus shares that have already been issued.

The Company in the year under review contributed an amount of Rs. 3.195 billion in the form of Federal Excise Duty, Sales tax, Income tax, and other levies.

FUTURE OUTLOOK

We are confident that the current situation will improve soon. Sales of cigarettes and tobacco in the local and international markets are expected to increase, leading to visible improvement in next year's results. Additionally, we'd like to note that the company is not experiencing any liquidity issues and does not require external financing.

The economic indicators of the Country show promising signs for the future. We believe that the incumbent Government shall take necessary steps on an urgent basis to boost tobacco exports and reduce regulatory duties on imports of raw materials

for the industry to continue and sustain the economic momentum. The Management is closely monitoring the challenges faced by the Company and will take all steps necessary to safeguard the interests of its shareholders as well as to capitalize on growth opportunities through its product line. Your Company is committed to good Corporate Governance.

The company has clear guidelines for ethical conduct and business practices. All employees are well-informed about these guidelines, and regular checks are conducted to ensure compliance. Any violations are dealt with strictly. Additionally, the company has an inclusive policy for the recruitment of people with disabilities and currently employs several individuals in suitable positions.

ACKNOWLEDGMENT

I am pleased to report that the Board acknowledges its responsibility concerning the Corporate & Financial Reporting Framework. The Board is also cognizant of its strategic role in achieving the Company's key objectives and is focused on enriching the returns of its shareholders & and other stakeholders and shall continue contributing through a sustained supply of premium quality products to its valued Customers.

On behalf of the Board, I express my appreciation for the dedication to duty and professional conduct of the employees of the Company, as well as for shareholders and stakeholders for their support. I thank the bankers of the Company for the understanding and the cooperation they have extended and last but not least gratitude towards our loyal and confident customers. All combined efforts have been instrumental in the company's healthy growth against all odds. We all pray for a peaceful, progressive, and prosperous Pakistan

On behalf of the Board

Rahat Ullah
Chairman

DIRECTORS' REPORT

I on behalf of the Board of Directors of Khyber Tobacco Company Limited take great pleasure in presenting the 68th Annual Report and the audited financial statements along with the auditors' report thereon for the year ended June 30, 2023.

THE COMPANY'S FINANCIAL RESULTS

Following is a brief statistical financial performance of the Company for the year ended 30 June 2023 as compared to the year ended 30 June 2022;

Production and Sales

PRODUCT	UNIT OF MEASUREMENT	PRODUCTION		SALE	
		2023	2022	2023	2022
RE-DRIED TOBACCO	KGS	6,508,107	1,764,426	6,471,719	1,626,260
CUT TOBACCO	KGS	1,988,686	1,098,700	341,881	285,100
CIGARETTES	STICKS (In Million)	1,301.11	901.46	1,121.04	892.82

Economic Overview

Amidst a global economic slowdown in 2022-23, Pakistan confronted a series of formidable economic challenges. Domestically, political uncertainty and natural disasters intensified the strain on the domestic economy, leading to double-digit inflation, currency devaluation, and a decline in foreign exchange reserves. To address the current account deficit, the State Bank of Pakistan implemented import restrictions, which adversely affected manufacturing activity and triggered multiple price increases, further squeezing consumers' disposable income.

Production Highlights

During the year under review, we are pleased to report that our production of cut tobacco increased marginally by 0.889 million kilograms compared to the previous year. Additionally, the production of cigarettes surged to 1,301.11 million sticks, up from 901.46 million sticks in the preceding year.

Government Regulations

In 2022, the Government took significant steps to regulate the tobacco industry by introducing a Track and trace System, which was subsequently vigorously enforced. At Khyber Tobacco Company Limited (KTC), we ensured full compliance with the Track & Trace System. It is noteworthy that the government is extending this system to cover other product categories related to tobacco and nicotine. In this regard, a Statutory Regulatory Order (SRO) has been issued.

OPERATIONAL HIGHLIGHTS

Throughout the year, Khyber Tobacco Company Limited (KTC) remained steadfast in its commitment to enhancing productivity and efficiency across its entire value chain. Key operational initiatives included:

Cost Management

Rigorous cost management strategies were implemented, ensuring that resources were utilized optimally to maintain competitiveness in challenging economic conditions.

Lean Operations

KTC embraced lean principles to streamline processes, eliminate waste, and improve overall operational efficiency. This lean approach helped us make the most of available resources.

Modernization of Machinery

Investment in the modernization of machinery infrastructure was a focal point. This step allowed us to keep pace with technological advancements and enhance the quality and efficiency of our operations.

Export Growth

One of our notable achievements during the reporting period was the substantial growth in exports. KTC's export initiatives yielded a remarkable increase in exports, amounting to 1,013.8 million units. This growth underscores the significant potential we see in expanding our presence in international markets, generating valuable foreign currency inflows.

Sales Performance

Our dedication to growth extended to both local and international markets. This commitment is evident in our financial results:

Net Sales

We reported a substantial increase in net sales, reaching Rs. 7,434.5 million during the reporting period, compared to Rs. 2.464 million in the previous year. This growth reflects our success in increasing both local sales and exports.

FINANCIAL PERFORMANCE

Our financial performance demonstrates the positive outcomes of these efforts:

Profit Before Taxation

For the year ending on June 30, 2023, KTC achieved a profit before taxation of Rs. 2,124.15 million, a notable improvement compared to Rs. 410.35 million in the prior fiscal year.

Profit After Taxation

The company's profit after taxation for the year ending on June 30, 2023, amounted to Rs. 1,998.4 million, reflecting growth from the previous fiscal year's figure of Rs. 315.44 million.

Earnings Per Share (EPS)

The earnings per share for the year ending on June 30, 2023, stood at Rs. 288.68 compared to the previous year's EPS of Rs. 65.62, showcasing the company's enhanced profitability.

Balance Sheet

The capital and reserves of Khyber Tobacco Company Limited (KTC) have witnessed significant growth, reflecting the company's strong financial performance. As of June 30, 2023, the total increase in capital and reserves stands at Rs. 3,793.9 million, marking a substantial increase compared to the previous fiscal year, where the figure was Rs. 1,764.2 million.

DIRECTORS' REPORT

This impressive rise in capital and reserves can be primarily attributed to the company's robust profitability during the current reporting period. KTC's ability to generate profits has not only strengthened its financial foundation but also positioned the company for sustained growth and stability in the future.

PLANT PERFORMANCE

Khyber Tobacco Company Limited remains committed to upgrading its plant and machinery across all departments. However, it's important to note that our existing machinery, while being actively maintained and upgraded, operates below optimal levels due to its age and limited capacity. Significant efforts have been directed toward enhancing our cigarette-making and packing processes to elevate the quality of our brand offerings.

Despite these challenges, we are pleased to report that during the year under review, our installed plant and machinery continued to operate satisfactorily.

QUALITY ASSURANCE

Quality is a paramount focus for Khyber Tobacco Company Limited. We maintain a strong emphasis on efficiency and quality consciousness throughout our operations. Stringent quality control procedures are rigorously applied to ensure we meet our quality objectives. Our commitment to quality extends to continuous improvement efforts, allowing us to stay aligned with evolving industry standards.

MARKETING

In a fiercely competitive landscape, both locally and internationally, our management remains dedicated to the development of our brand presence. This commitment extends to our local and international markets. While we have made progress in boosting our export sales, we recognize the need for further growth. We are optimistic that our ongoing efforts will yield more substantial results shortly, allowing us to once again realize lucrative revenues from exports.

Challenges persist in the export market, primarily related to meeting stringent quality requirements. As a result, our export focus has primarily revolved around re-dried and cut tobacco. We continue to intensify our efforts to elevate quality standards and establish a solid market presence for our re-dried and cut tobacco products in regions such as the United Arab Emirates, South Africa, Germany, Belgium, Turkey, Egypt, and the Philippines.

HEALTH, SAFETY, AND ENVIRONMENT

Khyber Tobacco Company Limited places the highest priority on the health and safety of our invaluable personnel, who are integral to our operations. We actively promote safe behavior through initiatives such as safety meetings, incident reporting, safety audits, good housekeeping practices, and rigorous hygiene controls.

Environmental protection is another core commitment. We ensure that our facilities consistently comply with established environmental quality standards. Furthermore, we are actively engaged in meeting the stringent environmental quality standards set by the 'Environment Protection Authority of Pakistan.'

SOCIAL RESPONSIBILITY

As a responsible corporate citizen, Khyber Tobacco Company Limited is deeply committed to its social responsibilities, particularly towards the local community. We take immense pride in our active participation in the development and welfare of the underprivileged, especially in areas affected by energy crises and law and order challenges. Our preference for providing job opportunities to residents in such areas contributes significantly to their social upliftment.

KEY OPERATING AND FINANCIAL DATA

A summary of the company's key operating and financial data for the past six years is attached to these financial statements, offering stakeholders valuable insights into our historical performance.

DIVIDEND

We are fortunate to be in a position to contribute towards fulfilling our shareholders' needs for sustained income in these inflationary times, therefore based on outstanding results, a final dividend of Rs 1.00 per share, is being announced in addition to 20 % interim bonus shares issued.

HUMAN CAPITAL

At Khyber Tobacco Company Limited, our human resource strategy is laser-focused on maximizing the return on investment in our organization's human capital. Our approach seeks to minimize financial risk by aligning the supply of skilled and qualified individuals with the capabilities of our current workforce. This alignment with our ongoing and future business plans and requirements ensures that we not only maximize returns but also secure our future survival and success.

EMPLOYEE RETIREMENT BENEFITS

We operate an unfunded gratuity scheme for all permanent employees of the company. In the current financial year, we have created a provision of Rs. 25.14 million in our financial statements to cover employee benefits.

CORPORATE GOVERNANCE

Our unwavering commitment to best practices in corporate governance is the bedrock of our business operations. We adhere to a comprehensive set of processes, customs, and policies that enable us to direct and control management activities with a strong sense of business acumen, objectivity, accountability, and integrity. This commitment extends to achieving long-term strategic goals aimed at satisfying shareholders, creditors, employees, customers, and suppliers. Furthermore, we rigorously adhere to the highest ethical standards and fully comply with all applicable legal and regulatory requirements.

The Statement on Compliance with the Code of Corporate Governance Regulations is attached to these financial statements, underscoring our dedication to transparency and good governance.

