

LEATHER UP LTD

**Annual Financial Report
For the Fiscal Year Ended
June 30, 2024**

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Vision

An internationally renowned manufacturer and exporter, specializing in premium leather products while upholding exceptional ethical and professional standards.

Mission Statement

Since its inception, the company has strived to maximize value addition and achieve optimal returns for each unit exported, with the goal of becoming a leading manufacturer and exporter of leather products in international markets.

Code of ethics and business practices

- 1. Maintaining integrity and scrupulous dealings*
- 2. Maintaining correct books and records of the Company*
- 3. Avoiding conflicts of interest*
- 4. Strictly follows the rules of leather techniques*
- 5. Treating chemical as per specification and testing criteria*
- 6. This is prime priority of the company to formulate, implement and monitor the objectives and overall business plan.*
- 7. Check and oversee the affairs of the company carried out within the existing laws/regulations and to re-arrange prudently*
- 8. Make sure legal and regulatory requirements of the statutory authorities*
- 9. Encourage and initiate motivation among members of the company*
- 10. Safeguard and protect the interest and asset of the company*

A detailed policy for actual and perceived conflict of interest and its resolution relating to the members of the Board of Directors and employees is in place.

COMPANY PROFILE

Board of Directors

Khalid H. Shah	Chief Executive/ Director
Mahmooda Shah	Director
Jazim Shah	Director / Chairman
S. Faisal Shah	Director
Ellahi Bukhsh Qureshi	Director
Farooq Raza	Director
Shaikh Abdus Sami	Director

Board Audit Committee

Ellahi Bukhsh Qureshi	Chairman
Jazim Shah	Member
Mahmooda Shah	Member

Human Resource Committee

Ellahi Bukhsh Qureshi	Chairman
S. Faisal Shah	Member
Mahmooda Shah	Member

Chief Financial Officer / Company Secretary

ALI AHMAR

Auditors

UHY Hassan Naeem & Co.

Legal Advisor

Maqsood Ahmad Bullo & Company
Advocate

Bankers

MCB Bank Ltd	United Bank Ltd	Faysal Bank Ltd
Summit Bank Ltd	Askari Bank Ltd	Meezan Bank Ltd
Bank Al-falah Ltd	Bank Al Habib Ltd	

Registered Office/Factory

Plot # 23/C, 15th Commercial Street Phase II Extension, Defence Housing Authority, Karachi.
Phone: (021) 35880771-2 Fax: (021) 35880773
E-mail: Inquiry@leatherupltd.com
Website: www.leatherupltd.com

Share Registrar Office

M/s C&K Management Associates (Pvt) Limited
M13, Progressive Plaza, Civil Lines Quarter, Near P.I.D.C, Beaumont Road, Karachi - 75530,
Pakistan
Phone: (021) 35687839- (021) 35685930



Leather Up Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting of the shareholders of the Leather Up Limited will be held on Monday, October 28th, 2024 at 10:00am at 23/C Ground Floor, 15th Commercial Street DHA Phase II Ext. Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To read and confirm minutes of the Annual General Meeting of the shareholders of the Company held on Saturday, October 28th, 2023.
2. To receive and adopt the Audited Statements of Accounts for the year ended June 30, 2024 together with the Directors' and Auditors reports thereon.
3. To appoint auditors and to fix their remuneration for the year ending June 30, 2025. The present retiring Auditors M/s. UHY Hassan Naeem, Chartered Accountants being eligible have offered themselves for reappointment.
4. To elect 7 (seven) Directors as fixed by the Board of Directors, in accordance with the provisions of Section 159 of the Companies Act, 2017 for a term of 3 (three) years. The number directors fixed by the Board of Directors pursuant to Section 159 (4) of the Companies Act, 2017 is 7 (seven). The retiring directors, who are eligible for re-election are:
1- Mr. Khalid H. Shah 2- Mr. Jazim Shah 3- Mr. Ellahi Bukhsh Qureshi
4- Mr. S. Faisal Shah 5- Shaikh Abdus Sami 6- Ms. Mahmooda Shah
7- Mr. Farooq Raza

SPECIAL BUSINESS:

Ordinary Resolution

5. To sought approval of members to circulate annual audited financial statements through QR enabled Code and Weblink instead of transmitting the same in the form of CD / DVD / USB in pursuance of Securities and Exchange Commission of Pakistan (SECP) S.R.O. 389(1)/2023 dated March 21, 2023 and to pass following resolution with or without amendments as ordinary resolution:
"RESOLVED THAT as notified by the SECP via S.R.O NO. 389(1)/2023 dated March 21, 2023 transmission of annual audited financial statements to its members through QR enabled code and weblink instead of transmitting the same in the form of CD / DVD / USB, be and is hereby ratified and approved for future."

ANY OTHER BUSINESS:

6. To transact any other business with the permission of the Chair.

By Order of the Board



Ali Ahmar
(Company Secretary)

Karachi
October 03, 2024

NOTES:

1. Closure of Share Transfer Books

The share transfer books of the Company shall remain closed from 21-OCT-2024 to 28-OCT-2024 (both days inclusive). Transfers received in order at the office of Share Registrar C&K Associates (Pvt.) Ltd, M13, Progressive Plaza, Civil Lines Quarter, Near P.I.D.C, Beaumont Road, Karachi-75530, Pakistan by the close of business on October 20th, 2024 will be considered in time to attend and vote at the meeting.

2. Participation in General Meeting

An individual beneficial owner of shares must bring his/her original CNIC or Passport, Account and Participant's I.D. numbers to prove his/her identity. A representative of corporate members, must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of the nominee, CDC account holders will further have to follow the guidelines as laid down in Circular 1 dated January 28, 2000, issued by the Securities and Exchange Commission of Pakistan.

A member entitled to attend and vote at the meeting may appoint another member as his/her proxy in writing to attend the meeting and vote on the member's behalf. Proxies in order to be effective must be received at the Company's Registered Office, C-38, Shalimar Garden, Darussalam Housing Society, Near Indus Hospital, Korangi, Karachi, not later than 48 hours before the time of holding the meeting and no account shall be taken of any part of the day that is not a working day. A member shall not be entitled to appoint more than one proxy.

Members are requested to notify their change of address, Zakat declaration (CZ-50) and tax exemption certificate (if any) immediately to Company's Share Registrar CDC Share Registrar Services Limited.

3. Submission of the CNIC/NTN details (Mandatory)

In accordance with the notification of the Securities and Exchange Commission of Pakistan (SECP) vide SRO 779(1)/2011 dated 18 August 2011 and SRO 83(1)/2012 dated 5 July 2012,

dividend counters in electronic form should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, Members who have not yet submitted photocopy of their valid CNIC or NTN in case of corporate entities are requested to submit the same to the Companies' Share Registrar in case of non-compliance, the Company shall withhold credit of dividend as per law.

4. Participation through Video Link Facility

The members can also participate in the Annual General Meeting through video link facility. To attend the AGM through video link, members and their proxies are requested to register their following particulars by sending an email at info@leatherupltd.com

Full Name	CNIC No	Folio / CDC Account No.	No. of Shares Held	Cell No.	E-mail Address

The video link and login credentials will be shared with the shareholders whose email, containing all the requested particulars, are received at the given email address by or before the close of business hours (5:00 p.m.) on October 21, 2024.

5. Mandatory Information of Physical Shareholders:

According to Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile/telephone number, International Bank Account Number (IBAN), etc. to our Share Registrar at C&K Associates (Pvt.) Ltd, M13, Progressive Plaza, Civil Lines Quarter, Near P.I.D.C, Beaumont Road, Karachi-75530 immediately to avoid any non-compliance of law or any inconvenience in future.

6. Deposit of Physical Shares in CDC Accounts:

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and form the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017. The shareholders having physical shareholding may please open CDC sub-account with any of the brokers or investors account directly with CDC to place their physical shares into scrip less form.

7. Electronic Transmission of Audited Financial Statements & Notices

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its Members through e-mail. Accordingly, Members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail.

Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice. Annual Financial Statements will be sent at your registered address, as per normal practice.

8. Postal Ballot/E-voting

Pursuant to the Companies (Postal Ballot) Regulations, 2018, shareholders will be allowed to exercise their right to vote through postal ballot that is voting by post or through any electronic mode subject to

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requirements of Section 143 to Section 145 of the Companies Act, 2017 and procedure contained in the aforesaid Regulations. Postal Ballot Paper is annexed with the notice sent to the shareholders and the same is also available on the Company's website www.leatherupltd.com to download.

STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017

Agenda item 4 - Election of Directors

This Statement sets out the material facts pertaining to the Ordinary Business as described in the Notice of the AGM of the Company. The term of office of the current directors of the Company will expire on October 28, 2024. In accordance with Section 159(1) of the Act, the Board of Directors have fixed the number of Directors to be elected at the AGM at seven (07) to hold the office of director for a period of three (3) years commencing from the date of the AGM. Independent Directors shall be selected in accordance with the provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Companies (Manner and Selection of Independent Directors) Regulations, 2018. Accordingly, in compliance with the provisions of Regulation 7A of the Listed Companies (Code of Corporate Governance) Regulations, 2019, Election of Directors will be held separately for the following three categories:

S. No.	Categories	No. of Seats
1.	Female Director (may also be considered as an independent Director if meets the criteria of independence as set out under Section 166 of the Act)	01
2.	Independent Directors	02
3.	Executive Directors	01
4.	Non-Executive Directors	03

In order to safeguard the interest of the minority shareholders, any member can send his/her nomination for contesting the election in any of above-mentioned categories. Any person who seeks to contest the election of the office of director, whether he is a retiring director or otherwise, shall submit to the Company Secretary at the Registered Office address 23/C, 15th Commercial Street DHA Phase II Ext. Karachi, not later than fourteen (14) days before the date of AGM, the following documents:

1. Notice of his/her intention to offer himself/herself for the election of directors as per Section 159(3) of the Act, and consent to act as a director on Annexure to Form 9 as prescribed under the Act, and the Companies Regulations, 2024. (Any person contesting the election of directors must be a Member of the Company at the time of filing his/her consent unless such person is representing a Member which is not a natural person.)
2. A signed declaration confirming that:
 - a. He/she is aware of his/her duties and powers under the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Rule Book of Pakistan Stock Exchange Limited, Memorandum and Articles of Association of the Company and other relevant laws and regulations.
 - b. He/she is not ineligible to become a director of a listed company under the provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and other applicable laws/ regulations.
3. A detailed profile along with his/her office address for placement on the Company's website as required under SRO 1196 (I)/2019 dated October 03, 2019.
4. Detail of other directorships held.
5. Copy of valid CNIC or Passport (in case of a foreign national) along with NTN and Folio Number/CDC Account or Sub Account number.