THE BOARD

Our board comprises seven members, with six serving as non-executive directors and one as an executive director. To uphold best governance practices, we maintain a clear separation between the positions of Chairman and Chief Executive Officer.

Our Directors are acutely aware of the trust placed in them by our shareholders and the profound responsibility to ensure the smooth operation of the company while safeguarding its assets.

In our pursuit of consistency and standardization, the Board has formulated formal policies to govern our business conduct. To monitor adherence to these policies, we maintain an independent Internal Audit function. This function diligently ensures compliance with company policies and promptly reports any observed deviations to the Audit Committee, reinforcing our commitment to accountability and transparency.

BOARD OF DIRECTORS MEETINGS

Legally, the Board is required to meet at least once in each quarter to monitor the Company's performance aimed at effective and timely accountability of its management.

Four (04) meetings of the Board of Directors were held during the year and the attendance of each director is given below. The Directors of the Company did not have any personal interest in decisions taken by the Board in these meetings.

DIRECTORS' ATTENDANCE

	Name of Director	No. of meetings attended
1.	**Mrs. Sameera Irfan** Chief Executive	4
2.	**Mr. Rahat Ullah** Non-Executive Director	4
3.	**Mr. Pir Farhan Shah** Executive Director	2
4.	**Mr. Pir Waris Shah** Non-Executive Director	4
5.	**Mr. Zia Ur Rehman** Non-Executive Director	3
6.	**Mr. Hazrat Bilal** Non-Executive Director	2
7.	**Mr. Khalil Ur Rehman** Non-Executive Director	4
8.	**Mrs. Sonia Farooq** Independent Director	1
9.	**Mr. Shahzad Javed Panni** Independent Director	1

COMMITTEES OF THE BOARD

Audit Committee
Mr. Shahzad Javed Panni (Chairman)
Mr. Khalil Ur Rehman (Member)
Mr. Rahat Ullah (Member)
Mr. Zia Ur Rehman (Secretary)
HR and Remuneration Committee
Mrs. Sonia Farooq (Chairman)
Mr. Pir Waris Shah (Meåmber)
Mr. Zia Ur Rehman (Secretary)

REMUNERATION POLICY OF MEMBERS OF THE BOARD OF DIRECTORS

The Board has a formal policy and transparent procedures for the remuneration of directors by the Act and the regulations thereunder; the significant features of the policy are as under:

- The Board of Directors ("BoD") shall, from time to time, determine and approve the remuneration of the members of the BoD for attending Board Meetings.
- Such level of remuneration shall be appropriate and commensurate with the level of responsibility and expertise offered by the members of the BoD and shall be aimed at attracting and retaining members needed to govern the Company successfully and create value addition.
- The BoD shall ensure that the prevailing level of remuneration of the BoD does not at any time compromise the independence of independent members of the BoD.
- Members of the BoD may also be paid all travel/ hotel/ancillary expenses related to:
  a) Attendance of Board Meeting(s);
  b) Attendance of General Body Meetings; and/or
  c) Business of the Company.

CORPORATE GOVERNANCE

Khyber Tobacco Company Limited is unwavering in its commitment to maintaining high standards of corporate governance. We understand that upholding business integrity is paramount to instilling confidence among all our stakeholders. The Board of Directors is fully accountable to our shareholders for ensuring good corporate governance practices. Our management diligently complies with the provisions of best practices outlined in the Code of Corporate Governance, with particular emphasis on the independence of non-executive directors. Moreover, we diligently adhere to the listing regulations of the Pakistan Stock Exchange. Our vision and mission statements, core values, and statements of ethics and business practices have been meticulously prepared and duly approved by the Board. Furthermore, significant policies required under the Code of Corporate Governance have been crafted, and reviewed by the Board, and will be officially approved in due course.

AUDITORS

Following the 68th Annual General Meeting, our auditors, M/S Yousuf Adil & Co. Chartered Accountants have retired. Both the Audit Committee and the Board of Directors have jointly recommended the reappointment of M/S Yousuf Adil & Co. Chartered Accountants as auditors of the company until the next Annual General Meeting.

PATTERN OF SHAREHOLDING

The pattern of shareholding as of June 30, 2023, is disclosed by the requirements of the Code of Corporate Governance. Please refer to the attached financial statements for a detailed breakdown.

TRADING OF COMPANY SHARES

We are pleased to report that the Directors, Chief Executive, Chief Financial Officer, the Secretary, and their spouses, as well as minor children, have not engaged in any trading activities related to the shares of the company.

FUTURE PROSPECTS

Looking ahead, our management remains dedicated to expanding our presence in both local and foreign markets, particularly in the domains of cigarettes and tobacco, with a strong focus on re-dried tobacco due to its demand in international markets. We anticipate a robust performance in both the tobacco and cigarette export sectors in the upcoming financial year, which is poised to yield handsome profits.

While tobacco export has been a key driver of profitability, we acknowledge the challenges in the export market, including rising costs, cultivation of non-recommended tobacco varieties by Pakistani farmers, and increased

DIRECTORS' REPORT

levels of Non-Tobacco Related Material (NTRM) in tobacco. However, our persistent efforts to overcome these hurdles are beginning to yield positive results. We remain optimistic that the company will achieve its targets to boost export sales in the forthcoming year.

QUALITY ENHANCEMENT

To remain competitive in the global arena, we are continuously working on improving our processing capabilities. Our management has invested in upgrading the Primary Production Department (PPD), Cigarette Making Department (CMD) and Cigarettes Packing Department to enhance the quality of re-dried tobacco and cigarettes. The ability to produce superior-quality products positions us to expand both local and international sales through enhanced brand recognition and customer loyalty.

ACKNOWLEDGMENTS

In closing, on behalf of the Board, I extend our heartfelt gratitude to our valued customers for their unwavering trust in our products. We are committed to expanding our brand portfolio while maintaining the highest quality standards. We also express our appreciation to our vendors, distributors, and financial institutions for their extended support.

Our success story would not have been possible without the steadfast support of our shareholders and all stakeholders, including our suppliers, customers, local community, and our dedicated and hardworking employees. We must also acknowledge the tireless efforts of our company's management, our esteemed Board of Directors, and staff at all levels. Their dedication and hard work have been instrumental in achieving the financial and operational results outlined in this report.

On behalf of the
Board of Directors

Sameera Irfan
Chief Executive

STATEMENT OF COMPLIANCE

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

Name of Company: KHYBER TOBACCO COMPANY LIMITED
Year Ended: June 30, 2023

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

1. The total number of directors are seven as per the following:

Gender	Number
Male	5
Female	2

2. The composition of the Board of Directors is as follows:

Category	Names
Independent Director	Ms. Sonia Farooq Mr. Shahzad Javed Panni
Executive Directors	Ms. Samera Irfan
Non-Executive Directors	Mr. Zia Ur Rehman Mr. Pir Waris Shah Mr. Khalil Ur Rehman Mr. Rahat Ullah
Female Director	Ms. Sonia Farooq Ms. Samera Irfan

The Company couldn't round up independent director's fraction as one because 0.33 is not equal to one. Further, the existing independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations

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

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

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

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

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

8. The board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The following five (05) directors have obtained certification under the Directors' Training Program;

STATEMENT OF COMPLIANCE

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

1- Mr. Zia Ur Rehman

2- Ms. Sonia Farooq

3- Ms. Sameera Irfan

4- Mr. Pir Waris Shah

5- Mr. Khalil Ur Rehman

As the election of directors was held as at February 16, 2023, the remaining two (02) director shall obtain certification under the DTP in due course of time.

10. Position of CFO remained vacant during the year. The board has approved appointment of Head of Internal Audit, including its remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. The financial statements of the Company were duly endorsed by the Company Secretary in place of CFO, before approval of the Board;

12. The board has formed committees comprising of members given below:

    a. Audit Committee

    - Mr. Shahzad Javed Panni, Independent Director (Chairman)
    - Mr. Rahat Ullah ,Non-Executive Director (Member)
    - Mr. Zia Ur Rehman, Non-Executive Director (Member)
    - Mr. Khalil Ur Rehman, Non-Executive Director (Member)

    b. Human Resource & Remuneration Committee

    - Ms. Sonia Farooq, Independent Director (Chairman)
    - Mr. Pir Waris Shah, Non-Executive Director (Member)
    - Mr. Zia Ur Rehman, Non-Executive Director (Member)

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

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

a. Audit Committee: Four meetings during the financial year ended June 30, 2023

b. HR and Remuneration Committee: One meeting during the financial year ended June 30, 2023.

15. The board has outsourced the internal audit function to Shahid Ahmed & Co. who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer,

chief financial officer, head of internal audit, company secretary or director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32 and 36 of the Regulations have been complied with.

19. Explanation for non-compliance with requirement, other than regulations 3,6,7,8,27,32,33 and 36 are below:

Sr. No	Non-Mandatory Requirement	Explanation	Regulation No.
1	**Nomination Committee** The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.	29(1)
2	**Risk Management Committee** The Board may constitute the Risk Management committee of such number and class of directors as it may deem appropriate in its circumstances to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and the Company's Internal Auditor, performs the requisite functions and apprises theboard accordingly.	30(1)
3	**Chief Financial Officer** The position of Chief Financial Officer has remained vacant during the year and the board has not made appointment there against as required by the Regulations.	Currently, the board has not appointed any CFO as per the Requirement who shall perform duties as per the Code	20, 25, 26

Mardan
September 30, 2023

Mr. Rahat Ullah
Chairman

KHYBER TOBACCO COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	6	69,226,040	48,073,640
Unappropriated profit		3,352,438,743	1,352,674,467
Revenue reserves	6.4	3,312,465	3,312,465
Revaluation surplus on property, plant and equipment	7	368,963,006	360,188,752
		3,793,940,254	1,764,249,324
LIABILITIES			
NON CURRENT LIABILITIES			
Employee retirement benefits	8	87,810,788	63,028,927
Deferred tax liabilities	9	105,942,415	146,529,103
		193,753,203	209,558,030
CURRENT LIABILITIES			
Trade and other payables	10	3,614,916,768	2,161,578,213
Unclaimed dividend		16,171,291	16,177,683
Loan from sponsors - unsecured	11	101,035,638	1,470,900,000
Provision for taxation		-	27,993,619
		3,732,123,697	3,676,649,515
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		7,719,817,154	5,650,456,869
NON CURRENT ASSETS			
Property, plant and equipment	13	2,744,656,198	2,043,137,650
Long term deposits	14	6,237,411	4,947,411
		2,750,893,609	2,048,085,061
CURRENT ASSETS			
Stock in trade	15	1,706,636,284	1,869,976,979
Stores, spare parts and loose tools		19,357,351	16,353,232
Trade debts	16	1,407,685,764	768,673,257
Advances, prepayments and other receivables	17	746,341,728	255,309,493
Advance income tax	18	2,424,234	-
Cash and bank balances	19	1,086,478,184	679,358,847
		4,968,923,545	3,589,671,808
Non-current assets classified as held for sale	20	-	12,700,000
TOTAL ASSETS		7,719,817,154	5,650,456,869

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

KHYBER TOBACCO COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Revenue from contracts with customers - net	21	7,434,547,887	2,464,709,131
Cost of sales	22	(4,662,752,405)	(1,662,443,302)
Gross profit		2,771,795,482	802,265,829
Administrative expenses	23	(237,124,008)	(149,215,846)
Selling and distribution expenses	24	(293,248,789)	(117,652,462)
Impairment loss on financial assets	16	(61,954,517)	(2,642,973)
		(592,327,314)	(269,511,281)
Operating profit		2,179,468,168	532,754,548
Other income	25	399,196,718	48,632,739
		2,578,664,886	581,387,287
Other expenses	26	(177,871,122)	(40,726,675)
Finance cost	27	(276,640,353)	(130,306,078)
		(454,511,475)	(171,032,753)
Profit before taxation		2,124,153,411	410,354,534
Taxation	28	(125,752,554)	(94,905,749)
Profit for the year		1,998,400,857	315,448,785
Earnings per share - basic and diluted	29	288.68	45.57

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

KHYBER TOBACCO COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
Profit for the year	**1,998,400,857**	315,448,785
Items that will not be reclassified to profit or loss:		
Surplus on revaluation of property, plant and equipment	-	277,159,799
Impact of change in tax rate on revaluation surplus	**39,503,113**	-
Remeasurement loss on post retirement benefits liability	**(8,984,073)**	(8,510,471)
Related deferred tax	**771,033**	(49,048,921)
	31,290,073	219,600,407
Total comprehensive income for the year	**2,029,690,930**	535,049,192

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

KHYBER TOBACCO COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Share capital	Reserves			Total
		Capital reserves	Revenue reserves		
		Revaluation surplus on property, plant and equipment	General reserves	Unappropriated profit	
	-----Rupees-----				
Balance as at July 01, 2021	48,073,640	212,209,916	3,312,465	967,360,313	1,230,956,334
Total comprehensive income for the year					
Profit for the year	-	-	-	315,448,785	315,448,785
Other comprehensive income for the year	-	226,354,676	-	(8,510,471)	217,844,205
	-	226,354,676	-	306,938,314	533,292,990
Transfer from surplus on revaluation of property, plant and equipment - net of tax					
- on account of incremental depreciation	-	(72,332,596)	-	72,332,596	-
- on account of disposal	-	(6,043,244)	-	6,043,244	-
	-	(78,375,840)	-	78,375,840	-
Balance as at June 30, 2022	48,073,640	360,188,752	3,312,465	1,352,674,467	1,764,249,324
Total comprehensive income for the year					
Profit for the year	-	-	-	1,998,400,857	1,998,400,857
Other comprehensive income for the year	-	39,503,113	-	(8,213,040)	31,290,073
	-	39,503,113	-	1,990,187,817	2,029,690,930
Transfer from surplus on revaluation of property, plant and equipment - net of tax					
- on account of incremental depreciation	-	(20,319,913)	-	20,319,913	-
- on account of disposal	-	(10,408,946)	-	10,408,946	-
	-	(30,728,859)	-	30,728,859	-
Transactions with owners					
Shares issued as fully paid bonus shares	21,152,400	-	-	(21,152,400)	-
Balance as at June 30, 2023	69,226,040	368,963,006	3,312,465	3,352,438,743	3,793,940,254

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

KHYBER TOBACCO COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**2,124,153,411**	410,354,534
Adjustments for:			
Depreciation on property, plant and equipment		**168,355,772**	136,330,997
Provision for staff retirement benefits		**25,147,539**	13,816,423
Provision for WPPF written back		**-**	43,023,439
Accrued liabilities written back		**(23,025,824)**	-
Advance from customer written back		**(3,375,000)**	-
Advance to supplier written off		**560,343**	53,885
Write off sales tax not to be claimed		**9,035,649**	-
Gain on disposal of property, plant and equipment		**(1,671,651)**	-
Impairment loss on financial assets		**61,954,517**	(2,642,973)
Exchange (gain) / loss		**(371,124,243)**	10,259,833
Finance cost		**276,640,353**	130,306,078
		142,497,455	331,147,682
Cash flows from operating activities before working capital changes		**2,266,650,866**	741,502,216
Effect on cash flows due to working capital changes			
Decrease / (increase) in stock in trade		**163,340,695**	(870,668,113)
(Increase) / decrease in store and spares		**(3,004,119)**	(11,776,387)
(Increase) / decrease in trade debts		**(267,888,264)**	(590,928,276)
(Increase) / decrease in advances and prepayments		**(491,592,578)**	(10,597,704)
Decrease / increase in advance income tax		**-**	19,896,698
Increase / (decrease) in trade and other payables		**1,405,184,515**	957,800,445
		806,040,249	(506,273,337)
Cash generated from / (used in) operations		**3,072,691,115**	235,228,879
Gratuity paid		**(9,349,751)**	(2,940,548)
Income tax paid		**(106,578,551)**	(23,522,402)
Finance cost paid		**(257,598,255)**	(2,164,658)
WWF paid		**(12,671,798)**	(2,069,374)
Unclaimed dividend paid		**(6,392)**	(230,089)
		(386,204,747)	(30,927,071)
Net cash generated from operating activities		**2,686,486,368**	204,301,808
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(908,212,669)**	(525,040,742)
Security deposits		**(1,290,000)**	(180,000)
Proceeds from sale of property, plant and equipment		**-**	16,485,001
Net cash used in investing activities		**(909,502,669)**	(508,735,741)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of loan		**33,000,000**	471,500,000
Repayment of loan		**(1,402,864,362)**	(46,000,000)
Net cash generated from financing activities		**(1,369,864,362)**	425,500,000
Net increase in cash and cash equivalents		**407,119,337**	121,066,067
Cash and cash equivalents at beginning of the year		**679,358,847**	558,292,780
Cash and cash equivalents at end of the year	19	**1,086,478,184**	679,358,847

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

1 THE COMPANY AND ITS OPERATIONS

1.1 Khyber Tobacco Company Limited (" the Company ") is a public limited company incorporated in Pakistan on October 15, 1954 under the Companies Act, 1913 (now the Companies Act, 2017) and is listed on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacture and sale of cigarettes and tobacco. The Company's registered office and production plant is situated at Nowshera Road, Mardan.

1.2 These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

2.2 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

2.2.1 Standards or Interpretations with no significant impact

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract

Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)

2.3 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - Deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosure' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

3 SIGNIFICANT ESTIMATES

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

Employee retirement benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the scheme on the basis of actuarial valuation and are charged to income. The calculation require assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration and discount rate used to derive present value of defined benefit obligation. The assumptions are determined by independent actuaries on annual basis.

Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment, if any.

Revaluation of fixed assets

Revaluation of fixed assets is carried out by independent professional valuer. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values. The frequency of revaluation depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

Impairment on financial assets

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Taxation

The Company takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Contingencies

The Company has disclosed its contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the reporting date.
The accounting policies, significant judgements, estimates and assumptions used by the management in preparation of these financial information are the same as those applied in preparation of audited annual financial statements for the year ended 30 June 2022.

4 ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention except for:

- buildings on lease hold land, plant and machinery and furnitures and fixtures
- recognition of certain employee retirement benefits at present value

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses except for the buildings on leasehold land, plant and machinery, and furniture and fittings which are stated at revalued amounts less accumulated depreciation thereon and accumulated impairment loss, if any. Items of CWIP are stated at cost less impairment loss, if any. These costs are transferred to respective items of property, plant and equipment when available for intended use. Assets' residual values, if significant, and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. When parts of an item of property, plant and equipment have different useful lives, they are recognized as separate items of property, plant and equipment.

Subsequent costs are recognized as separate asset 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 income during the period in which they are incurred.
Increases in the carrying amounts arising on revaluation of land, buildings, plant machinery and equipment are recognized, net of tax, in other comprehensive income and accumulated in revaluation surplus in statement of changes in equity. To the extent that increase reverses a decrease previously recognized in profit or loss, the increase is first recognized in profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognized in statement of profit or loss. When revalued assets are sold, the amounts included in the surplus on revaluation of property, plant and equipment are transferred to retained earnings.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow for more than one year then the amount is capitalized to the Company.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognized in statement of profit or loss at rates given in note 13 to these financial statements. Full month depreciation is charged in the month of addition while no depreciation is charged in the month of disposal or derecognition.

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property, plant and equipment to unappropriated profit. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognized in statement of profit or loss at rates given in note 13 to these financial statements. Full month depreciation is charged in the month of addition while no depreciation is charged in the month of disposal or derecognition.

Depreciation on additions to property, plant and equipment is charged on prorata basis from the date on which the item of property, plant and equipment is acquired or capitalized while no depreciation is charged from the date on which property, plant and equipment is disposed off / derecognized.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

5.2 Stock in trade

These are valued at the lower of cost and net realizable value, except for items in transit and waste stock. Cost is computed applying the following bases:

- Raw material	- weighted average cost.
- Work-in-process	- weighted average cost.
- Finished goods	- weighted average cost.

Stock in transit are valued at invoice value plus other charges incurred thereon up to the statement of financial position date. Waste stock are valued at lower of cost or net realizable value.

Weighted average cost in relation to work-in-process and finished goods includes cost of direct material, direct labour and a proportion of manufacturing overheads based on normal capacity.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

5.3 Financial instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

5.3.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

a) Debt instruments measured at amortized cost

Debt instruments that meet the following conditions are measured subsequently at amortized cost.