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6. The following additional documents are required to be submitted by the candidates intending to contest the election as an independent director:

- a. Declaration of independence under Regulation 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- b. Undertaking on non-judicial stamp paper that he/she meets the requirements of Regulation 4(1) of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

All the notices received for the category of Independent Director, shall be subject to due diligence by the Company as prescribed under Section 166 of the Act and 7A of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The final list of candidates contesting the election will be circulated not later than seven (7) days before the date of the AGM in terms of Section 159(4) of the Act. The website of the Company will be updated with the required information and Directors' profile.

STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2017

The statement sets out the material facts concerning the Special Business given in Agenda Item No. 5 of the Notice which will be considered to be passed by the shareholders. The purpose of the Statement is to set forth the material facts concerning such Special Business.

AGENDA NO.5 – Transmission of Annual Audited Financial Statements through QR – enabled Code and Weblink

The SECP has allowed listed companies to circulate annual audited financial statements to its members through QR enabled code and weblink instead of transmitting the same in the form of CD / DVD / USB in pursuance of SECP S.R.O. 389(1)/2023 dated March 21, 2023. The Company shall circulate Annual Audited Financial Statements through email address in case it has been provided by the member to the Company, and upon demand, supply hard copies of the Annual Audited Financial Statements to the shareholders free of cost upon receipt of a duly completed Request Form, which may be obtained from the Company's website i.e. www.leatherupltd.com

Directors' Interest

The directors of the Company have no direct or indirect interest in the above-mentioned Special Business except to the extent that they are the members of the Company.



Leather Up Limited

BALLOT PAPER FOR VOTING THROUGH POST

For voting through post for the Special Business at the Annual General Meeting Leather Up Limited will be held on Monday, October 28th, 2024 at 10:00am at 23/C Ground Floor, 15th Commercial Street DHA Phase II Ext. Karachi.

Designated email address of the Chairman at which the duly filled in ballot paper may be sent: (chairman@leatherupltd.com)

Name of shareholder/joint shareholder(s):	
Registered Address:	
Folio No. / CDC Participant / Investor ID with sub-account No.	
Number of shares held	
CNIC, NICOP/Passport No. (in case of foreigner)(Copy to be attached)	
<u>Additional information and enclosures</u> (In case of representative of body corporate, corporations and Federal Government)	
Name of Authorized Signatory	
CNIC, NICOP/Passport No. (in case of foreigner) of authorized signatory (Copy to be attached)	

I/we hereby exercise my/our vote in respect of the following ordinary resolution through postal ballot by giving my/our assent or dissent to the following resolution by placing tick (☑) mark in the appropriate box below:

Ordinary Resolution
<p>To sought approval of members to circulate annual audited financial statements through QR enabled Code and Weblink instead of transmitting the same in the form of CD / DVD / USB in pursuance of Securities and Exchange Commission of Pakistan (SECP) S.R.O. 389(1)/2023 dated March 21, 2023 and to pass following resolution with or without amendments as ordinary resolution:</p> <p>“RESOLVED THAT as notified by the SECP via S.R.O NO. 389(1)/2023 dated March 21, 2023 transmission of annual audited financial statements to its members through QR enabled code and weblink instead of transmitting the same in the form of CD / DVD / USB, be and is hereby ratified and approved for future.”</p>

I/we hereby exercise my/our vote in respect of above mentioned ordinary resolution through postal ballot by conveying my/our assent or dissent to the said resolution by placing tick (☐) mark in the appropriate box below:

S. No.	Name and description of resolution	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
1.	Ordinary Resolution as per the Agenda Item No. 04 (as given above)		

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2.	Ordinary Resolution as per the Agenda Item No. 05 (as given above)		
3.	Ordinary Resolution as per the Agenda Item No. 06 (as given above)		

Shareholder/Proxy holder Signature/Authorized Signatory
(In case of corporate entity, please affix company stamp)

Place: _____ Date: _____

NOTES:

1. Duly filled postal ballots should be sent to the Chairman at 23/C Ground Floor, 15th Commercial Street DHA Phase II Ext. Karachi or through email at: (chairman@leatherupltd.com)
2. Copy of CNIC, NICOP/Passport (In case of foreigner) should be enclosed with the postal ballot form.
3. Postal Ballot form should reach the Chairman of the Meeting on or before October 24, 2024 up to 5:00 p.m. Any Postal Ballot received after this time/date, will not be considered for voting.
4. In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution / Power of Attorney / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In the case of foreign body corporate etc., all documents must be attested by the Consul General of Pakistan having jurisdiction over the member.
5. Signature on postal ballot should match with signature on CNIC, NICOP/Passport (In case of foreigner).
6. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.

CHAIRMAN REVIEW

I am pleased to present this report to our shareholders, offering an insight into the board of directors' performance and their role in guiding Leather Up Limited toward its strategic objectives and long-term vision.

At Leather Up Limited, we have established a strong governance structure that promotes responsible and effective oversight of our operations. This structure plays a critical role in ensuring the ongoing success of our company. Throughout the fiscal year 2023-24, the board of directors and its sub-committees displayed exceptional commitment and expertise, providing valuable guidance and support as the company pursued its goals. The board thoroughly reviewed the annual report and financial statements and is pleased to confirm that, in their opinion, the report and financial statements are presented fairly, are balanced, and provide a comprehensive view of the company's financial standing.

We conduct an annual self-evaluation to measure the performance and effectiveness of our board of directors. This evaluation covers several essential areas, such as strategic planning, board composition, policies and procedures, compensation practices, and the quality of information disclosure. The results indicate that our board members are actively engaged in strategic decision-making, have implemented necessary controls, and receive timely and accurate information. Additionally, the independent directors play a crucial role in all decision-making processes, contributing to robust and well-rounded governance.

F Shah

CHAIRMAN JAZIM SHAH

چیئرمین کا جائزہ

مجھے یہ رپورٹ شیئر ہولڈرز کے سامنے پیش کرتے ہوئے خوشی محسوس ہو رہی ہے، جس میں بورڈ آف ڈائریکٹرز کی کارکردگی اور لیڈر اپ لمیٹڈ کو اس کے طویل مدتی اہداف اور اسٹریٹیجک مقاصد کے حصول میں رہنمائی فراہم کرنے کی صلاحیت کا جائزہ شامل ہے۔ لیڈر اپ لمیٹڈ میں، ہم نے ایک مضبوط حکومتی ڈھانچہ قائم کیا ہے جو ہمارے آپریشنز کی ذمہ دارانہ اور مؤثر نگرانی کو فروغ دیتا ہے۔ یہ ڈھانچہ ہماری کمپنی کی مسلسل کامیابی کو یقینی بنانے میں اہم کردار ادا کرتا ہے۔ مالی سال 2023-24 کے دوران، بورڈ آف ڈائریکٹرز اور اس کی ذیلی کمیٹیوں نے شاندار عزم اور مہارت کا مظاہرہ کرتے ہوئے کمپنی کو اپنے مقاصد کے حصول کی طرف رہنمائی فراہم کی۔ بورڈ نے سالانہ رپورٹ اور مالیاتی بیانات کا مکمل جائزہ لیا اور یہ بتانے پر خوشی محسوس کی کہ ان کی رائے میں، رپورٹ اور مالیاتی بیانات منصفانہ، متوازن، اور کمپنی کی مالی حیثیت کا جامع جائزہ پیش کرتے ہیں۔ ہم بورڈ آف ڈائریکٹرز کی کارکردگی اور مؤثر صلاحیت کا جائزہ لینے کے لیے ہر سال خود تشخیصی عمل کرتے ہیں۔ اس جائزے میں حکمت عملی کی منصوبہ بندی، بورڈ کی تشکیل، پالیسیز اور طریقہ کار، معاوضہ کے طریقے، اور معلومات کے افشاء کی معقولیت جیسے اہم پہلو شامل ہیں۔ اس جائزے کے نتائج سے ظاہر ہوتا ہے کہ ہمارے بورڈ کے اراکین حکمت عملی کے فیصلوں میں فعال کردار ادا کرتے ہیں، ضروری کنٹرولز قائم کیے گئے ہیں، اور انہیں بروقت اور مکمل معلومات فراہم کی جاتی ہیں۔ اس کے علاوہ، آزاد ڈائریکٹرز بھی تمام فیصلہ سازی کے عمل میں اہم کردار ادا کرتے ہیں، جو کہ ایک مضبوط اور متوازن حکومتی نظام کو فروغ دیتے ہیں۔

F Shah

چیئرمین
جازم شاہ

DIRECTORS' REPORT

The Directors have pleasure to present the Annual Report together with the audited financial statements of the company for the year ended June 30, 2024.

The financial highlights for the year ended June 30, 2024 along with comparative period are summarized hereunder:

Particulars	June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
Profit / (Loss) before taxation	566,401	(2,926,039)
Taxation	(244,719)	(362,224)
Profit / (Loss) after taxation	321,682	(3,288,263)
Accumulated profit / (Loss)	(44,468,647)	(44,790,329)
Earnings/ (Loss) per share after tax	0.05	(0.55)

Company Performance

The operating loss of the company for the year 2024 is Rs 90,821 as against Rs 2.926 million registered last year. However, the profit before taxation is Rs 0.566 million.

Due to the best efforts made by the management, the company managed to maintain its export as well as deterioration in operating loss. The sales of the company are Rs 27.525 million in 2024 as against Rs 27.156 million in 2023 although the demand is very low in Europe for leather goods as a result of highest ever inflation in Europe and other markets.

In nutshell, there has been a continuous fall over the past decade in the exports of leather garments and its allied products from Pakistan as massive inflation both at the local and as well as international markets.

Earnings per share

The profit per share of the company is Rs 0.05 as against loss of 0.55 per share in the preceding year.

Dividend

Due to very thin profit, the Board of Directors has skipped the dividend.

Future Out look

The recession grips in Europe in recent period and the impact of low business activity there, automatically affected the main exporting countries of leather garments and allied products.