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

Amortized cost and effective interest method

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

b) **Debt instruments measured at fair value through other comprehensive income (FVTOCI):**

Debt instruments that meet specified conditions and are measured subsequently at fair value through other comprehensive income (FVTOCI).

c) **Equity instruments designated as at FVTOCI**

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

d) **Financial assets measured subsequently at fair value through profit or loss (FVTPL)**

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognizes lifetime ECL for trade debts using simplified approach. The expected credit losses on these financial assets are determined using probability based estimation of future expected cash flows under different scenarios, 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.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Write-off policy

The Company writes off financial assets when there is information indicating that the amount is not recoverable due to the conflict in invoices with customer. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognized in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

5.3.2 Financial liabilities

Subsequent measurement of financial liabilities

- contingent consideration of an acquirer in a business combination,
- held-for-trading, or
- designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

Subsequently the financial liabilities are measured using the effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

5.4 Off setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position, if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.5 Long term deposits

Long term deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in non-current assets for having maturities greater than 12 months after the reporting date. Initially they are recognized at fair value and subsequently stated at amortized cost.

5.6 Trade debts and other receivables

Trade receivables and other receivables are initially recognized at fair value, which is usually the original invoiced amount and subsequently carried at amortized cost using the effective interest method less allowance for ECL.

5.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark-up arrangements. In the statement of financial position, finances under mark-up arrangements are included in current liabilities.

5.8 Trade and other payables

Liability for trade and other payables are measured at amortized cost of the consideration to be paid in the future for goods and services received.

5.9 Employee benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the schemes on the basis of actuarial valuation and are charged to statement of profit or loss for the year. The assumptions are determined by independent actuary. The amount recognized in the statement of financial position represents the present value of defined benefit obligations using the projected unit credit actuarial valuation method. Actuarial gains / losses arising from the actuarial valuation are recognized immediately and are presented in other comprehensive income. Details of the scheme are given in note 8 to the financial statements.

5.10 Provisions

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

5.11 Earnings per share

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

5.12 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Revenue from local sale of goods is recognized at the point in time when the control of the goods is transferred to the customer, generally on delivery of the goods and at transaction price net of trade discounts.
- Revenue from the export sale of goods is recognized at the point in time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally, it is on the date of bill of lading or at the time of delivery of goods to the destination port.

5.13 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax liability is recognized for all taxable temporary differences while deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses can be utilized. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the statement of financial position date.

5.14 Contract liabilities

Contract liability is measured at the fair value of the consideration received for goods that are not yet delivered to customers.

5.15 Foreign currencies

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities in that case, the rates contracted for are used. Gains and losses arising on retranslation are included in statement of profit or loss for the year.

5.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

5.17 Borrowings

Loans and borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance cost is accounted for on an accrual basis and are included in mark-up accrued on loans to the extent of amount remaining unpaid, if any.

5.18 Leases

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re measurements of the lease liability.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if there is a change in 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 or termination option. When the lease liability is remeasured in this way, a 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 the right of use asset has been reduced to zero.

6 SHARE CAPITAL

6.1 Authorized share capital

2023	2022		2023	2022
Number of shares			Rupees	Rupees
60,000,000	60,000,000	Ordinary shares of Rs 10 each	600,000,000	600,000,000

6.2 Issued, subscribed and paid up share capital

2023	2022		2023	2022
Number of shares			Rupees	Rupees
497,500	497,500	Ordinary shares of Rs. 10 each issued for cash	4,975,000	4,975,000
6,425,104	4,309,864	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	64,251,040	43,098,640
6,922,604	4,807,364		69,226,040	48,073,640

6.2.1 Movement in Issued, subscribed and paid up share capital

	2023	2022
Balance at the beginning of the year	48,073,640	48,073,640
Bonus shares issued during the year	21,152,400	-
Balance at the end of the year	69,226,040	48,073,640

6.3 All the ordinary shares rank equally with regard to the company's residual assets. Holders of these shares are entitled to dividends from time to time and are entitled to one vote per share at general meetings of the company.

6.4 The general reserves are used from time to time to transfer profits from un-appropriated profit. There is no policy of regular transfer. General reserves are not usable for profit distribution.

6.5 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditors and market confidence and to sustain future development of the business. The Board of Directors of the Company monitors the return on capital, which the Company defines as net profit after tax divided by the total shareholders' equity. The Board of Directors also determines the level of dividends to ordinary shareholders.

The Company manages capital by maintaining gearing ratio at certain levels. This ratio is calculated as long-term borrowings divided by total capital. Total capital is calculated as 'equity' shown in the statement of financial position plus long-term borrowings. The gearing ratio is as follows:

	2023 Rupees	2022 Rupees
Long term borrowings	-	-
Total equity	3,987,693,457	1,973,807,354
Total capital	3,987,693,457	1,973,807,354
Gearing ratio	0%	0%

7 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

	2023 Rupees	2022 Rupees
Opening balance as on July 01	455,458,502	283,267,591
Surplus arising on property, plant and equipment recognized during the year	-	277,159,799
	455,458,502	560,427,390
Surplus transferred to unappropriated profit:		
- on account of incremental depreciation - net of tax	(20,319,913)	(72,332,596)
- on account of disposal - net of tax	(10,408,946)	(6,043,244)
- related deferred tax	(4,175,425)	(26,593,048)
	(34,904,284)	(104,968,888)
	420,554,218	455,458,502
Related deferred tax liability		
On revaluation surplus as on July 01	(95,269,750)	(71,057,675)
Recognized in OCI	-	(50,805,123)
Impact of change in tax rate	39,503,113	-
Effect due to incremental depreciation	4,175,425	26,593,048
	(51,591,212)	(95,269,750)
	368,963,006	360,188,752

7.1 This represents revaluation surplus on revaluation of buildings on leasehold land, plant and machinery and furniture and fittings.

		Note	2023 Rupees	2022 Rupees
8	EMPLOYEE RETIREMENT BENEFITS			
	Net defined benefit liability	8.1	87,810,788	63,028,927

8.1 **Net defined benefit liability**

Company operates an unfunded gratuity scheme of its employees, details of which are as follows:

Movement in the defined benefit liability

	2023	2022
Balance at beginning of the year	63,028,927	43,642,581
Charge for the year	25,147,539	13,816,423
Benefits paid during the year	(9,349,751)	(2,940,548)
Remeasurement loss	8,984,073	8,510,471
Balance at the end of the year	87,810,788	63,028,927

8.2 **Movement in the present value of defined benefit liability is as follows:**

	2023	2022
Present value of defined benefit liability as at July 01	63,028,927	43,642,581
Current service cost	17,269,742	9,493,762
Interest cost	7,877,797	4,322,661
Benefits paid	(9,349,751)	(2,940,548)
Remeasurement loss	(8,984,073)	(8,510,471)
Present value of defined benefit liability as at June 30	87,810,788	63,028,927

8.3 **Expense recognized in profit or loss account is as follows**

	2023	2022
Current service cost	17,269,742	9,493,762
Interest cost	7,877,797	4,322,661
	25,147,539	13,816,423

8.4 **Charge for the year has been allocated as follows**

	2023	2022
Cost of sales	13,329,947	9,584,400
Administrative expenses	8,798,859	3,415,686
Selling and distribution cost	3,018,733	816,337
	25,147,539	13,816,423

8.5 **Remeasurement chargeable to other comprehensive income**

	2023	2022
Remeasurement (gain) / loss on defined benefit obligation	(8,984,073)	(8,510,471)

8.6 **Key actuarial assumptions**

The latest actuarial valuation was carried out, on June 30, 2023, using projected unit credit method with the following assumptions:

The following were the principal actuarial assumptions at the reporting date :

	2023 Percentage	2022 Percentage
Discount rate	15.75%	13.50%
Future salary growth	15.75%	13.50%
Employee turnover rate	Moderate	Moderate
Mortality rate	SLIC 2001-2005 mortality table	
Withdrawal rate	Age dependent withdrawal table	

The rates assumed were based on the SLIC 2001-2005 ultimate mortality tables. The table given in Annexure 4 shows the death rates per thousand per annum at each age. This is the latest table available in the country and is being used for most actuarial calculations.

Maturity profile of the defined benefit obligation

At June 30, 2023 the weighted-average duration of defined benefit obligation was 12.37 years (2022: 12.79 years).

	2023 Rupees	2022 Rupees
Distribution of timing of benefit payments (time in years)		
0 to 1 year	9,747,320	6,690,282
1 to 2 years	2,715,148	1,941,337
2 to 5 years	18,463,171	11,746,431
Above 5 years	1,454,492,606	547,472,237

8.7 Sensitivity Analysis

For changes of 100 basis points, present value of defined benefit obligation as at June 30, 2023 would have been as follows:

	Defined Benefit Obligation		
	Changes in assumptions	Increase in assumptions	Decrease in assumptions
	%	Rupees	
Discount rate	1%	57,076,177	70,134,088
Future salary growth	1%	70,326,687	56,822,843

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

8.8 Risk associated with defined benefit plan

Salary risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we 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.

8.9 Funding

The net defined benefit liability in respect of gratuity scheme is unfunded.

	Note	2023 Rupees	2022 Rupees
9 DEFERRED TAX LIABILITIES	9.1	105,942,415	146,529,103

9.1 This comprises the following:

	2023	2022
Deferred tax liability on taxable temporary differences arising in respect of:		
Property, plant and equipment (at cost)	93,321,669	71,937,984
Revaluation surplus	50,308,845	93,987,387
	143,630,514	165,925,371
Deferred tax asset on deductible temporary differences arising in respect of:		
Allowance for expected credit loss	(11,115,446)	(6,389,761)
Provision for employee benefits	(10,504,375)	(13,006,507)
Tax credit	(16,068,278)	-
	(37,688,099)	(19,396,268)
	105,942,415	146,529,103

9.2 Movement in temporary differences during the year

	Balance as at July 01, 2022	Expense/ (Income) Recognized in profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2023
	Rupees			
Taxable temporary differences				
Property, plant and equipment	71,937,984	21,383,685	-	93,321,669
Revaluation surplus	93,987,387	(4,175,429)	(39,503,113)	50,308,845
	165,925,371	17,208,256	(39,503,113)	143,630,514
Deductible temporary differences				
Allowance for expected credit losses	(6,389,761)	(4,725,685)	-	(11,115,446)
Provision for employee retirement benefits	(13,006,507)	3,273,165	(771,033)	(10,504,375)
Tax credit	-	(16,068,278)	-	(16,068,278)
	(19,396,268)	(17,520,798)	(771,033)	(37,688,099)
	146,529,103	(312,542)	(40,274,146)	105,942,415

	Balance as at July 01, 2021	Expense/ (Income) Recognized in profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2022
	Rupees			
Taxable temporary differences				
Property, plant and equipment	36,461,600	35,476,384	-	71,937,984
Revaluation surplus	71,057,675	(27,875,411)	50,805,123	93,987,387
	107,519,275	7,600,973	50,805,123	165,925,371
Deductible temporary differences				
Allowance for expected credit losses	(7,104,451)	714,690	-	(6,389,761)
Provision for employee retirement benefits	(10,947,742)	(302,563)	(1,756,202)	(13,006,507)
Unused losses and credits	(20,062,919)	20,062,919	-	-
Tax credit	(15,107,940)	15,107,940	-	-
	(53,223,052)	35,582,986	(1,756,202)	(19,396,268)
	54,296,223	43,183,959	49,048,921	146,529,103

		2023 Rupees	2022 Rupees
10 TRADE AND OTHER PAYABLES			
Trade creditors		2,223,004,977	1,431,130,705
Accrued liabilities		37,274,559	56,821,758
Accrued markup on loan from sponsors and directors		175,252,785	156,210,687
Advance from customers	10.1	402,916,335	234,776,165
Workers' Profit Participation Fund	10.2	216,838,722	81,273,193
Workers' Welfare Fund		42,672,454	12,671,798
Withholding taxes		49,634,736	20,522,794
Sales tax and excise duty		304,683,922	65,319,911
Tobacco development cess		65,705,879	23,316,742
Royalty		13,358,630	21,064,039
Other payables		83,573,769	58,470,421
		3,614,916,768	2,161,578,213

10.1 Advance from customers of Rs. 140.12 million received in previous year (2022: Rs. 222.30 million) has been adjusted against sales.

10.2 Movement in Workers' Profit Participation Fund

	2023	2022
Balance at beginning of the year	81,273,193	74,804,948
Interest on funds utilized in the Company's business	20,944,102	3,189,224
Payment during the year	-	(18,759,354)
	102,217,295	59,234,818
Allocation for the year	114,621,427	22,038,375
Balance at end of the year	216,838,722	81,273,193

	Note	2023 Rupees	2022 Rupees
11 LOAN FROM SPONSORS AND DIRECTORS - UNSECURED			
Interest bearing	11.1	101,035,638	1,470,900,000

11.1 Interest bearing

	2023	2022
At the beginning of the year	1,470,900,000	1,014,400,000
Received during the year	33,000,000	456,500,000
Repaid during the year	(1,402,864,362)	-
At the end of the year	101,035,638	1,470,900,000

Loan from sponsors and directors - unsecured

This loan is for meeting the working capital requirements of the company. The loan carries interest at **Average KIBOR + 2%**. If borrower default on its payment and fails to cure said default within a reasonable amount of time lender will have the option to declare the entire remaining amount of principle and any accrued interest immediately due and payable. The loan if becoming payable or even otherwise shall be convertible into ordinary share of the company with mutual consent of both parties. However the decision of BOD of the Company shall be considered final in this regard.

12 CONTINGENCIES AND COMMITMENTS

Commitments:

	2023	2022
Letter of credit against import of machinery and packing material	-	498,161,420
Short term lease rentals	6,525,696	5,975,745
Letter of guarantee issued by bank on behalf of the Company	46,900,000	900,000
	53,425,696	505,037,165

Contingencies:

i Deputy Commissioner Inland Revenue, Corporate Zone II, Regional Tax Office, Peshawar passed assessment order under assessment order no. 33/2017 on 23 August 2017 under Federal Excise Act 2005 and Sales Tax Act 1990 amounting to Rs. 9.51 million against the Company in lieu of alleged claims of non payment of taxes and duties. The Company has filed appeal against the order before the Commissioner Inland Revenue (Appeals) Peshawar December 11, 2018 and adjudication of the same is pending. The management, based on legal opinion, is confident that the eventual decision will be in favor of the Company.

ii Deputy Commissioner Inland Revenue, Corporate Zone II, Regional Tax Office, Peshawar passed assessment order on July 18, 2019 under Federal Excise Act 2005 and Sales Tax Act 1990 amounting to Rs. 376.2 million against the company in lieu of alleged claims of non payment of taxes and duties. The Company has filled the appeal against the order before the Commissioner Appeals-1 Islamabad and the matter was decided against the Company. The Company has filled second appeal against the order before the Appellate Tribunal Inland Revenue Islamabad on September 08, 2022 and the matter is still pending adjudication. The management, based on legal opinion, is confident that the eventual decision will be in favor of the Company.

iii Deputy Commissioner Inland Revenue, Corporate Zone II, Regional Tax Office, Peshawar passed an assessment order on January 29, 2018 under Federal Excise Act 2005 and Sales Tax Act 1990 amounting to Rs. 27.80 million against the Company in in lieu of alleged claims of non payment of taxes and duties. The Company had filed appeal against the order before the Appellate Tribunal Inland Revenue Peshawar on August 30, 2019 and the matter is still pending adjudication. The management, based on legal opinion, is confident that the eventual decision will be in favor of the Company.

iv Deputy Commissioner Inland Revenue, Corporate Zone II, Regional Tax Office, Peshawar passed an assessment order on June 30, 2020 under section 161/205 of the Income Tax Ordinance 2001 for alleged claims of not withholding income taxes on payment of certain expenses and ordered to pay Rs. 27.91 million. The Company filed appeal against the order before Commissioner Inland Revenue (Appeals) Peshawar and the matter is pending adjudication. The management, based on legal opinion, is confident that the eventual decision will be in favor of the Company.

v Deputy Commissioner Inland Revenue, Corporate Zone II, Regional Tax Office, Peshawar passed an assessment order on January 17, 2019 under Federal Excise Act, 2005 and Sales Tax Act, 1990 amounting jointly to Rs. 3.99 million against the Company in lieu of alleged claims of non payment of taxes and duties. The Company filed appeal against the order before Commissioner Inland Revenue (Appeals) Peshawar and the matter was decided in favor of the Company. The Commissioner Corporate Zone Regional Tax Office Peshawar filed an appeal before Appellate Tribunal Inland Revenue Peshawar on August 30, 2019 and the matter is pending adjudication. The management, based on legal opinion, is confident that the eventual decision will be in favor of the Company.

vi Additional Commissioner Inland Revenue, Zone I, Large Taxpayers Office, Islamabad passed an assessment order number 149068327 related to tax year 2021 on March 30, 2023 under section 122(5A) of the Income Tax Ordinance 2001 amounting to Rs.271.78 million disallowing various expenses including advertisement, gratuity, discount on cigarette sales,bad debts and adding loan from sponsors into taxable income. The company filed an appeal against the assessment order with the Commissioner Appeals Inland Revenue (Appeals) on April 26, 2023 and the matter is pending adjudication. Based on legal opinion, the management is confident that the eventual decision will favor the company.

13 PROPERTY, PLANT AND EQUIPMENT

	Note	2023 Rupees	2022 Rupees
Operating assets	13.1	2,722,351,683	1,578,526,686
Capital work-in-process	13.1	-	442,306,449
Capital stores		22,304,515	22,304,515
		2,744,656,198	2,043,137,650

13.1

	Buildings on leasehold land	Plant and machinery	Tools and electrical	Furniture and fittings	Office equipment	Vehicles	Capital work in progress	Total
	Rupees							
COST / REVALUED AMOUNTS								
Balance at July 01, 2021	278,141,310	913,990,409	60,069,179	3,122,456	3,586,440	30,262,440	592,522,008	1,881,694,242
Additions	139,783	92,383,249	44,268,579	134,734	80,000	-	388,034,397	525,040,742
Disposals	-	(18,937,003)	-	-	-	(5,485,000)	-	(24,422,003)
Transfers		538,249,956	-	-	-	-	(538,249,956)	-
Assets classified as held for sale	-	(12,700,000)	-	-	-	-	-	(12,700,000)
Elimination due to revaluation	(143,305,299)	(419,860,960)	-	(2,003,683)	-	-	-	(565,169,942)
Revaluation surplus	130,459,206	145,584,350	-	1,116,243	-	-	-	277,159,799
Balance at June 30, 2022	265,435,000	1,238,710,001	104,337,758	2,369,750	3,666,440	24,777,440	442,306,449	2,081,602,838
Balance at July 01, 2022	265,435,000	1,238,710,001	104,337,758	2,369,750	3,666,440	24,777,440	442,306,449	2,081,602,838
Additions	4,125,087	32,316,800	4,057,623	39,200	162,000	36,312,215	831,199,744	908,212,669
Disposals	-	(38,860,349)	-	-	-	-	-	(38,860,349)
Transfers	-	1,273,506,193	-	-	-	-	(1,273,506,193)	-
Balance at June 30, 2023	269,560,087	2,505,672,645	108,395,381	2,408,950	3,828,440	61,089,655	-	2,950,955,158
ACCUMULATED DEPRECIATION								
Balance at July 01, 2021	125,428,921	325,952,641	29,764,294	1,716,540	3,293,728	15,762,260	-	501,918,384
Charge for the year	17,876,379	105,230,753	6,765,415	287,144	312,692	5,858,614	-	136,330,997
Disposals	-	(11,322,434)	-	-	-	(987,300)		(12,309,734)
Elimination due to revaluation	(143,305,300)	(419,860,960)	-	(2,003,684)	-	-	-	(565,169,944)
Balance at June 30, 2021	-	-	36,529,709	-	3,606,420	20,633,574	-	60,769,703
Balance at July 01, 2022	-	-	36,529,709	-	3,606,420	20,633,574	-	60,769,703
Charge for the year	17,212,246	136,261,435	9,624,282	216,670	40,460	5,000,678	-	168,355,772
Disposals	-	(522,000)	-	-	-	-	-	(522,000)
Balance at June 30, 2023	17,212,246	135,739,435	46,153,991	216,670	3,646,880	25,634,252	-	228,603,475
Carrying value - June 2023	252,347,841	2,369,933,210	62,241,390	2,192,280	181,561	35,455,403	-	2,722,351,683
Carrying value - June 2022	265,435,000	1,238,710,001	67,808,049	2,369,750	60,020	4,143,866	442,306,449	2,020,833,135
Rate of depreciation per annum	7.14%	10%	10%	10%	30%	20%		