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The management is making all out efforts to secure orders and has taken steps to cut operating expenses to minimum to withstand any lean period. Subsequently, in the first quarter of the financial year 2025, the company has secured export orders Rs 4 million despite significant inflation.

Human Resource:

At Leather Up, we are value addition Company, strongly believe that success comes when employees are engaged and aligned with the Company's vision. The Company having good relation with the employees and continues to make people its focal point by providing the most supportive and conducive environment to all its employees and by promoting a culture of high performance, learning, trust and confidence to deliver its products to the international markets.

Human Resource and Remuneration Committee:

In compliance with the requirements of code of corporate governance, the Board of Directors has established this Committee comprising three members' and all of three are a non-executive director (including Chairman) who is independent director. Detailed terms of reference of the Committee were duly communicated to the members, by the Board.

Training Program:

The Board remained fully compliant with the provision with regard to their directors' training program. Out of total of seven directors, four directors have completed the Directors Training Program and one director is exempt from training program as mentioned in regulation no. 20, sub-regulation 2 of the Regulation; however, exemption from the Commission is yet to be obtained.

Corporate and Financial Report Framework:

The Board members are pleased to state that the management of the Company is committed to good corporate governance and are complying with best practices.

In compliance with the Code of Corporate Governance, the Directors are pleased to state that:

- 1- The financial statements have been drawn up in conformity with the requirements of the Companies Act, 2017 and present fairly state of its affairs, operating results, cash flow and changes in equity.
- 2- Proper books of accounts have been maintained in the manner required under Companies Act, 2018.
- 3- Appropriate accounting policies have been applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- 4- International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of the financial statements.
- 5- The internal control system is being implemented and monitored.
- 6- There are no significant doubts about the Company's ability to continue as a going concern.
- 7- There has been no material departure from the best practices of corporate governance as required by the listing regulations.

Annual Financial Report For the Fiscal Year Ended June 30, 2024

- 8- The summary of key operating and financial data of the past six years is annexed to this report.
- 9- Outstanding duties and taxes, if any, have been disclosed in the financial statements.(if any)
- 10- The Chief Executive Review dealing with the performance of the Company during the year ended June 30, 2024 future prospects and other matters of concern to the Company forms part of this report.

Board of directors Meeting:

The number of board meetings held during the year 2023-24 was four. The attendance of the directors is as under:

1	Mr. Khalid H. Shah	4
2	Mr. Mohsin Khurshid	2
3	Mr. Ellahi Buksh Qureshi	2
4	Mr. Jazim Shah	4
5	Mr. S. Faisal Shah	4
6	Ms. Mahmooda Shah	4
7	Mr. Abdus Sami	4
8	Mr. Farooq Raza	4

Remuneration Policy of non-Executive Directors.

The fee of the Non-Executive and Independent Directors for attending the Board meetings and Board of Committee meetings of the Company is determined by the Board from time to time.

Pattern of shareholding as at June 30, 2024 is annexed to this report.

We confirm that Directors and CFO and their spouse and minor children have made no transactions of the Company's shares during the year.

The Statement of Compliance with the Code of Corporate Governance is annexed to this report. The present Auditors M/s. UHY Hassan Naeem & Co, Chartered Accountants, being eligible, they have offered themselves for the re-appointment. On suggestion of Audit committee, they are being appointed for year ending June 30, 2025.

Board Audit Committee:

An audit committee of the Board has been in existence since the enforcement of the Code of Corporate Governance. The audit committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the listing regulations and code of corporate governance.

Annual Financial Report For the Fiscal Year Ended June 30, 2024

The committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and to consult directly with the external auditors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board.

The audit committee comprises of two non-executive directors and one independent director who is also Chairman.

Members	Number of Meeting Attended
Mr. Mohsin Khurshid	2
Mr. Ellahi Buksh Qureshi	2
Ms. Mahmooda Shah	4
Mr. Jazim Shah	4

The Board of Directors of the Company has decided not to accrue directors' remuneration for the year ended June 30, 2024. The one executive director has agreed to forgo his part of the remuneration for the year under review in the interest of the company.

The statement showing the pattern of shareholding at June 30, 2024 required under the Companies Act, 2017 and Code of corporate Governance and additional information regarding pattern of shareholding is annexed separately.

No trading in company's shares was carried out by its directors, CEO, CFO, Company Secretary, and Head of Internal Audit, other Executives and their spouse(s) and minor children.

Workers Management Relation:

The management will like to put on the record valued contribution of all members of the staff, workers towards achieving results in general and we wish to place on record our gratitude to the shareholders for their continued support in difficult times and hope to continue the same in the coming years. The worker management relation remained excellent throughout the year, which resulted in the smooth operation of your company. This is team work and we hope it shall continue in the same spirit during the coming years.

Thanks and Appreciation

Thanks to our shareholders for their trust and support now as well as in difficult times.

By order of the Board



Khalid H. Shah
(Chief Executive)



Jazim Shah
(Chairman / Director)

Karachi: October 3rd, 2024

ڈائریکٹرز کی رپورٹ

ڈائریکٹرز کو یہ سالانہ رپورٹ اور کمپنی کے مالی سال 30 جون 2024 کے اختتام پر آڈٹ شدہ مالیاتی بیانات پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔ 30 جون 2024 کے اختتام پر مالیاتی نمایاں نکات اور تقابلی مدت کا خلاصہ درج ذیل ہے:

تفصیلات	30 جون، 2024 (روپے)	30 جون، 2023 (روپے)
ٹیکس سے قبل منافع / (نقصان)	566,401	(2,926,039)
ٹیکس	(244,719)	(362,224)
ٹیکس کے بعد منافع / (نقصان)	321,682	(3,288,263)
مجموعی منافع / (نقصان)	(44,468,647)	(44,790,329)
ٹیکس کے بعد فی شیئر آمدنی / (نقصان)	0.05	(0.55)

کمپنی کی کارکردگی

سال 2024 کے دوران کمپنی کا آپریٹنگ نقصان 90,821 روپے ہے جبکہ پچھلے سال یہ 6.464 ملین روپے تھا۔ تاہم، ٹیکس سے قبل منافع 0.566 ملین روپے ہے

انتظامیہ کی بھرپور کوششوں کی بدولت، کمپنی نے اپنی برآمدات کو برقرار رکھنے کے ساتھ ساتھ آپریٹنگ نقصان میں کمی کو بھی یقینی بنایا۔ سال 2024 میں کمپنی کی فروخت 27.525 ملین روپے رہی جبکہ سال 2023 میں یہ 27.156 ملین روپے تھی، حالانکہ یورپ اور دیگر مارکیٹوں میں ریکارڈ بلند افراط زر کی وجہ سے یورپ میں چمڑے کی مصنوعات کی طلب بہت کم ہے۔

فی شیئر آمدنی

کمپنی کا فی شیئر منافع 0.05 روپے ہے جو پچھلے سال کے 0.55 روپے فی شیئر نقصان کے مقابلے میں کم ہے۔

ڈیویڈنڈ

کم منافع کی وجہ سے، بورڈ آف ڈائریکٹرز نے ڈیویڈنڈ جاری نہ کرنے کا فیصلہ کیا ہے۔

مستقبل کا لائحہ عمل

حال ہی میں یورپ میں کساد بازاری کی وجہ سے وہاں کاروباری سرگرمیوں میں کمی ہوئی ہے، جس کا اثر چمڑے کی مصنوعات پر آمد کرنے والے بڑے ممالک پر بھی پڑا ہے۔

انتظامیہ تمام تر کوششیں کر رہی ہے کہ آرڈرز حاصل کیے جائیں اور مشکل وقت میں اخراجات کو کم سے کم رکھا جائے۔ مالی سال 2025 کی پہلی سہ ماہی میں، کمپنی نے 4 ملین روپے کے برآمدی آرڈرز حاصل کیے ہیں، حالانکہ افراط زر کی شرح بلند ہے

بیومن ریسورس

لیڈر اپ میں، ہم ایک ویلیو ایڈیشن کمپنی کے طور پر یقین رکھتے ہیں کہ کامیابی اس وقت حاصل ہوتی ہے جب ملازمین کمپنی کے ویژن سے ہم آہنگ اور اس کے ساتھ پرعزم ہوتے ہیں۔ کمپنی ملازمین کے ساتھ بہترین تعلقات رکھتی ہے اور ان کے لیے معاون اور سازگار ماحول فراہم کرتی ہے۔ کمپنی ایک اعلیٰ کارکردگی، سیکھنے، اعتماد، اور خود اعتمادی کی ثقافت کو فروغ دے رہی ہے تاکہ بین الاقوامی مارکیٹ میں اپنی مصنوعات فراہم کی جا سکیں۔

بیومن ریسورس اور معاوضہ کمیٹی

کارپوریٹ گورننس کے ضوابط کی ضروریات کے مطابق، بورڈ آف ڈائریکٹرز نے یہ کمیٹی قائم کی ہے، جو تین ممبران پر مشتمل ہے اور تمام ممبران نان ایگزیکٹو ڈائریکٹر ہیں (بشمول چیئرمین) جو آزاد ڈائریکٹر ہیں۔ کمیٹی کی تفصیلی حدود کار بورڈ کی جانب سے ممبران کو فراہم کی گئی ہیں۔

تربیتی پروگرام

بورڈ نے اپنے ڈائریکٹرز کے تربیتی پروگرام کے حوالے سے تمام ضوابط کی مکمل پاسداری کی ہے۔ سات ڈائریکٹرز میں سے چار ڈائریکٹرز نے تربیتی پروگرام مکمل کر لیا ہے جبکہ ایک ڈائریکٹر کو ضابطہ نمبر 20، ذیلی ضابطہ 2 کے تحت تربیتی پروگرام سے استثنیٰ حاصل ہے، تاہم، کمیشن سے استثنیٰ کی منظوری حاصل کرنا ابھی باقی ہے۔

کارپوریٹ اور مالیاتی رپورٹ فریم ورک

بورڈ کے ممبران یہ بیان کرنے میں خوشی محسوس کرتے ہیں کہ کمپنی کی انتظامیہ اچھے کارپوریٹ گورننس کے ساتھ پرعزم ہے اور بہترین اصولوں پر عمل پیرا ہے۔

کارپوریٹ گورننس کے ضابطہ کی تعمیل میں، ڈائریکٹرز یہ بیان کرنے میں خوشی محسوس کرتے ہیں کہ:

-مالیاتی بیانات کو کمپنیز ایکٹ 2017 کی ضروریات کے مطابق تیار کیا گیا ہے اور یہ کمپنی کی حالت، آپریشنل نتائج، نقد بہاؤ، اور ایکویٹی میں تبدیلیوں کی عکاسی کرتے ہیں۔

-کمپنیز ایکٹ 2018 کے تحت، حسابات کی مناسب کتابیں تیار کی گئی ہیں۔

-مالیاتی بیانات کی تیاری کے دوران مناسب اکاؤٹنگ پالیسیاں اپنائی گئی ہیں اور حسابی تخمینے معقول اور محتاط فیصلے پر مبنی ہیں۔

-بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جو پاکستان میں لاگو ہیں، ان مالیاتی بیانات کی تیاری میں استعمال کیے گئے ہیں۔

- اندرونی کنٹرول سسٹم کو نافذ کیا جا رہا ہے اور اس کی نگرانی کی جا رہی ہے۔

-کمپنی کے کاروبار کو جاری رکھنے کی صلاحیت کے بارے میں کوئی نمایاں شک نہیں ہے۔

-لسٹنگ کے ضوابط کے تحت بہترین کارپوریٹ گورننس کے اصولوں سے کوئی انحراف نہیں ہوا ہے۔

-گزشتہ چھ سالوں کی اہم آپریشنل اور مالیاتی ڈیٹا کی سموری اس رپورٹ کے ساتھ منسلک ہے۔

-اگر کوئی ہے، تو زیر التوا ذمہ داریوں اور ٹیکس کی معلومات کو مالیاتی بیانات میں ظاہر کیا گیا ہے۔

-چیف ایگزیکٹو کی نظرثانی، جو کہ کمپنی کی کارکردگی اور مستقبل کے امکانات کے بارے میں ہے، اس رپورٹ کا حصہ ہے۔

بورڈ آف ڈائریکٹرز کی میٹنگ

سال 2023-24 کے دوران بورڈ کی چار میٹنگز ہوئیں۔ ڈائریکٹرز کی حاضری درج ذیل ہے:

خالد ایچ شاہ: 4

محسن خورشید: 2

الہی بخش قریشی: 2

جازم شاہ: 4

ایس فیصل شاہ: 4

محمودہ شاہ: 4

عبدالصمد: 4

فاروق رضا: 4

نان ایگزیکٹیو ڈائریکٹرز کی تنخواہ کی پالیسی

نان ایگزیکٹیو اور آزاد ڈائریکٹرز کو بورڈ کی میٹنگز اور کمیٹی کی میٹنگز میں شرکت کے لیے دی جانے والی فیس کا تعین بورڈ کی جانب سے کیا جاتا ہے

شیئر ہولڈنگ کا پیٹرن -

30 جون 2024 کے مطابق، شیئر ہولڈنگ کا پیٹرن اس رپورٹ کے ساتھ منسلک ہے۔

ہم اس بات کی تصدیق کرتے ہیں کہ ڈائریکٹرز، سی ایف او، ان کے شریک حیات، اور نابالغ بچے نے کمپنی کے حصص کے کسی قسم کے لین دین میں حصہ نہیں لیا۔

کارپوریٹ گورننس کے ضابطہ کی تعمیل کا بیان اس رپورٹ کے ساتھ منسلک ہے۔ موجودہ آڈیٹرز، M/s. UHY حسن نعیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، جو اہل ہیں، انہوں نے دوبارہ تفری کے لیے اپنی خدمات پیش کی ہیں۔ آڈٹ کمیٹی کی سفارش پر، ان کی تفری مالی سال 30 جون 2025 کے اختتام تک کے لیے کی جا رہی ہے۔

آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی کوڈ آف کارپوریٹ گورننس کے نفاذ کے بعد سے موجود ہے۔ آڈٹ کمیٹی کی حدود کار کا تعین بورڈ آف ڈائریکٹرز کی جانب سے لسٹنگ کے ضوابط اور کارپوریٹ گورننس کے کوڈ کے تحت کیا گیا ہے۔ کمیٹی ہر سہ ماہی میں کم از کم ایک بار میٹنگ کرتی ہے اور بورڈ کی نگرانی کی ذمہ داریوں کو پورا کرنے میں مدد کرتی ہے۔ اس میں مالی اور غیر مالی معلومات کا جائزہ لینا، داخلی کنٹرول اور رسک مینجمنٹ سسٹم کا معائنہ، اور مناسب سمجھی جانے والی صورتوں میں بیرونی آڈیٹرز کے ساتھ مشاورت شامل ہے۔ چیف فنانشل آفیسر باقاعدگی سے آڈٹ کمیٹی کی میٹنگز میں شرکت کرتے ہیں اور اکاؤنٹس پیش کرتے ہیں۔ ہر میٹنگ کے بعد، کمیٹی کے چیئرمین بورڈ کو رپورٹ کرتے ہیں۔ آڈٹ کمیٹی کے ممبران اور ان کی میٹنگز میں شرکت کی تفصیل

محسن خورشید: 2

محمودہ شاہ: 4

جازم شاہ: 4

اہلی بخش قریشی: 2

بورڈ آف ڈائریکٹرز نے 30 جون 2024 کے اختتام تک ڈائریکٹرز کی تنخواہ نہ دینے کا فیصلہ کیا ہے۔ ایک ایگزیکٹیو ڈائریکٹر نے کمپنی کے مفاد میں اپنی تنخواہ معاف کر دی ہے

مزدوروں اور انتظامیہ کے درمیان تعلقات

انتظامیہ تمام اسٹاف اور مزدوروں کے تعاون کی تعریف کرتی ہے، جس کی وجہ سے کمپنی کے مجموعی نتائج حاصل ہوئے۔ ہم شیئر ہولڈرز کے بھی شکر گزار ہیں جنہوں نے مشکل وقت میں کمپنی کا ساتھ دیا اور امید ہے کہ مستقبل میں بھی ایسا ہی تعاون جاری رہے گا۔ مزدوروں اور انتظامیہ کے درمیان تعلقات پورے سال بہترین رہے، جس کے نتیجے میں کمپنی کا آپریشن بلا رکاوٹ جاری رہا۔ یہ ایک ٹیم ورک ہے اور ہم امید کرتے ہیں کہ یہ جذبہ آئندہ بھی برقرار رہے گا

شکر یہ اور اظہار تشکر

تمام شیئر ہولڈرز کا شکر یہ کہ انہوں نے ہر مشکل وقت میں کمپنی کا ساتھ دیا۔

بورڈ کی جانب سے

خالد ایچ شاہ
(چیف ایگزیکٹیو)

جازم شاہ
(چیئرمین / ڈائریکٹر)

کراچی: 3 اکتوبر 2024

LEATHER UP LIMITED

6 YEARS AT A GLANCE

PARTICULARS	2024	2023	2022	2021	2020	2019
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FINANCIAL POSITION

Paid up Capital	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
General Reserves	1,369,610	1,369,610	1,369,610	1,369,610	1,369,610	1,369,610
Fixed Assets at Cost	16,752,711	16,752,711	16,752,711	16,752,711	17,697,066	17,697,066
Accumulated Depreciation	14,177,890	14,012,082	13,827,366	13,621,520	14,296,368	14,036,001
Current Assets	25,890,387	41,372,076	40,352,808	44,401,055	98,681,207	105,696,942
Current Liabilities	7,741,055	24,054,682	18,393,824	8,624,267	3,841,161	9,395,814

INCOME/REVENUE

Sales Revenue	27,525,256	27,156,582	26,952,789	16,961,172	27,423,826	48,015,064
Other Income/(Loss)	657,223	3,538,641	(11,576,018)	(50,223,083)	2,139,250	559,157
Pre-Tax Profit/ (Loss)	566,401	(2,926,039)	(14,256,705)	(58,506,054)	(1,409,415)	(7,733,022)
Taxation	(244,719)	(362,224)	(222,503)	(173,598)	(280,870)	(462,075)

PERCENTAGE AND RATIO

Pre-Tax (Loss)/Profit to sales %	0.02	(0.11)	(53.00)	(344.94)	(5.14)	(16.10)
Pre-Tax Profit (Loss) to Capital %	0.03	(0.15)	(63.00)	(154.00)	(0.01)	(12.88)
Current Ratio	3.34:1	1.72:1	2.18:1	5.15:1	25.69:1	11.24:1
Paid- Up Value per Share	10	10	10	10	10	10
Earnings (Loss) per Share after Tax (Rs)	0.05	(0.55)	(2.41)	(9.78)	(0.28)	(1.37)
Cash Dividend	Nil	Nil	Nil	Nil	Nil	Nil
Retained/ (Loss) Earnings per Share (Rs)	3.37	3.29	3.79	6.31	16.07	16.15

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**LEATHER UP LTD.
PATTERN OF SHAREHOLDING
FORM "34"
AS AT June 30, 2024**

NO. OF SHARE-HOLDERS	SHAREHOLDING		NO. OF SHARES HELD
	FROM	TO	
544	1	- 100	35,258
512	101	- 500	244,447
87	501	- 1000	83,575
85	1001	- 5000	203,159
8	5001	- 10000	60,883
3	10001	- 15000	39,446
2	15001	- 20000	36,000
2	20001	- 25000	47,500
2	25001	- 30000	54,000
1	30001	- 35000	32,000
1	35001	- 40000	36,000
1	45001	- 50000	54,000
1	50001	- 55000	55,500
2	55001	- 60000	123,208
1	60001	- 65000	65,524
2	65001	- 70000	147,700
1	70001	- 75000	81,100
1	80001	- 85000	89,000
1	85001	- 90000	92,000
2	90001	- 95000	198,800
1	95001	- 100000	117,000
1	115001	- 120000	137,000
1	135001	- 140000	158,000
1	185001	- 190000	189,000
1	270001	- 275000	275,000
2	295001	- 300000	600,000
1	345001	- 350000	345,400
1	760001	- 765000	760,100
1	1635001	- 1640000	1,639,400
1,269	Total		6,000,000

S.No.	CATAGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	TOTAL SHARES HELD	PERCENTAGE %
1	INDIVIDUALS	1263	5,995,219	99.92%
2	INVESTMENT COMPANIES	1	3,700	0.06%
3	JOINT STOCK COMPANIES	5	1,081	0.02%
		1,269	6,000,000	100%