13.2 Disposal of property, plant and equipment having book value exceeding Rs. 500,000:

Particulars of assets	Buyer	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(loss)	Relationship
		-----	-----	Rupees	-----	-----	
June 30, 2023							
Stamper & Labeling Machine	Paramount Tobacco Swabi	4,060,349	-	4,060,349	3,800,000	(260,349)	None
Cigrate Making and Wrapping Machine	Malang Taj Lahore	34,800,000	522,000	34,278,000	24,910,000	(9,368,000)	None
		38,860,349	522,000	38,338,349	28,710,000	(9,628,349)	
June 30, 2022							
MG HS (CAR)	Muhammad Hammad Jamil	5,485,000	987,300	4,497,700	4,583,334	85,634	COO
Two Cig Making Machines	CM Tobacco Industries	18,937,003	11,322,434	7,614,569	11,000,000	3,385,431	None
		24,422,003	12,309,734	12,112,269	15,583,334	3,471,065	

		Note	2023 Rupees	2022 Rupees
13.3	Depreciation on property, plant and equipment has been allocated as follows;			
	Cost of sales	22	159,595,550	126,681,723
	Administrative expenses	23	8,760,222	9,649,274
			168,355,772	136,330,997

13.4 During the year, buildings on leasehold land, plant and machinery and furniture and fittings of the Company has been revalued as at June 30, 2022 by "Unicorn International Surveyors" (UIS) which is independent valuer not connected with the Company. UIC is on panel of Pakistan Banks Association as ' Any Amount' asset valuator. It is also on the panel of State Bank of Pakistan, possesses appropriate qualification and recent experience in fair value measurements. The management of the Company believes that fair values are not materially different from revalued amounts determined by the valuers. Valuation was carried out by an independent valuer, under the market value basis. This revaluation resulted in a net surplus of Rs. 277.15 million.

Had there been no revaluation, the carrying amount of revalued assets would have been as follows;

	Cost	Accumulated depreciation	Carrying value
	Rupees	Rupees	Rupees
Buildings on leasehold land	13,814,561	1,649,636	12,164,925
Plant and machinery	2,445,129,976	254,292,593	2,190,837,383
Furniture and fittings	1,912,302	865,368	1,046,934
30 June 2023	2,460,856,839	256,807,597	2,204,049,242
30 June 2022	1,177,384,598	146,568,000	1,030,816,598

13.4.1 Forced Sales Value (FSV) of buildings on leasehold land, plant and machinery and furniture and fittings were Rs. 66.35 million, Rs. 375.42 million and 0.71 million respectively as at June 30, 2022. The revalued amounts has been measured under level 2 of the IFRS 13.

		Note	2023 Rupees	2022 Rupees
14	LONG TERM DEPOSITS			
	Sui Northern Gas Pipelines Limited		3,660,151	3,660,151
	Others		2,577,260	1,287,260
			6,237,411	4,947,411
15	STOCK IN TRADE			
	Raw and packing material		1,358,636,376	1,662,524,906
	Stock in transit		262,636,279	202,387,106
	Finished stock		85,363,629	5,064,967
			1,706,636,284	1,869,976,979
16	TRADE DEBTS			
	Local - unsecured		670,099,972	177,488,259
	Foreign - unsecured		830,504,791	622,149,480
			1,500,604,763	799,637,739
	Allowance for expected credit losses	16.1	(92,918,999)	(30,964,482)
			1,407,685,764	768,673,257
16.1	Movement in allowance for expected credit losses			
	Balance at begning of the year		30,964,482	28,321,509
	Impairment losses recognized during the year		61,954,517	2,642,973
	Balance at end of the year		92,918,999	30,964,482
17	ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
	Advances to suppliers		609,643,220	109,962,082
	Advances against letter of credit		3,006,117	13,345,684
	Prepaid insurance		539,583	-
	Other receivables		29,144,700	-
	Income tax refundable		104,008,108	132,001,727
			746,341,728	255,309,493
18	PROVISION FOR TAXATION LESS ADVANCE TAX PAYMENTS			
	Provision for the year		126,065,096	51,516,021
	Payment made during the year		(128,489,330)	(23,522,402)
	(Advance income tax) / provision for taxation		(2,424,234)	27,993,619
19	CASH AND BANK BALANCES			
	Cash in hand		350,264	1,448,198
	Cash at bank - current accounts			
	- Foreign currency		310,460,179	83,199
	- Local currency		775,667,741	677,827,450
			1,086,127,920	677,910,649
			1,086,478,184	679,358,847

20 Two cigarette making machines, one HLP machine, one cellophane machine and one wrapping machine have been classified as non-current assets held for sale as in previous year, in accordance with International Financial Reporting Standards "Non-Current Assets Held for Sale and Discontinued Operations" (IFRS - 5). However during the year these assets have been sold.

		Note	2023 Rupees	2022 Rupees
21	REVENUE FROM CONTRACTS WITH CUSTOMERS - NET			
	Gross sales			
	- Local		5,132,318,392	3,196,246,172
	- Export		6,245,818,155	1,222,666,044
			11,378,136,547	4,418,912,216
	Government levies			
	- Excise duty		3,132,870,644	1,482,213,745
	- Sales tax		751,078,766	429,275,340
			3,883,949,410	1,911,489,085
	Less: Discounts		59,639,250	42,714,000
			7,434,547,887	2,464,709,131
22	COST OF SALES			
	Raw and packing material consumed	22.1	4,152,062,777	1,291,516,831
	Salaries, wages and benefits		203,091,296	135,667,844
	Fuel and power		146,712,294	50,408,245
	Stores and spares consumed		59,583,711	40,640,845
	Repair and maintenance		4,172,151	2,182,797
	Royalty	22.2	2,419,140	4,697,490
	Short term lease rental		11,245,891	3,727,091
	Depreciation		159,595,550	126,681,723
	Insurance		2,166,009	1,896,969
	Others		2,002,248	-
	Cost of goods manufactured		4,743,051,067	1,657,419,835
	Opening finished stock		5,064,967	10,088,434
	Closing finished stock		(85,363,629)	(5,064,967)
			4,662,752,405	1,662,443,302
22.1	**Raw and packing materials consumed**			
	Opening balance - raw and packing material		1,662,524,906	989,220,432
	Opening balance - stock in transit		202,387,106	-
	Raw and packing material purchases		3,908,423,420	2,167,208,411
	Closing balance - raw and packing material		(1,358,636,376)	(1,662,524,906)
	Closing balance - stock in transit		(262,636,279)	(202,387,106)
			4,152,062,777	1,291,516,831
22.2	**Details of royalty expense is as follows :**			
	National Tobacco Industries (Private) Limited (NTI)		2,314,920	3,502,920
	Walton Tobacco Company (Private) Limited (WTC)		104,220	1,194,570
			2,419,140	4,697,490

22.3 There is no relationship other than ordinary course of business. Registered address of WTC and NTI is (Chittar Parti, Mirpur, Azad Kashmir : Mora Seedha Bhimber, Azad Kashmir)

		Note	2023 Rupees	2022 Rupees
23	ADMINISTRATIVE EXPENSES			
	Salaries, wages and other benefits		125,623,704	87,341,428
	Fuel and power		10,010,238	8,230,558
	Communication		2,652,022	2,533,537
	Travelling		11,852,509	3,857,739
	Printing and stationery		5,988,227	2,315,169
	Depreciation	13.3	8,760,222	9,649,274
	Legal and professional		9,675,181	9,218,700
	Auditors' remuneration	23.1	3,172,350	2,605,735
	Repair and maintenance		1,042,696	785,600
	Short term lease rentals		1,251,450	1,977,794
	Advertisement		130,555	41,100
	Donations	23.2	2,400,000	426,371
	Others		54,564,854	20,232,841
			237,124,008	149,215,846

		2023 Rupees	2022 Rupees
23.1	**Auditors' remuneration includes following :**		
	Audit services		
	Annual audit fee	1,746,360	1,455,300
	Half yearly review fee	834,900	695,750
	Out of pocket expenses	329,730	236,885
	Other certification charges	261,360	217,800
		3,172,350	2,605,735

23.2 This amount has been paid to Pak School and College System Mardan, which is owned by director of the Company Mr. Wasim ur Rehman.

		2023 Rupees	2022 Rupees
24	SELLING AND DISTRIBUTION EXPENSES		
	Salaries, wages and other benefits-marketing	43,018,451	36,078,349
	Customs, clearance and freight on export	176,067,082	37,539,886
	Freight on local sale	13,031,000	9,929,400
	Research	28,569,308	16,514,680
	Promotion / advertisement	17,202,948	10,200,000
	Training	15,360,000	7,390,147
		293,248,789	117,652,462
25	OTHER INCOME		
	Gain on disposal of property, plant and equipment	1,671,651	5,609,300
	Accrued liabilities written back	23,025,824	-
	WPPF written back	-	43,023,439
	Advance from customer written back	3,375,000	-
	Exchange gain	371,124,243	-
		399,196,718	48,632,739
26	OTHER EXPENSES		
	Workers' Profit Participation Fund (WPPF)	114,621,427	22,038,375
	Workers' Welfare Fund	42,672,454	8,374,582
	Advance to supplier written off	560,343	53,885
	Write off sales tax not to be claimed	9,035,649	-
	Federal excise duty written off	10,981,249	-
	Exchange loss	-	10,259,833
		177,871,122	40,726,675
27	FINANCE COST		
	Bank charges	13,991,049	2,164,658
	Interest on Workers' Profit Participation Fund	20,944,102	3,189,224
	Interest on loan from sponsors	241,705,202	124,952,196
		276,640,353	130,306,078
28	TAXATION		
	Current tax		
	- current year	128,237,462	51,516,021
	- Prior year	(2,172,366)	205,769
		126,065,096	51,721,790
	Deferred tax	(312,542)	43,183,959
		125,752,554	94,905,749

28.1 **Relationship between accounting profit and tax expense is as follows:**

	2023 %	2022 %
Applicable tax rate	29.00	29.00
Super tax @ 4% / 1%	4.00	1.00
Prior year adjustment	(0.10)	(0.05)
Income chargeable at different rate	(23.40)	(1.70)
Unused tax losses and tax credits	(0.25)	(4.70)
Others	(3.33)	(0.55)
	5.92	23.00

29 EARNINGS PER SHARE - BASIC AND DILUTED

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2023 Rupees	2022 Rupees
Profit attributable to ordinary shareholders	1,998,400,857	315,448,785
Weighted-average number of ordinary shares at 30 June	6,922,604	6,922,604
Basic earnings per share (2022 restated)	288.68	45.57

29.1 There is no dilution effect on earnings per share of the Company.

30 CAPACITY AND PRODUCTION

	2023	2022
Available capacity (million cigarettes per annum)	9,288	4,145
Actual production (million cigarettes)	933	850

30.1 Actual production was sufficient to meet the market demand. Production capacity has been increased due to the installation of a new cigarette manufacturing machine during the year. This machine is connected to another new packing machine which is in the testing phase. Therefore, the available capacity could not be effectively used during the year.