Annual Financial Report For the Fiscal Year Ended June 30, 2024

S.No.	Categories Shareholders	Shareholders	Shares Held	Total
1	Directors, Chief Executive Officer and their spouse(s) and minor children			3,000,000
	Mr. Khalid H. Shah	1	1,639,400	
	Mr. Syed Raza Shah	1	300,000	
	Mr. Farooq Raza	1	100	
	Ms. Mehmooda Shah	1	100	
	Mr. Jazim Shah	1	100	
	Mr. S. Faisal Shah	1	100	
	Mr. Nazeer Shah	1	760,100	
	Mr. Zain Shah	1	300,000	
	Mrs. Naheed Parveen Fayyaz	1	100	
2	Associated Companies, Undertakings and related parties	NIL	NIL	NIL
3	NIT and ICP			3,700
	Investment Corporation of Pakistan	1	3,700	
5	Banks, Development Finance Institutions, Non-Banking Financial institutions	NIL	NIL	NIL
6	Insurance Companies	NIL	NIL	NIL
7	Modarabas and Mutual Funds	NIL	NIL	NIL
8	Joint Stock Companies	5	1,081	1,081
9	General Public			
	Local	1,254	2,995,219	2,995,219
	Foreign	NIL	NIL	NIL
10	Others	NIL	NIL	NIL
	Total	1,269		6,000,000

Shareholders Holding 5% or More in the Company	Number of shares	Percentage
Mr. Khalid H. Shah	1,639,400	27.32
Mr. Syed Raza Shah	300,000	5.00
Mr. Nazeer Shah	760,100	12.67
Mr. Zain Shah	300,000	5.00

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

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

1. The total number of directors is 7, as per the following:

- a) Male: 6 members
- b) Female: 1 member

2. The composition of the board is as follows:

Category	Names
a) Independent Directors	Mr. Shaikh Abdus Sami Mr. Ellahi Bukhsh Qureshi
b) Non-Executive Directors	Mr. Jazim Shah Mr. S. Faisal Shah Mr. Farooq Raza
c) Executive Director	Mr. Khalid H. Shah
d) Female Director	Ms. Mahmooda Shah (Non-Executive Director)

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. A complete record of particulars of significant policies along with the dates on which they were approved or updated/amended has been 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 meetings of the board.
8. The board of directors has a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and these Regulations.

9. The company has not fully complied with the requirement of having all the directors on the board acquire Director's Training Program certification as prescribed under sub-clause 1(iii) of regulation no. 19 of the Regulations. Out of a total of seven (7) directors, the total number of certified directors of the Company stands at four (4), and one (1) of the directors meets the exemption requirement of the DTP. The remaining two (2) directors shall obtain certification under the Director's Training Program in due course of time.
10. The board has approved the appointment of the CFO and Company Secretary, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations.
11. The CFO and CEO duly endorsed the financial statements before the board's approval.
12. The board has formed committees comprising the following members:

a) Audit Committee

- Mr. Ellahi Bukhsh Qureshi (Chairman)
- Mr. Jazim Shah (Member)
- Ms. Mahmooda Shah (Member)

b) HR and Remuneration Committee

- Mr. Ellahi Bukhsh Qureshi (Chairman)
- Mr. S. Faisal Shah (Member)
- Ms. Mahmooda Haroon (Member)

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

14. The frequency of meetings of the committees was as follows:

a) **Audit Committee:** Four quarterly meetings were held during the financial year ended June 30, 2024.

b) **HR and Remuneration Committee:** One meeting was held during the financial year ended June 30, 2024.

15. The board has set up an effective internal audit function, considered suitably qualified and experienced for the purpose, and are conversant with the policies and procedures of the company.

Annual Financial Report For the Fiscal Year Ended June 30, 2024

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 ICAP and are registered with the Audit Oversight Board of Pakistan. They have also confirmed that they and all their partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the ICAP 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 requirements, and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of the regulations no. 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with. The requirement of explanation for regulation 6 is mentioned below:

S. No.	Regulation reference no.	Type of the requirement	Description of non-compliance
(1)	06	The explanation is required	<p>As per Regulation 06 of the Regulations, a listed company shall have at least two or one-third members of the Board, whichever is higher, as independent directors. Further, it requires a listed company to explain the reasons, in its Statement of Compliance, if any fraction contained in such one-third number is not rounded up as one.</p> <p>Since the total number of directors of the Company is 7, its one-third fraction comes to 2.33. In contrast, during the year ended June 30, 2023, the number of independent director of the Company has been 2. Existing independent directors play an effective part within the Board and make valuable contributions. Therefore, the fraction (2.3) has not been rounded up.</p>

- 1- Explanation for non-compliance with the requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 as below:

Annual Financial Report For the Fiscal Year Ended June 30, 2024

S. No.	Regulation reference no.	Type of the requirement	Description of non-compliance
(1)	24	The explanation for non-compliance is required	<p>As per the proviso to Regulation 24 of the Regulations, the Chief Financial Officer and the Company Secretary shall not be the same individual.</p> <p>Presently, both the aforesaid positions are held by the same person, Mr. Ali Ahmar. The Listed Companies (Code of Corporate Governance) Regulations, 2019 ('Regulations') allowed the Companies to either comply or explain the reason otherwise. Therefore, the Company has adopted explanation approach as the management is of the view, that considering the current volume of transactions and nature of business, it is practically not cost effective to appoint two separate individuals as CFO and Company Secretary.</p>

On behalf of the Board of Directors



Jazim Shah
Chairman

October 3, 2024
Karachi

INDEPENDENT AUDITORS' REVIEW REPORT TO MEMBERS OF LEATHER UP LIMITED

Review report on the statement of compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (here-in-after referred to as 'the Regulations'), prepared by the Board of Directors of **Leather Up Limited** (the Company) for the year ended 30 June 2024 in accordance with the requirements of the Regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

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

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

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

Following instances of non-compliance with the regulations were observed which are not stated in the Statement of Compliance:

- Auditors were not invited in any meeting of the audit committee.

Based on our review, except for the matters stated above nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2024.

Further, we highlight below instances of non-compliance with the requirements of Regulations reflected in the paragraph reference where it is stated in the compliance report.

- Paragraph 2 and 18, There were two (2) independent directors in the company as at 30 June 2024. The Company has adopted an explanation approach to explain why the fraction of 2.33 has not been rounded up as one.

- Paragraph 9, All the directors have not acquired the prescribed Directors' Training Program certificate as 5 out of 7 directors meet the Directors' Training Program certification requirement.
- Paragraph 19, The position of Chief Financial Officer and the Company Secretary is held by the same person.

UHY Hassan Naeem & Co.

Chartered Accountants

Place: Karachi

Date: October 4, 2024

UDIN No: CR202410311cjrB6lx8V

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEATHER UP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statement of **Leather Up Limited (the Company)**, which comprise the statement of financial position as at **June 30, 2024** and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, Statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters:

Key audit matters are those that, in our professional judgment were of most significance in our audit of financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Following are the Key Audit Matters:

Key audit matter	How our audit addressed the key audit matter
Revenue	
<p>The Company recognized net sales of Rupees 27,525,256 for the year ended 30 June 2024.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the company's key performance indicators and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information on revenue, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue from contracts with customers note 3.9 to the financial statements. - Sales – net note 15 to the financial statements. 	<p>Our audit procedures to assess the recognition of revenue, amongst others, include the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process relating to the recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • Comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • Comparing a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting year; • Assessing whether the accounting policies for revenue recognition comply with the requirements of IFRS 15 'Revenue from Contracts with Customers'; • We also considered the appropriateness of disclosures in the financial statements.
Stock-in-trade	
<p>As at 30 June 2024, stock-in-trade is stated at Rupees 17,840,117. Stock-in-trade is measured at the lower of cost and net realizable value.</p> <p>We identified the existence and valuation of stock-in-trade as a key audit matter due to its size, representing 63% of the Company's total assets as of 30 June 2024, and the judgment involved in valuation.</p> <p>For further information on stock-in-trade, refer to the following:</p> <ul style="list-style-type: none"> • Summary of significant accounting policies, Stock-in-trade note 3.2 to the financial statements. • Stock-in-trade note 5 to the financial statements. 	<p>Our audit procedures to assess the valuation of stock-in-trade, amongst others, included the following:</p> <ul style="list-style-type: none"> • Attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data; • Assessing the net realizable value of stock-in-trade by comparing, on a sample basis, management's estimation of future selling prices for the products; • Comparing the net realizable value to the cost of a sample of stock-in-trade and comparison to the associated provision to assess whether stock-in-trade provisions are complete;

	<ul style="list-style-type: none">• In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents.
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Information other than financial statements and Auditor’s report thereon:

Management is responsible for other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor’s report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980(XVIII of 1980).

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

Uly Hassan Naeem PC

KARACHI

DATE: October 4, 2024

UDIN: AR202410311ojIqbmFlx

LEATHER UP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

ASSETS	<i>Note</i>	2024	2023
		Rupees	
Non-current assets			
Property, plant and equipment	4	2,574,822	2,740,629
Long term deposits		-	63,072
Current assets			
Stock-in-trade	5	17,840,117	33,920,530
Trade debts	6	-	-
Advances, deposits and other receivables	7	4,410,635	2,888,165
Tax refunds due from government	8	2,224,403	1,809,133
Cash and bank balances	9	1,415,232	2,754,247
		25,890,387	41,372,074
Total assets		28,465,209	44,175,776
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorized capital</i>			
6,000,000 (2020: 6,000,000) ordinary shares of Rs. 10/- each		60,000,000	60,000,000
Issued, subscribed and paid up capital	10	60,000,000	60,000,000
<i>Revenue reserves</i>			
General reserve		1,369,610	1,369,610
Actuarial gain/(loss) on defined benefit		3,352,808	3,208,209
Accumulated (losses) / profit		(44,468,647)	(44,790,329)
		(39,746,229)	(40,212,510)
		20,253,771	19,787,490
Non-current liability			
Staff retirement benefits - gratuity	11	470,382	333,604
Current liabilities			
Loan from directors	12	88,600	-
Trade and other payables	13	6,022,104	22,424,331
Unclaimed dividend		1,630,351	1,630,351
		7,741,055	24,054,682
Contingency and commitments			
	14	-	-
Total equity and liabilities		28,465,209	44,175,776