31. FINANCIAL RISK MANAGEMENT

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

Credit risk
Liquidity risk
Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

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

31.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating activities primarily for trade debts.

31.1.1 Counterparties

The Company conducts transactions with the following major types of counterparties for its financial assets at amortized cost:

Trade debts

Trade debts are essentially due from both foreign and local customers against sale of cigarettes and semi-processed and processed tobacco. The Company does not expect these counterparties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for local customers. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit or other form of credit insurance.

Banks

The Company limits its exposure to credit risk by conducting transactions only with reputable banking entities that have minimum "A" credit rating. The table below shows bank balance held with counterparties at reporting date:

Bank	Rating		Rating agency	2023	2022
	Short term	Long term		Rupees	Rupees
Habib Bank Limited	A-1+	AAA	JCR-VIS	197,016,475	22,635,915
National Bank Of Pakistan	A-1+	AAA	JCR-VIS	841,127	841,127
Mcb Bank Limited	A1+	AAA	PACRA	149,861,721	26,208,892
Samba Bank Limited	A-1	AA	JCR-VIS	2,199,065	52,399
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	23,540,680	-
Askari Bank Limited	A1+	AA+	PACRA	712,668,852	628,172,316
				1,086,127,920	677,910,649

31.1.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023	2022
	Rupees	Rupees
Financial assets:		
Trade debts	1,407,685,764	768,673,257
Bank balances	1,086,127,920	679,358,847
Long term deposits	6,237,411	4,947,411
	2,500,051,095	1,452,979,515

Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of trade debts, where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. At June 30, 2023 the Company had approximately 27 (2022: 15) major local customers that owed more than Rs. 2 million each and accounted for approximately 98% (2022 : 94%) of local trade debts. Export debts amounting to Rs. 6.24 billion (2022 : Rs. 622 million) are unsecured.

31.1.3 Impairment losses

	Expected credit losses		Aging of trade debts	
	2023	2022	2023	2022
	Rupees	Rupees	Rupees	Rupees
Not past due	-	-	471,766,748	635,609,362
Past due upto 12 months	63,426,136	6,333,229	999,345,152	139,397,124
Over 12 months	29,492,863	24,631,253	29,492,863	24,631,253
	92,918,999	30,964,482	1,500,604,763	799,637,739

The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

	2023	2022
	Rupees	Rupees
Balance as at July 01	30,964,482	28,321,509
Impairment losses on financial assets	61,954,517	2,642,973
Balance as at June 30	92,918,999	30,964,482

Based on age analysis, relationship with customers and past experience the management does not expect any party to fail to meet their obligations. The management believes that trade debts are considered good and hence no impairment allowance is required other than record above.

The allowance in respect of trade debts are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.

31.2 **Liquidity risk management**

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves.

31.2.1 **Liquidity table**

The following table details the Company's remaining contractual maturity for its financial liabilities at amortized cost.

Carrying amount and contractual cash flows of trade and other financial liabilities are approximately same.

	2023 Rupees	2022 Rupees
Maturity up to one year		
Trade and other payables	2,532,464,720	1,723,697,610
Unclaimed dividend	16,171,291	16,177,683
Loan from sponsors	101,035,638	1,470,900,000
	2,649,671,649	3,210,775,293

31.3 **Market risk**

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

31.3.1 **Foreign currency risk management**

Pak Rupee (PKR) is the functional currency of the Company and as a result currency exposure arises from transactions and balances in currencies other than PKR. The Company's potential currency exposure comprise;

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below;

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy.

Exposure to foreign currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	2023 USD	2022 USD
Trade debts	2,895,172	3,061,813

Commitments outstanding at year end is Nil (2022: Rs. 498 million) relating to letter of credits for import of machinery.

The following significant exchange rates applied during the year:

Rupees per USD	2023	2022
Average rate	246.05	206.00
Reporting date rate	286.60	205.50

Sensitivity analysis

A 10 percent weakening of the Pak Rupee against the USD at June 30, 2023 would have decreased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2022.

	2023 Rupees	2022 Rupees
Decrease in statement of profit or loss	199,840,086	62,920,257

A 10 percent strengthening of the Pak Rupee against the USD at June 30, 2023 would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

31.3.2 Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

Profile

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

Floating rate instruments	2023 Rupees	2022 Rupees
Financial liabilities		
WPPF payable	216,838,722	81,273,193
Loan from sponsors	101,035,638	1,470,900,000
	317,874,360	1,552,173,193

Fair value sensitivity analysis for floating rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in floating interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on finance cost).

	Increase / (decrease) in basis points	Decrease / (increase) of profit
	Points	Rupees
2023	+ (-) 200	6,357,487
2022		30,932,711

31.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. The effects of changes in fair value of such investments made by Company, on the future profits are not considered to be material in the overall context of these financial statements.

31.3.4 Financial Instruments by category

The accounting policies for financial instruments have been applied for the items below:

	2023 Rupees	2022 Rupees
Assets as per statement of financial position - at amortized cost		
Trade debts	1,407,685,764	768,673,257
Cash and bank balances	1,086,478,184	679,358,847
Long term deposits	6,237,411	4,947,411
	2,500,401,359	1,452,979,515

	2023 Rupees	2022 Rupees
Liabilities as per statement of financial position- at amortized cost		
Trade and other payables	2,532,464,720	1,723,697,610
Unclaimed dividend	16,171,291	16,177,683
Loan from sponsors and directors - unsecured	101,035,638	1,470,900,000
	2,649,671,649	3,210,775,293

32. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

33 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and close family members, companies with common directorship, executives, key management personnel and major shareholders of the Company.

33.1 Following are the related parties with whom the Company has entered into transactions during the year and balance as at year end other than Remuneration of key management personnel which is disclosed in note 34 of these financial statements.

Name	Basis of relationship	Nature	2023 Rupees	2022 Rupees
Samson Redrying and Processing (Private) Limited	Associated Undertaking	Sales	-	136,200,000
		Purchases	337,279,550	135,230,625
		Payable	-	299,194,234
Wasim ur Rehman	Ex Director	Loan received	33,000,000	278,500,000
		Loan payable	-	771,500,000
		Accrued Markup	80,728,770	80,728,770
		Markup Expense	200,598,707	59,268,443
Sami ur Rehman	Ex Director	Loan received	-	178,000,000
		Loan payable	-	669,400,000
		Accrued Markup	75,481,917	75,481,917
		Markup Expense	170,447,663	65,683,753
Khalil ur Rehman	Ex Director	Loan received	-	15,000,000
		Loan repaid	-	36,000,000
Rahat Ullah	Ex Director	Loan repaid	-	10,000,000

33.2 Following are the related parties with whom the Company has agreement in place.

Name	Basis of relationship	Shareholding % age
Mrs. Samera Irfan	Chief Executive Officer	0.04%
MR. PIR FARHAN SHAH	Company Secretary	0.42%
Mr. Shahzad Javed Panni	Director	0.04%
Mr. Zia Ur Rehman	Director	0.10%
Mr. Khalil Ur Rehman	Director	0.21%
Mr. Rahat Ullah	Chairman	0.05%
Mr. Pir Waris Shah	Director	0.21%
Mrs. Sonia Farooq	Director	0.04%
Mr. Wasim ur Rehman	Ex Director	64.33%
Mr. Sami ur Rehman	Ex Director	0.21%
Samson Redrying and Processing (Private) Limited	Associated Undertaking	0.00%

33.3 The company entered in to transactions with all its related parties in the ordinary course of business at prevailing market rates.

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged for remuneration including benefits and perquisites, to chief executive officer, directors and executive were as follows:

	Chief Executive Officer	Directors	Executives
		Rupees	
June 30, 2023			
Managerial remuneration	3,600,000	420,000	85,116,809
Number of persons	1	1	48
June 30, 2022			
Managerial remuneration	3,600,000	420,000	82,545,732
Number of persons	1	1	41

34.1 No allowances other than remuneration are given to chief executive, directors and executives.

34.2 No remuneration and meeting fee has been paid to non executive directors.

34.3 Executive means an employee whose basic salary exceeds Rs. 1.20 million (2022: Rs. 1.20 million) during the year.

35 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Balance as at July 01, 2022	Amount received during the year	Amount repaid during the year	Balance as at June 30, 2023
		Rupees		
Loan from sponsors and directors - unsecured	1,470,900,000	33,000,000	(1,402,864,362)	101,035,638
CONTINGENCIES AND	16,177,683	-	(6,392)	16,171,291
	1,487,077,683	33,000,000	(1,402,870,754)	117,206,929

36 NUMBER OF PERSONS EMPLOYED

	2023 (Number)	2022 (Number)
Employees at year end	598	460
Average employees during the year	529	416
Factory employees at the year end	460	227
Average factory employees during the year	344	201

37 RECLASSIFICATION

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. Following major reclassifications have been made during the period:

Reclassified from	Reclassified to	Reason	Rupees
Other income	Other expenses	For better presentation	10,259,833
Stores, spare parts and loose tools	Property, plant and equipment	For better presentation	22,304,515

38 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on____________announced an annual____________dividend of ____________________________(2022: Rs. Nil) for the year ended June 30, 2023. These financial statements do not reflect these appropriations which will be acccounted for subsequent to period end.

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on ____________.

40 GENERAL

Figures in these financial statements have been rounded off to the nearest Rupee except otherwise disclosed.

CHIEF EXECUTIVE OFFICER   DIRECTOR   DIRECTOR

NOTICE OF 68TH ANNUAL GENERAL MEETING

Notice is hereby given that the 68th Annual General Meeting of the members of Khyber Tobacco Company Limited will be held on Saturday , 28th October 2023 at 11.00 a.m. at Company registered office, Nowshera Road, Mardan to transact the following business;

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June, 2023 together with the Chairman's Review, Directors' and Auditors' Reports thereon.
2. To appoint Auditors for the year ending 30 June 2024 and to fix their remuneration. The Audit Committee and the Board of Directors have recommended M/S Yousuf Adil, Chartered Accountants to be appointed as auditors of the Company till the next Annual General Meeting.
3. To approve the final cash dividend @ Rs. 01 per share i.e.10 % for the year ended 30 June 2023 as recommended by the Board of Directors.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Pir Farhan Shah
Company Secretary

Mardan
06 October, 2022

NOTES:

1. Closure of Share Transfer books:

   The Share Transfer Books of the Company will remain closed from 21nd October 2023 to 28th October 2023 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahrah-e-Faisal, Karachi, at the close of business on 20th October, 2023 will be in time to determine the above mentioned entitlement.

2. Participation in the Annual General meeting:

   A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy and such proxy will have the right to attend, speak and vote in place of that member. Forms of proxy must be lodged with the Secretary of the Company at the registered office of the Company not less than 48 hours before the time of the Meeting.

3. Guidelines for CDC Accountholders:

   Attendance of members who have deposited their shares into Central Depository Company of Pakistan Limited shall be in accordance with the following;

   a) For attending the meeting:

   i) In case of individuals, the account holder or subaccount holder and/or the person whose securities are in group account and their registration details are uploaded as per regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

   ii) In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

   b) For appointing proxies:

   i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per regulations, shall submit the proxy form as per the above requirement.

   ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

   iii) Attested copies of CNIC or the passport of the beneficial owner and of the proxy shall be furnished with the proxy form.

   iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.

   v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

NOTICE OF 68TH ANNUAL GENERAL MEETING

4. Change of Address:

   Members are requested to promptly notify any change in their addresses to our Share Registrar, M/s CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahrah-e-Faisal, Karachi.

5. Placement of Accounts on website/obtaining of physical copy.

   The financial statements of the Company for the year ended June 30, 2023 along with reports have been placed at the website of the Company and can be down loaded from www.khybertobacco.com. Members who desire to have a physical copy of the annual accounts may write to the Company Secretary and obtain the same from him.

6. Transmission of Annual Financial Statements electronically.

   The Company law allows transmission of annual audited financial statement together with various reports along with notice of annual general meeting to its members electronically. Members who wish to avail this facility may convey their email addresses.

7. Participation Through Video Conference

   If the Company receives consent from members holding 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility. Format of the request form may be down loaded from Company website mentioned above.

نوٹس برائے اڑسٹھواں (68واں) سالانہ اجلاس عام

.5 ویب سائیٹ پر کھاتوں کی اشاعت/کاغذی نقل کا حصول

30 جون 2023ء کو اختتام پذیر سال کے لئے کمپنی کی مالیاتی اسٹیٹمنٹس بمعہ رپورٹس کمپنی کی ویب سائٹ پر شائع کر دی گئی ہیں جنہیں www.khybertobacco.com سے ڈاؤن لوڈ کیا جا سکتا ہے۔ سالانہ کھاتوں کی کاغذی نقل حاصل کرنے کے خواہشمند اراکین سے التماس ہے کہ وہ کمپنی سیکریٹری کو درخواست دے کر انہیں وصول کرلیں۔

.6 سالانہ مالیاتی اسٹیٹمنٹس کی بذریعہ برقی وسائل ترسیل

کمپنی قانون سالانہ پڑتال شدہ کھاتوں بمعہ رپورٹس اور نوٹس سالانہ اجلاس عام کی اپنے اراکین کو برقی ترسیل کی اجازت دیتے ہیں۔ یہ سہولت حاصل کرنے کے خواہشمند اراکین اپنے ای میل ایڈریس سے متعلق آگاہ کریں۔

.7 بذریعہ ویڈیو کانفرس شرکت

10% یا زائد شیئر ہولڈنگ کے مالک دوسرے شہر میں مقیم اراکین اجلاس کے انعقاد سے 10 یوم قبل اگر کمپنی اجلاس میں بذریعہ ویڈیو کانفرنس سہولت شرکت کی درخواست وصول کرتی ہے تو کمپنی ویڈیو کانفرنس سہولت کا انتظام کرنے کی پابند ہوگی۔ درخواست فارم کی وضع کو کمپنی کی مذکورہ بالا ویب سائٹ سے ڈاؤن لوڈ کیا جا سکتا ہے۔

مندرجات:

1. شیئر ٹرانسفر Books کی بندش:

کمپنی کی شیئر ٹرانسفر Books مؤرخہ 21 اکتوبر 2023ء سے 28 اکتوبر 2023ء (بشمول دونوں ایام) تک بند رہیں گی۔ 20 اکتوبر 2023ء کو کاروبار بند ہونے تک کمپنی کے شیئر رجسٹرار CDC شیئر رجسٹرار سروسز لمیٹڈ دفتر واقع CDC ہاؤس، B-99 بلاک B، S.M.C.H.S. مرکزی شاہراہِ فیصل، کراچی کو باقاعدہ موصول ٹرانسفرز کو مذکورہ بالا اہلیت کا تعین کرنے کے لئے بروقت وصولی شمار کیا جائے گا۔

2. سالانہ اجلاس عام میں شرکت

اجلاس ہذا میں شرکت اور ووٹ کرنے کا/کی اہل رکن کسی دوسرے رکن کو اپنی جگہ شرکت، ووٹ اور تبادلہ خیال کرنے کے لئے اپنا پراکسی مقرر کر سکتا/سکتی ہے۔ پراکسی فارم اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں سیکریٹری کو لازمی جمع کرایا جائے۔

3. CDC اکاؤنٹ ہولڈرز کے لئے ہدایات

سنٹرل ڈیپازیٹری کمپنی آف پاکستان لمیٹڈ میں حصص درج کرانے والے اراکین کو شرکت کے لئے مندرجہ ذیل کی پیروی کرنا ہوگی:

a) **اجلاس میں شرکت کے لئے:**

i) فرد واحد کی صورت میں اکاؤنٹ ہولڈرز یا ذیلی اکاؤنٹ ہولڈرز اور/یا گروپ اکاؤنٹ میں سکیورٹیز اور ضوابط کے تحت اپ لوڈ رجسٹریشن معلومات کے حامل افراد کو اجلاس میں شرکت کے وقت اپنی شناخت ثابت کرنے کے لئے اصلی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔

ii) کاروباری ادارہ کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ نامزد فرد کے نمونہ کے دستخط (اگر پہلے فراہم نہ کیا گیا ہو) اجلاس میں شرکت سے قبل پیش کرنا ہوگا۔

b) **پراکسیز کی تقرری کے لئے**

i) فرد واحد کی صورت میں اکاؤنٹ ہولڈرز یا ذیلی اکاؤنٹ ہولڈرز اور/یا گروپ اکاؤنٹ میں سکیورٹیز اور ضوابط کے تحت اپ لوڈ رجسٹریشن معلومات کے حامل افراد کو مذکورہ بالا معیار کے مطابق اپنا پراکسی فارم جمع کرانا ہوگا۔

ii) پراکسی فارم کی گواہی دو افراد دیں گے جن کے نام، پتے اور شناختی کارڈ نمبر فارم میں تحریر ہوں گے۔

iii) استفادہ حاصل کرنے والے مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ جمع کرائی جائیں۔

iv) پراکسی کو اجلاس کے موقع پر اپنا اصلی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔

v) کاروباری ادارہ کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ نامزد فرد کے نمونہ کے دستخط (اگر پہلے فراہم نہ کیا گیا ہو) بمعہ پراکسی فارم اجلاس میں شرکت سے قبل پیش کرنا ہوگا۔

4. پتہ میں تبدیلی

اپنے پتہ میں تبدیلی کی صورت میں اراکین سے فی الفور ہمارے شیئر رجسٹرار میسرز CDC شیئر رجسٹرار سروسز لمیٹڈ، CDC ہاؤس، B-99، بلاک B، S.M.C.H.S مرکزی شاہراہِ فیصل کراچی کو اطلاع کرنے کی درخواست کی جاتی ہے۔

نوٹس برائے اڑسٹھواں (68واں) سالانہ اجلاس عام

نوٹس ہذا کے ذریعے مطلع کیا جاتا ہے کہ خیبر ٹوبیکو کمپنی کے اراکین کا اڑسٹھواں (68واں) سالانہ اجلاس عام بروز ہفتہ 28 اکتوبر 2023ء دن 11:00 بجے مندرجہ ذیل امور پر بحث کے لئے کمپنی کے رجسٹرڈ پتے نوشہرہ روڈ، مردان میں منعقد ہوگا۔

عمومی امور

1. 30 جون 2023ء کو اختتام پذیر سال کے لئے کمپنی کی پڑتال شدہ مالیاتی اسٹیٹمنٹس بمعہ چیئرمین کی جائزہ اور ڈائریکٹرز و آڈیٹرز کی رپورٹ کو وصول کرنا، زیر غور لانا اور اپنانا۔
2. 30 جون 2024ء کو اختتام پذیر سال کے لئے آڈیٹرز کی تقرری کرنا اور ان کا معاوضہ طے کرنا۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے اگلے سالانہ اجلاس عام تک میسرز یوسف عادل چارٹرڈ اکاؤنٹنٹس کی بطور کمپنی آڈیٹرز تقرری کی سفارش کی ہے۔
3. بورڈ آف ڈائریکٹرز کی سفارشات پر 30 جون 2023ء کو اختتام پذیر سال کے لئے 01 روپے فی حصص یعنی 10% کی شرح سے حتمی نقد منافع منقسمہ کی منظوری دینا۔
4. چیئر کی اجازت سے دیگر امور کو زیر بحث لانا۔

06 اکتوبر، 2023ء

بحکم بورڈ

پیر فرحان شاہ

کمپنی سیکریٹری