The annexed notes from 1 to 29 forms an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	<i>Note</i>	2024 Rupees	2023
Sales revenue	15	27,525,256	27,156,583
Cost of sales	16	(21,248,657)	(25,651,257)
Gross Profit /(Loss)		6,276,599	1,505,325
Administrative expenses	17	(5,062,754)	(6,771,033)
Distribution expenses	18	(1,304,667)	(1,198,973)
Operating loss		(6,367,421)	(7,970,006)
Other (expense) / income	19	657,223	3,538,641
Profit/(loss) before income tax, minimum tax differential and final tax		566,401	(2,926,040)
Minimum tax - levy		(2,501)	(118,725)
Final taxes - levy		(242,218)	(243,499)
		(244,719)	(362,224)
Profit/Loss before taxation		321,682	(3,288,264)
Taxation	22	-	-
Profit/(Loss) after taxation		321,682	(3,288,264)
Loss per share - basic and diluted	23	0.05	(0.55)

The annexed notes from 1 to 29 forms an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	————— Rupees —————	
Profit/(Loss) after taxation	321,682	(3,288,264)
Other comprehensive income		
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Actuarial gain/(loss) on defined benefit obligation	144,599	323,052
Total comprehensive profit/(loss) for the period	<u><u>466,281</u></u>	<u><u>(2,965,212)</u></u>

The annexed notes from 1 to 29 forms an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	<i>Note</i>	2024	2023
		Rupees	
Profit/(loss) before income tax, minimum tax differential and final tax		566,401	(2,926,040)
<i>Adjustments for non-cash and other items:</i>			
- Reversal of provision on finished goods		(200,093)	(2,493,424)
- Advances from customers written back		298,809	(1,378,284)
- Write off sales tax refundable		-	2,474,832
- Trade debts and other receivables written off		63,072	241,058
- Gain on disposal of finished goods as scrap		-	(1,392,539)
- Depreciation on property, plant and equipment		165,808	184,716
- Provision for staff gratuity		281,377	530,628
		608,973	(1,833,014)
Cash flow before working capital changes		1,175,374	(4,759,053)
Working capital changes			
<i>(Increase) / decrease in current assets</i>			
- Stock-in-trade		16,280,506	(9,356,072)
- Trade debts		-	7,513,586
- Advances, deposits, prepayments and other receivables		(1,522,470)	387,970
- Sales tax refundable		(254,332)	(115,972)
<i>Increase / (decrease) in current liabilities</i>			
- Trade and other payables excluding gratuity payable		(16,701,035)	11,328,545
		(2,197,331)	9,758,057
Cash generated from operations		(1,021,957)	4,999,004
Gratuity paid		-	(1,838,221)
Taxes paid		(405,656)	(294,955)
		(405,656)	(2,133,176)
Net cash (used in) / generated from operating activities		(1,427,613)	2,865,828
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash (used in) / generated from investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Net loan obtained from / (repaid to) directors		-	(3,232,084)
Proceeds from loan from directors		250,000	-
Repayment of loan from directors		(161,400)	-
Unclaimed Dividend Paid		-	(983,640)
Net cash generated from / (used in) financing activities		88,600	(4,215,724)
Net increase / (decrease) in cash and cash equivalents		(1,339,013)	(1,349,896)
Cash and cash equivalents at the beginning of the year		2,754,247	4,104,145
Cash and cash equivalents at the end of the year	<i>14</i>	1,415,232	2,754,247

The annexed notes from 1 to 29 forms an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Capital Reserves	Revenue reserves		
	Actuarial gain/ (loss) on defined benefit	General reserve	Accumulated (loss) / profit	
Issued, subscribed and paid up capital		General reserve	Accumulated (loss) / profit	Total

Rupees

Balance as at June 30, 2022	60,000,000	2,885,157	1,369,610	(41,502,065)	22,752,702
<i>Total comprehensive loss for the period ended June 30,, 2023</i>					
- Loss after taxation	-	-	-	(3,288,264)	(3,288,264)
- Other comprehensive income	-	323,052	-	-	323,052
	-	323,052	-	(3,288,264)	(2,965,212)
Balance as at June 30, 2023	60,000,000	3,208,209	1,369,610	(44,790,329)	19,787,490
Balance as at June 30, 2023	60,000,000	3,208,209	1,369,610	(44,790,329)	19,787,490
<i>Total comprehensive loss for the period ended June 30,, 2024</i>					
- Profit/(Loss) after taxation	-	-	-	321,682	321,682
- Other comprehensive income	-	144,599	-	-	144,599
	-	144,599	-	321,682	466,281
Balance as at June 30, 2024	60,000,000	3,352,808	1,369,610	(44,468,647)	20,253,771

The annexed notes from 1 to 29 forms an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. STATUS AND NATURE OF BUSINESS

Leather Up Limited (the Company) was incorporated in Pakistan as a private limited company on December 2, 1990 (vide registration no. K-02440 of 1990-91) under the Companies Ordinance, 1984 (now repealed with the enactment of the Companies Act, 2017 in May 2017). Subsequently, the Company was converted into a public limited company on May 15, 1993. The Company is listed on Pakistan Stock Exchange since 1994.

The Company is engaged in the manufacture and export of leather garment products.

The Head Office and the manufacturing facility of the Company are located at Plot # 23/C, 15th Commercial Street, Phase II Extension, Defence Housing Authority, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Where the 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 Basis of measurement of items in these financial statements

In these financial statements, all items have been measured at their historical cost.

2.3 Functional and presentation currency

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

2.4 Use of judgments and estimates

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

(a) *Useful lives, patterns of economic benefits and impairments*

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of operating fixed assets, with a corresponding effect on the depreciation charge and impairment.

(b) *Inventories*

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

(c) *Income tax*

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

(d) *Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

(e) *Revenue from contracts with customers involving sale of goods*

Whether control of the promised goods is transferred to the customer when the goods are loaded onto the shipping vessel and, as an acknowledgement thereof, a bill of lading is issued by the shipping company.

(f) *Provisions*

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

(g) *Contingencies*

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

(h) *Assumptions and other major sources of estimation uncertainty*

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
Staff retirement benefits	Estimation of the present value of staff retirement benefits payable and recognition of the provision.

2.5

2.5.1 New Accounting pronouncements

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

Description effective for periods		Effective for periods beginning on or after
IAS 1	Presentation of Financial Statements (Amendments)	January 01, 2024
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 01, 2024
IFRS 16	Leases (Amendments)	January 01, 2024
IAS 21	The Effects of changes in Foreign Exchange Rates (Amendments)	January 01, 2025
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 01, 2026
IFRS 17	Insurance Contracts	January 01, 2026
IFRS 9	Financial Instruments – Classification and Measurement of Financial Instruments (Amendments)	January 01, 2026

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statements in the period of initial application.

Other than the aforesaid standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the SECP as at June 30, 2024:

- IFRS 1 First Time Adoption of International Financial Reporting Standards)
- IFRIC 12 Service Concession Arrangement
- IFRS 18 Presentation and Disclosures in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

2.5.2 Material Accounting Policy Information

The Company adopted disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice statements 2 'Making Materiality Judgments') from 01 July, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the financial statements

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

3.1 Property, plant and equipment - operating assets

Items of property, plant and equipment are stated at cost amount less accumulated depreciation and impairment losses except for leasehold land which is stated at cost. Cost include expenditures that are

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Depreciation is charged to the statement of profit or loss applying the reducing balance method at the rates specified in note 4 to these financial statements. Depreciation is charged when the asset is available for use till the time the asset is disposed off.

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

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

3.2 Stock-in-trade

Basis of valuation

All items of stock-in-trade are valued at the lower of cost and their net realizable value as of the reporting date.

Determination of cost

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, duties and other taxes (other than those subsequently recoverable by the Company from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of materials and services. Trade discounts and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs directly related to the quantity of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads to the costs of conversion is based on the normal operating capacity of the production facilities (which is the production expected to be achieved on average over a number of days under normal circumstances, taking into account the loss of capacity resulting from planned maintenance).

The cost of the items consumed or sold and those held in stock at the reporting date is determined using FIFO.

3.3 Trade debts

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized when customers obtain control of the goods sold as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3.4 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand and balances held with banks.

3.5 Financial assets

3.5.1 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

- (a) financial assets measured at amortized cost:
- (b) fair value through other comprehensive income (FVOCI);and
- (c) fair value through profit or loss (FVTPL).

(a) *Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

3.5.2 Subsequent measurement

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

3.5.3 Impairment

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

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

3.5.4 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

3.6 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the cash flows of the financial liability have been substantially modified.

3.7 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.

3.8 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

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

3.9 Revenue

Revenue from sales of goods is recognized when the customer obtains control of the goods being when the goods are delivered to the customer and there remains no other unfulfilled obligation to be satisfied by the Company. Delivery occurs when the goods have been dispatched from the Company's premises and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered to customer as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not expect to have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

3.10 Employee benefits

Staff retirement benefits - Defined benefit plan

A defined benefit plan is a post-employment benefit plan under which an entity regularly pays contributions into a separate fund but will continue to have legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the entity.

The Company operates an unfunded gratuity scheme for its employees which is classified as a defined benefit plan.

The Company's obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligation is performed annually by using the Projected Unit Credit Method.

Remeasurements of the defined benefit liability (i.e. the actuarial gains or losses) are recognised immediately in other comprehensive income. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate to the defined benefit liability at the beginning of the annual reporting period, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to the defined benefit plan are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Compensated absences

Provision for accumulating compensated absences, whether vesting or non-vesting, is recognized as the employees render services that increase their entitlement to future paid absences. Such provision is measured as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Non-accumulating compensated absences are recognized as expense in the period in which they occur.

3.11 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

3.12 Translation of foreign currency transactions and balances

On initial recognition, a foreign currency transaction is recognized, in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate (i.e. the spot exchange rate at the end of the reporting period).

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

3.13 Other income

Interest income

Returns on saving accounts and investments at amortised cost are recognised using effective interest rate method.

3.14 Taxation

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

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

A deferred tax asset is recognized only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that the sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. Deferred tax assets are reviewed at each reporting date and reduced to the extent that is no longer probable that the related tax benefit will be realised.

Judgement and estimates

Significant judgement is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.15 Dividend distribution

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

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Building on leasehold land	Plant and machinery	Vehicles	Furniture and fixtures	Office equipment	Total
	Rupees						
Year ended June 30, 2024							
Opening net book value	1,100,000	387,806	686,495	17,446	177,913	370,969	2,740,629
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Depreciation for the year	-	(38,781)	(68,650)	(3,489)	(17,791)	(37,097)	(165,808)
Closing net book value	<u>1,100,000</u>	<u>349,025</u>	<u>617,846</u>	<u>13,957</u>	<u>160,122</u>	<u>333,873</u>	<u>2,574,822</u>
As at June 30, 2024							
Cost	1,100,000	6,749,315	3,953,132	164,365	1,295,136	3,490,763	16,752,711
Accumulated depreciation	-	(6,400,290)	(3,335,287)	(150,408)	(1,135,014)	(3,156,891)	(14,177,890)
Net book value	<u>1,100,000</u>	<u>349,025</u>	<u>617,846</u>	<u>13,957</u>	<u>160,122</u>	<u>333,873</u>	<u>2,574,822</u>
Annual rates of depreciation	<u>-</u>	<u>10%</u>	<u>10%</u>	<u>20%</u>	<u>10%</u>	<u>10%</u>	

Year ended June 30, 2023

Annual rates of depreciation	-	10%	10%	20%	10%	10%	
Year ended June 30, 2023							
Opening net book value	1,100,000	430,896	762,772	21,808	197,681	412,188	2,925,345
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Depreciation for the year	-	(43,090)	(76,277)	(4,362)	(19,768)	(41,219)	(184,716)
Closing net book value	1,100,000	387,806	686,495	17,446	177,913	370,969	2,740,629
As at June 30, 2023							
Cost	1,100,000	6,749,315	3,953,132	164,365	1,295,136	3,490,763	16,752,711
Accumulated depreciation	-	(6,361,509)	(3,266,637)	(146,919)	(1,117,223)	(3,119,794)	(14,012,082)
Net book value	1,100,000	387,806	686,495	17,446	177,913	370,969	2,740,629
Annual rates of depreciation	-	10%	10%	20%	10%	10%	

	Note	2024	2023
		Rupees	
4.1 Allocation of the depreciation charge:			
Cost of sales - Manufacturing expenses	16	99,485	110,830
Administration expenses	17	66,323	73,886
		165,808	184,716

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

Location	Usage of Immovable Property	Area
----------	-----------------------------	------

Plot # 23/C, 15th Commercial Street Phase II
Extension Defence Housing Authority, Karachi.

Head Office & Production
Facility

Ground plus three floors
built on 200 sq. yards

	Note	2024	2023
		Rupees	
5. STOCK-IN-TRADE			
Raw material and accessories		17,840,117	25,320,085
Work in process		-	8,600,445
Finished goods		778,967	979,060
Less: Provision for obsolete stock	5.1	(778,967)	(979,060)
		17,840,117	33,920,530

5.1 Provision for obsolete stock

Balance as at the beginning of the year	(979,060)	(3,472,484)
Add: Provision made during the year	-	-
Add: Reversal of provision	200,093	2,493,424
Balance as at the end of the year	(778,967)	(979,060)

6. TRADE DEBTS

Secured

- against irrevocable letter of credit - -

Unsecured

- sale for document against payment - -

Less: Allowance for expected credit losses 6.1 - -

- -

6.1 Movement in loss allowance

Opening provision - 241,057

Charge for the year - -

Written off during the year - (241,057)

Reversal for the year - -

Closing Provision - -

7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Advances:

- to employees

-	-
---	---

- advances written off during the year

-	-
---	---

- to employees - -

Other receivables:

- Export rebate receivable 4,410,635 2,888,165

4,410,635 2,888,165

8. TAX REFUNDS DUE FROM THE GOVERNMENT

Income tax refundable 1,596,884 1,435,947

Sales tax refundable 627,519 373,186

2,224,403 1,809,133

9. CASH AND BANK BALANCES

Cash in hand 54,120 265,519

Cash at bank:

- foreign currency deposit accounts

275,003	286,381
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- current accounts

1,086,110	2,202,348
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1,361,112 2,488,728

1,415,232 2,754,247

10. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2024	2023		2024	2023
———— No. of shares ————			———— Rupees ————	
		Ordinary shares of Rs. 10/- each issued:		
5,759,100	5,759,100	- for cash	57,591,000	57,591,000
		- for consideration other than cash		
125,000	125,000	(cars and furnitures & fixtures)	1,250,000	1,250,000
115,900	115,900	- as bonus shares	1,159,000	1,159,000
6,000,000	6,000,000		60,000,000	60,000,000

10.1 There are no agreements among shareholders in respect of voting rights, board selection, rights of first refusal and block voting.

11. STAFF RETIREMENT BENEFITS - GRATUITY

The Company operates a unfunded gratuity scheme for its employees. The latest actuarial valuation of the plan was carried out as at June 30, 2024 by using the Projected Unit Credit method.

11.1 Movement in defined benefit obligation	2024	2023
	———— Rupees ————	
Opening defined benefit obligation	333,604	1,890,572
Current service cost	228,889	397,030.00
Interest cost	52,488	133,600
Benefits due but not paid	(21,200)	-
Benefits paid	-	(1,764,546)
Remeasurements	(144,599)	(323,052)
Reclassified to trade and other payables	-	-
Closing defined benefit obligation	449,183	333,604

11.2 Expense recognized in the statement of profit or loss	2024	2023
	———— Rupees ————	
Current service cost	228,889	189,990
Interest cost on defined benefit obligation	52,488	98,193
	281,377	288,183
Allocation in the statement of profit or loss:		
- Cost of sales - Manufacturing expenses	<i>16.2</i> -	135,446
- Administrative expenses	<i>17.1</i> 281,377	152,737
	281,377	288,183

11.3 Remeasurement losses / (gain) recognised in other comprehensive income

Actuarial gain on defined benefit obligation		
- Changes in demographic assumptions		13,652
- Changes in financial assumptions	(161)	5,806
- Experience adjustments	(144,438)	(342,511)
	(144,599)	(323,053)

11.4 Changes in net liability

Opening net liability including trade payable	333,604	1,964,249
Expense chargeable to P&L	281,377	530,630
Remeasurements charged in other comprehensive income	(144,599)	(323,053)
Benefits paid		(1,838,223)
Closing net liability including trade payable	470,382	333,603
Benefits payable transferred to short term liability		
Closing defined benefit obligation	470,382	333,604

11.5 Year end sensitivity analysis on defined benefit obligation

Discount Rate + 100 bps	473,807	1,818,229
Discount Rate - 100 bps	486,055	1,971,621
Salary increment rate + 100 bps	486,110	1,972,386
Salary increment rate -100 bps	473,648	1,816,369

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

11.6 Principal actuarial assumptions used

Discount rate used for interest cost in profit and loss	14.75%	10.00%
Discount rate used for year end obligation	14.75%	13.25%
Expected rate of increase in salary level (per annum)	12.75%	11.25%
Mortality rates	SLIC 2001 2005	SLIC 2001 2005

11.7 The defined benefit obligation exposes the Company to the following risks:

Final salary risks:

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Mortality risks:

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 risks:

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.

12. LOANS FROM DIRECTORS	<i>Note</i>	2024	2023
		— Rupees —	
Opening balance		-	3,232,084
Loan obtained during the year		250,000	250,000
Loan repaid during the year		(161,400)	(3,482,084)
Closing balance		88,600	-

12.1 These represent short-term interest-free loans obtained by the Company from its directors in order to meet its working capital requirements. The loans are repayable on demand.

13. TRADE AND OTHER PAYABLES

Creditors		3,240,955	18,335,249
Accrued liabilities		1,057,530	502,128
Advance from customers	<i>13.1</i>	1,649,862	3,537,409
Gratuity payable		-	-
Provision for Workers' Profit participation Fund		17,295	
Provision for Workers' Welfare Fund		56,463	49,545
		6,022,104	22,424,331

13.1 Advance from customers

In addition, information regarding the timing of satisfaction of performance obligations underlying the closing contract liability of Rs. 1,786,671 is not discounted since the expected duration of all the contracts entered into with the customers is less than one year.

14. CONTINGENCY AND COMMITMENTS**14.1 Contingency**

The are no contingencies as at June 30, 2024.

14.2 Commitments

There is no commitment as at June 30,2024

15. SALES REVENUE	<i>Note</i>	2024	2023
		— Rupees —	
Export sales		25,802,693	17,658,612
Local Sales		200,093	9,497,971
Export rebate		1,522,470	-
		27,525,256	27,156,583
15.1 Disaggregation of sales revenue by products			
Bags		6,692,892	5,493,450
Coat		8,895,475	-
Wallet		47,317	-
Pouch		204,186	-
Jackets		9,962,823	19,398,210
		25,802,693	24,891,660

15.2 Disaggregation of sales revenue by geographic region			
Germany		-	807,059
Italy		-	4,685,691
Netherlands		-	8,240,126
Spain		15,943,422	11,158,784
Canada		9,859,269	-
		25,802,691	24,891,660
16. COST OF SALES			
Raw and packing materials consumed	16.1	7,521,239	11,821,660
Manufacturing expenses			
Salaries, wages and benefits	16.2	1,308,335	1,604,689
Cutting and stitching charges		1,483,230	3,610,890
Fuel and power		1,441,048	779,303
Repairs and maintenance		285,291	187,340
Depreciation on property, plant and equipment	4.1	99,485	110,830
Entertainment		261,873	286,040
Telephone, fax and postage		33,600	26,681
Printing and stationery		14,018	5,630
		4,926,880	6,611,403
Cost of goods manufactured			
		12,448,119	18,433,063
Opening work in progress		8,600,445	2,907,762
Closing work in progress		-	(8,600,445)
Opening stock of finished goods		979,060	13,889,937
Less: Finished goods sold as scrap		-	-
Closing stock of finished goods		(778,967)	(979,060)
		21,248,657	25,651,257
16.1 Raw and packing materials consumed			
Opening stock		25,320,085	7,353,279
Add: Purchases during the year		41,271	29,788,466
		25,361,356	37,141,745
Less: Stock written off during the year			
- Disposed off as scrap	19.1.	-	-
		25,361,356	37,141,745
Less : Closing stock	5	(17,840,117)	(25,320,085)
Raw materials consumed		7,521,239	11,821,660

16.2 This includes an amount of Rs. Nil (2023: Rs. 163,689) in respect of staff retirement benefits.

		2024	2023
	<i>Note</i>	Rupees	
17. ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	17.1	2,252,377	3,597,214
Fees and subscription		803,212	918,895
Auditor's remuneration	17.2	987,120	914,760
Entertainment expense		-	222,408
Utilities		496,807	278,825
Vehicle running and maintenance		-	44,500
Bank charges		262,073	365,384
Repairs and maintenance		31,422	97,133
Depreciation	4.1	66,323	73,886
Printing and stationery		32,435	15,670
Communication		43,700	1,300
Provision for WWF, WPPF fund		24,213	-
Provision for doubtful		-	-
Trade debts and other receivables written off		63,072	241,058
		5,062,754	6,771,033
17.1	This includes an amount of Rs. 281,377 (2023: Rs. 366,939) in respect of staff retirement benefits.		
17.2 Auditors' remuneration			
Audit fee		712,800	648,000
Half yearly review fee		183,600	183,600
Code of corporate governance fees		59,400	54,000
Out of pocket expenses		31,320	29,160
		987,120	914,760
18. DISTRIBUTION EXPENSES			
Postage, telex and telegram		-	30,189
Travelling expense		-	-
Freight, handling and insurance		1,304,667	1,151,878
Others		-	16,906
		1,304,667	1,198,973
19. OTHER (EXPENSE) / INCOME			
Exchange gain - net		158,321	749,127
Advances from customers written back		298,809	1,378,284
Reversal of provision on finished goods		200,093	2,493,424
Written off of sales tax refundable		-	(2,474,832)
Profit on saving		-	98
Gain on disposal of finished goods as scrap		-	1,392,539
		657,223	3,538,641
20. MINIMUM TAX - LEVY			

This represents portion of minimum tax paid under relevant sub sections of section 113 of Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

21. FINAL TAX - LEVY

This represents portion of final taxes paid under relevant sub sections of section 5 and section 154 of Income Tax Ordinance, 2001 (ITO, 2011), representing levy in terms of requirements of IFRIC 21/IAS 37.

	<i>Note</i>	<u>2024</u>	<u>2023</u>
		Rupees	
22. TAXATION			
Current - for the year		-	-
- for prior years		-	-
		<u> </u>	<u> </u>
Deferred	22.1	-	-
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>

22.1 As the Company's income is subject to taxation under the Final Tax Regime, therefore no deferred tax asset or liability arises.

22.2 The reconciliation between tax expense and accounting profit is not prepared as the income falls under final tax regime.

22.3 The income tax assessments of the Company have been finalized up to, and including, the tax year 2023. Tax returns filed by the Company are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for re-assessment or audit by the taxation authorities. However, at any time during a period of five years from the date of filing of a return, the taxation authorities may select an income tax return filed by the Company for the purpose of re-assessment.

23. PROFIT/(LOSS) PER SHARE

		<u> </u>	<u> </u>
		Rupees	
23.1 Basic Profit/(loss) per share			
Profit/(Loss) after taxation		<u>321,682</u>	<u>(3,288,264)</u>
Weighted average number of ordinary shares outstanding during the year		<u>6,000,000</u>	<u>6,000,000</u>
		<u> </u>	<u> </u>
Profit/(Loss) per share - basic	23.2	<u>0.05</u>	<u>(0.55)</u>

23.2 Diluted loss per share

There is no dilutive effect on the basic loss per share of the Company, since there were no potential ordinary shares in issue as at June 30, 2024 and June 30, 2023.

24. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	Rupees							
Fees	-	-	-	-	-	-	-	-
Managerial remuneration	-	-	-	-	-	-	-	-
Commission or bonus	-	-	-	-	-	-	-	-
Reimbursable expenses	-	-	-	-	-	-	-	-
Retirement benefits	-	-	-	-	-	-	-	-
Other perquisites and benefits	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Number of persons	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note ——— **2024** ——— **2023**
————— **Rupees** ————— **Rupees** ———

25. FINANCIAL INSTRUMENTS

25.1 Categorization of financial instruments

25.1.1 Financial assets

At amortised cost

	Rupees	
Trade debts	-	-
Advance to employees	-	-
Short term deposits	-	63,072
Other receivables - Others	-	-
Cash and bank balances	<u>1,415,232</u>	<u>2,754,247</u>
	<u>1,415,232</u>	<u>2,817,319</u>

25.1.2 Financial liabilities

At amortised cost

Loan from directors	88,600	-
Trade and other payables	<u>4,298,485</u>	<u>18,837,377</u>
	<u>4,387,085</u>	<u>18,837,377</u>

25.2 Financial risk analysis

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

25.2.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is **past due for 90 days or more**.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means. Written off financial assets are not subject to any enforcement activity.

Maximum exposure to credit risk

As of the reporting date, the maximum exposure to credit risk was as follows :

	————— Rupees —————	
Advance to employees	-	-
Short term deposits	-	63,072
Other receivables - Others	-	-
Bank balances	(a) 1,361,112	2,488,728
	1,361,112	2,551,800

Note (a) - Credit risk exposure on bank balances

The Company's credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. As of the reporting date, the external credit ratings of the Company's bankers were as follows:

Bank	Long-Term rating	Short- term rating	Rating agency	————— Rupees —————	
				2024	2023
United Bank Limited	AAA	A-1+	VIS	683,546	752,797
Askari Bank Limited	AA+	A-1+	PACRA	2,317	2,317
Bank Al-Habib Limited	AAA	A-1+	PACRA	296,666	1,442,271
Bank Alfalah Limited	AA+	A-1+	PACRA	25,000	25,000
Faysal Bank Limited	AA	A-1+	PACRA-VIS	282,077	203,114
Meezan Bank Limited	AAA	A-1+	VIS	46,632	8,148
Muslim Commercial Bank	AAA	-	VIS	-	-
Summit Bank Limited	BBB-	-	VIS	24,874	29,374
				1,361,112	2,463,020

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. As of the reporting date, the Company was not exposed to any major concentrations of credit risk.

25.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Following are the contractual maturities of financial liabilities:

June 30, 2024						
Carrying amount	Contractual cash flows					
	Total contractual cash flows	Repayable on demand	Not later than one month	Later than one month and not later than 3 months	Later than three months and not later than 1 year	Later than one year and not later than five years
	Rupees					
Loan from directors	88,600	88,600	88,600	-	-	-
Trade and other payables	4,298,485	4,298,485	-	-	-	-
	4,387,085	4,387,085	88,600	-	-	-

June 30, 2023						
Carrying amount	Contractual cash flows					
	Total contractual cash flows	Repayable on demand	Not later than one month	Later than one month and not later than 3 months	Later than three months and not later than 1 year	Later than one year and not later than five years
	Rupees					
Loan from directors	-	-	-	-	-	-
Trade and other payables	18,837,377	18,837,377	-	-	18,837,377	-
	18,837,377	18,837,377	-	-	18,837,377	-

25.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to a change in a foreign exchange rate. It arises mainly where receivables and payables exist due to transactions in foreign currency. As of the reporting date, the Company was exposed to currency risk on trade debts that is denominated in Euros and Great Britain Pounds as follows:

The following significant exchange rate applied during the year:

	Average rate		Reporting date rate	
	2024	2023	2024	2023
	-----Rupees-----			
USD to Pak Rupee	282.95	247.23	278.80	287.10
Euro to Pak Rupee	306.34	266.51	298.41	314.27
GBP to Pak Rupee	358.63	309.23	351.85	365.40

As at June 30, 2023

As at June 30, 2023

ii) Interest rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. As of the reporting date, the Company was not exposed to any material interest rate risk.

iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up 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 or similar financial instruments traded in the market. As of the reporting date, the Company was not exposed to any other price risk.

26. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

The Company measures fair value of its assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

The Company does not carry any non-financial assets and liabilities at fair value. Further, as of the reporting date, the fair value of all the financial assets and financial liabilities that not are measured at fair value approximated their carrying amount in these financial statements.

27. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. The management closely monitors the return on capital employed along with the level of distributions to ordinary shareholders. Further, in order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, reduce capital, or issue new shares.

The Company is not subject to any externally imposed capital requirements. Following is the quantitative analysis of what the Company manages as capital:

	2024	2023
	————— Rupees —————	
Borrowings:		
- Loan from directors	88,600	-
Shareholders' equity:		
- Issued, subscribed and paid up capital	60,000,000	60,000,000
- General reserve	1,369,610	1,369,610
- Accumulated (loss) / profit	(44,468,647)	(44,790,329)
	<u>16,900,963</u>	<u>16,579,281</u>
Capital managed by the Company	<u>16,989,563</u>	<u>16,579,281</u>
Gearing ratio	<u>1%</u>	<u>0%</u>

28. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company comprise of its key management personnel (including directors) as well as their close family members. Remuneration of the Chief Executive and Directors is disclosed in note 21 to these financial statements. Transactions entered into during the year, and balances held, with related parties, were as follows:

Name of the related party	Nature of relationship	Particulars	2024	2023
			————— Rupees —————	
Mr. Khalid Shah	Director	Loan from Director opening	-	3,232,084
		Add: Loan obtained during the year	250,000	250,000
		Less: Loan payments made during the year	161,400	3,482,084
		Loan payable at year end	<u>88,600</u>	<u>-</u>

29. GENERAL

29.1 Plant capacity and actual production

	2024	2023
	————— Number —————	
Industrial sewing machines installed	<u>57</u>	<u>57</u>
Percentage of capacity utilized	<u>22%</u>	<u>12%</u>
<i>Jackets</i>		
Installed capacity - pieces	<u>14,459</u>	<u>14,459</u>
Actual production - pieces	<u>1,548</u>	<u>1,550</u>
<i>Bags</i>		
Installed capacity - pieces	<u>17,590</u>	<u>17,590</u>
Actual production - pieces	<u>1,937</u>	<u>211</u>

29.1.1 The production capacity remained under utilized due to decreased orders from main market i.e. Central Europe.

	2024	2023
	—————Number—————	
29.2 Number of employees		
Total number of employees as at the year end	<u>4</u>	<u>4</u>
Total number of factory employees as at the year end	<u>1</u>	<u>1</u>
Average number of employees during the year	<u>4</u>	<u>2</u>
Average number of employees during the year	<u>1</u>	<u>1</u>

29.3 **Correponding Figures**

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current year.

29.4 **Date of authorization for issue of the financial statements**

These financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on 03 October 2024.

29.5 **Level of rounding**

Figures in these financial statements have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR