

Interim Financial Statements  
For the Quarter Ended 30<sup>th</sup> September 2024  
(Un-Audited)



Pak Agro Packaging Limited

## DIRECTORS' REPORT

Your directors are pleased to present their report on the first quarter (ending 30 Sept 24) of the current financial year that will end on 30 June 25.

### Market Outlook

While the sales of most of our products have stabilized and are showing encouraging results, we have been hit by a ban on imports of marine fish from Pakistan, imposed by China and some European countries. This has severely affected our fish nets sales. As you are well aware, we have invested heavily in the machinery for making fish nets. All that investment is currently at a standstill. While we do hope that the exports of fish from Pakistan will resume in near future, we are also working on the possibility of using some of the fish nets making machinery for other products to sustain our operational profits.

Our main market, namely the agricultural sector of the country, has now started showing signs of recovery from the impact of recent ravaging floods. This is beginning to help the demand for our products in that sector. Farmers are still struggling to get back on their feet, but the demand for green shades has improved due to advent of summer. Also, some stability in the value of Pak rupee has led to stable prices for imported raw materials, making things slightly bearable. While we hope that the total sales will improve in the near future, it would be unwise to assume any major positive change in the economic landscape of the country. July to Sept quarter generally shows higher sales than other quarters as the demand begins to pick up after recording lowest quarterly revenue in the previous quarter. Our sales revenue for the quarter at Rs 221.56 million was only 2.8% higher than in corresponding quarter last year, due to virtually zero fish net sales.

### Operating Results

We recorded total sales of Rs 221.56 million and a gross profit of Rs 29.75 million in the quarter ended 30 Sept 2024. Our gross profit margin, at 29.75% of sales was marginally above the previous year's margin of 29.47%.

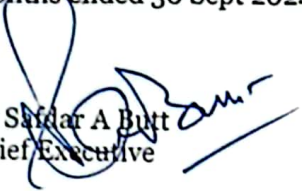
Our fish net manufacturing plant is now not contributing to our sales volumes. However, with sales to agriculture sector considerably improved, we were able to sustain the total sales revenue. We hope that as the demands for our products used by farmers rises in coming months for seasonal and economical reasons, our sales target for the year will be met.

No significant addition to plant and machinery was made in the quarter under review as we believe that the plant has achieved a decent balance and it will serve your company well in coming quarters.

Your company continues take some brave measures to build up adequate stocks to ensure continued production during the coming peak season. This has caused some increase in both stock levels and current borrowings, leading to higher financial expenses in the quarter ending 30 Sept 2024.

We recorded a profit before tax of Rs 14.66 million and profit after tax of Rs 10.41 million for the quarter under review, which is consistent with comparable period of last financial year.

We wish to thank all our employees and business associates for the cooperation during the nine months ended 30 Sept 2024.

  
Dr Saifdar A Butt  
Chief Executive

**Pak Agro Packaging Limited**  
**Statement of Financial Position as at September 30, 2024**

<u>Equity and liabilities</u>	<u>Note</u>	<u>September 2024 (Rupees)</u>	<u>June 2024 (Rupees)</u>
<b>Share capital and reserves</b>			
Share capital	6	200,000,000	200,000,000
Reserves	7	107,283,257	107,283,257
<b>Revenue reserves</b>			
Unappropriated profit		114,487,648	104,077,080
		<u>421,770,905</u>	<u>411,360,337</u>
<b>Non-current liabilities</b>			
Obligation against assets subject to finance lease	8	45,773,034	46,112,074
Deferred taxation	9	53,741,807	53,741,807
Employees' gratuity fund	10	919,238	3,254,940
		<u>100,434,079</u>	<u>103,108,820</u>
<b>Current liabilities</b>			
Short term bank borrowings	11	109,623,104	125,763,250
Current maturity of long term liabilities	12	8,438,128	11,343,286
Accrued and other liabilities	13	35,821,905	33,401,533
		<u>153,883,137</u>	<u>170,508,069</u>
<b>Contingencies and commitments</b>			
<b>Total equity &amp; liabilities</b>	14	<u>676,088,121</u>	<u>684,977,227</u>
<b><u>Property and assets</u></b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	444,458,426	457,612,101
Long term deposits	16	20,789,309	20,789,309
<b>Current assets</b>			
Stock in trade	17	167,412,690	169,950,140
Advances, deposits and other receivables	18	33,786,504	9,981,312
Prepayments	19	4,037,628	4,037,628
Taxation - net	20	2,428,824	4,068,889
Cash and bank balances	21	3,174,740	18,537,848
		<u>210,840,386</u>	<u>206,575,817</u>
<b>Total assets</b>		<u>676,088,121</u>	<u>684,977,227</u>

The annexed notes 1 to 39 form an integral part of these financial statements.

  
Chief Financial Officer

  
Chief Executive

**Pak Agro Packaging Limited**  
**Statement of Profit or Loss**  
**For the period ended September 30, 2024**

	<u>Note</u>	<u>03 Month Ended</u>	
		<u>September 2024</u> <u>(Rupees)</u>	<u>September 2023</u> <u>(Rupees)</u>
Sales	22	221,562,985	215,539,167
Cost of sales	23	191,814,526	186,066,098
Gross profit		29,748,459	29,473,069
<b>Operating expenses</b>			
Administrative	24	7,287,484	6,864,629
Selling and distribution	25	68,900	27,600
		7,356,384	6,892,229
<b>Profit from operations</b>		22,392,075	22,580,840
Financial expenses	26	6,184,250	5,267,299
Other charges	27	1,545,053	1,558,078
		7,729,303	6,825,377
		14,662,771	15,755,463
<b>Profit for the year before taxation</b>		14,662,771	15,755,463
Taxation	28	4,252,204	5,388,479
<b>Profit for the year</b>		<b>10,410,568</b>	<b>10,366,984</b>
<b>Basic and diluted earnings per share (PKR)</b>		<b>0.52</b>	<b>0.52</b>

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 Chief Financial Officer

  
 Chief Executive

**Pak Agro Packaging Limited**  
**Statement of Comprehensive Income**  
**For the period ended September 30, 2024**

	03 Month Ended	
	September <u>2024</u> (Rupees)	September <u>2023</u> (Rupees)
Profit for the year after taxation	10,410,568	10,366,984
Other comprehensive income		
<b>Items that will not classified to profit or loss</b>		
Remeasurement (loss)/gain on staff retirement benefit plan	-	-
<b>Total comprehensive income for the year</b>	<b><u>10,410,568</u></b>	<b><u>10,366,984</u></b>

The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive

**Pak Agro Packaging Limited**  
**Statement of Cash Flows**  
**For the period ended September 30, 2024**

		03 Month Ended	
		September 2024	September 2023
		(Rupees)	(Rupees)
<b>Cash flow from operating activities</b>	<b>Note</b>		
Profit for the year before taxation		14,662,771	15,755,463
Adjustments for:			
Depreciation	(15.1)	15,764,425	6,373,644
Gain on disposal of assets		-	-
		15,764,425	6,373,644
<b>Operating profit before working capital changes</b>		<b>30,427,197</b>	<b>22,129,107</b>
Increase/(decrease) in:			
Stock in trade	(17)	2,537,450	(13,462,471)
Trade debtors		-	(2,052,010)
Advances, deposits and other receivables	(18)	(23,805,192)	(30,805,476)
Pre-payments	(19)	-	(959,684)
		(21,267,742)	(47,279,641)
Increase / (decrease) in:		9,159,455	(25,150,534)
Current liabilities		2,420,372	(9,442,920)
<b>Cash flow from operating activities</b>		<b>11,579,827</b>	<b>(34,593,454)</b>
Income Tax Paid		(2,612,139)	(657,892)
<b>Net cash flow from operating activities</b>		<b>8,967,688</b>	<b>(35,251,346)</b>
<b>Cash flow from investing activities</b>			
Fixed capital expenditures	(15)	(2,610,750)	(7,318,923)
Capital work in progress	(15.4)	-	14,487,536
Sale proceeds of fixed assets		-	-
Long term deposits		-	-
Short term investment	(16)	-	-
Deposit against vehicles		-	-
<b>Net cash flow from investing activities</b>		<b>(2,610,750)</b>	<b>7,168,613</b>
<b>Cash flow from financing activities</b>			
Asset subject to finance lease	(8)	(3,244,198)	(2,439,407)
Short term bank borrowings	(11)	(16,140,146)	13,689,904
Employees' gratuity fund	(10)	(2,335,702)	(1,587,475)
<b>Net cash flow from financing activities</b>		<b>(21,720,046)</b>	<b>9,663,022</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(15,363,108)</b>	<b>(18,419,711)</b>
<b>Cash and cash equivalent in the beginning of the year</b>		<b>18,537,847</b>	<b>20,692,767</b>
<b>Cash and cash equivalent at the end of the year</b>	(21)	<b>3,174,739</b>	<b>2,273,056</b>

The annexed notes 1 to 39 form an integral part of these financial statements.

  
Chief Financial Officer

  
Chief Executive

**Pak Agro Packaging Limited**  
**Statement of Changes in Equity**  
**For the period ended September 30, 2024**

	Share capital	Capital reserves	Accumulated profit	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2023	200,000,000	107,283,257	65,147,370	372,430,627
Total comprehensive income for the year	-	-	38,929,710	38,929,710
Balance as at June 30, 2024	200,000,000	107,283,257	104,077,080	411,360,337
Total comprehensive income for the year	-	-	10,410,568	10,410,568
Balance as at September 30, 2024	200,000,000	107,283,257	114,487,648	421,770,905

The annexed notes 1 to 39 form an integral part of these financial statements.

  
 Chief Financial Officer

  
 Chief Executive

**Pak Agro Packaging Limited**  
**Notes to the Financial Statements**  
**For the period ended September 30, 2024**

**1. Company and its operations**

The company was incorporated initially with the name and style 'Kohsar Tyres (Private) Limited' under the Companies Ordinance, 1984 (now repealed the Companies Act, 2017) on February 18, 1989. The name of the company was thereafter changed to Mian & Khan Industries (Private) Limited on December 31, 1999 and again changed as 'Pak Agro Packaging (Private) Limited' on August 24, 2000. The status of company was converted from private limited to public limited company on June 19, 2022 and is listed at gem board of the Pakistan Stock Exchange. The main object of the company is manufacturing of net bags and green shades for green houses and to provide services to manufacture the same. The company owns a manufacturing unit in Industrial Estate, Hattar. The registered office of the company is situated at Plot No. 23, Phase IV, Haripur, Khyber Pakhtunkhwa, Hattar Industrial Estate, Hattar.

Geographical location and addresses of major business units including mills /plant of the company are as under:

<b>Hattar</b> Plot No. 23, Phase IV, Haripur, Khyber Pakhtunkhwa, Hattar Industrial Estate, Hattar.	<b>Purpose</b> Registered office and Production Plant
<b>Islamabad</b> Office No 302, 3rd Floor, Green Trust Tower, Jinnah Avenue, Islamabad	<b>Head office</b>

**2. Statement of compliance and significant accounting estimates**

**2.1) Statement of compliance**

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

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

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

**2.2) Functional and presentation currency**

These financial statements are presented in Pakistan Rupees which is also the company's financial currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee.

**2.3) Significant accounting estimates**

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

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

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





**2.4) Property, plant and equipment**

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

**2.5) Impairment**

The Company reviews the value of its assets for possible impairment on an annual basis. Any change in estimate in future years, might effect the carrying amount of the respective asset with the corresponding effect on impairment.

**2.6) Standards, interpretations and amendments to the approved accounting standards**

- There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2023. However, these do not have any significant impact on the Company's financial statements.
- Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2024
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2024
IFRS 16	Leases (Amendments)	January 1, 2024
IAS 21	The Effects of changes in Foreign Exchange Rates (Amendments)	January 1, 2025
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2026
IFRS 17	Insurance Contracts	January 1, 2026
IFRS 9	Financial Instruments – Classification and Measurement of Financial Instruments (Amendments)	January 1, 2026

- The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.
- Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2024;

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRIC 12	Service concession arrangements
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

**3. Significant accounting policies**

The principle accounting policies which have been adopted in the preparation of these accounts are as follows:

**3.1) Accounting convention**

These accounts have been prepared under the historical cost convention, without any adjustments for the effects of inflation or current values.

### 3.2) Property, plant and equipment

- **Recognition and measurement:** Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. Freehold land and capital work in progress are stated at cost less any accumulated impairment losses.  
If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. An item of property, plant and equipment is derecognized upon disposal. Any gain or loss on disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and its carrying amount and is recognized in profit or loss.
- **Subsequent expenditure:** Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- **Depreciation:** Depreciation is calculated to write off the cost of items of property, plant and equipment less their residual values using the reducing balance method, except leasehold land, buildings and plant and machinery which are depreciated on a straight-line basis. Depreciation is recognized in the statement of profit or loss. Leased assets are depreciated over the shorter of the leased term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated. Rates of depreciation/estimated useful lives are mentioned in note 17.1.1. Depreciation is charged on prorata basis from the month in which an asset become available for used, while no depreciation is charged for the month in which the asset is disposed off. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.
- **Capital work-in-progress:** Capital work-in-progress is stated at cost less accumulated impairment losses (if any). All expenditure connected to the specific assets incurred during installation and construction period is carried under capital work-in-progress. These are transferred to relevant classes of property, plant and equipment as and when these are available for use.
- **Leases:** The Company assesses whether a contract is, or contains, a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, which are presented in rent, rates and taxes.

### 3.3) Staff retirement benefits

The company operates a non-contributory, unapproved and unfunded gratuity scheme for its permanent employees, who have completed minimum period of one year service. The liability is calculated with reference to the last salary drawn and the length of service of the employee.

The calculation of defined benefit obligations in respect of gratuity is performed annually by a qualified actuary using the Projected Unit Credit (PUC) method. The latest actuarial valuation of the plan was carried out as at 30 June 2024. The Company's net liability in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets.

Re-measurement of the net defined benefit liability, which comprises actuarial gains and losses, are recognized immediately in other comprehensive income (OCI). The Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefit plan is recognized in statement of profit or loss. The actuarial assumptions used in the valuation of gratuity plan are disclosed in note 36.8.



**3.4) Impairment**

The carrying amount of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized in the profit and loss account. Where an impairment loss subsequently reverse, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the initial cost of the asset. A reversal of the impairment loss is recognized in the profit and loss account.

**3.5) Stock and spares**

These are valued at moving average cost except for the items in transit which are valued at invoice price and related expenses incurred up to the balance sheet date.

**3.6) Stock in trade**

These have been valued as under:

- Raw material - At first in first out.
- Work in process - At weighted average cost.
- Finished goods - At lower of cost, calculated on first in first out (FIFO) basis and net realizable value.
- Packing material - At first in first out.

**3.7) Bad debts**

These are stated at book value. Debts considered bad are provided for or written off and no general provision for the bad and doubtful debt is maintained.

**3.8) Taxation**

**3.8.1) Current tax**

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account available tax rebates and credits.

**3.8.2) Deferred tax**

Deferred tax is recognized in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

**3.9) Revenue recognition**

Revenue from sale is recognized on dispatch of goods to customers, while processing fee on issuance of invoice to customers.

**4. Dividend and appropriation to reserves**

Dividend and other appropriation to reserves are recognized in the period in which they are approved.



## 5. Financial instruments

### **Financial assets**

**Classification:** The Company classifies its financial assets in the following measurement categories:

- Amortized cost
- Fair value through profit or loss (FVTPL); and
- Fair value through other comprehensive income (FVTOCI)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

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

**Measurement:** At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

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

- **Amortized cost:** Financial assets that are held for collection of contractual cash flows where the contractual terms of the financial assets give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at amortized cost. Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost include deposits, trade debts, advances, other receivables and cash and bank balances.
- **FVTOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses or reversals, interest income, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified to profit or loss.
- **FVTPL:** Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss in the period in which it arises.

**Equity instruments:** All equity instruments at fair value are subsequently measured at FVTPL except where the Company's management has irrevocably elected to present fair value gains and losses on equity investments in OCI. In such case, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

### **Financial liabilities**

Financial liabilities are classified in the following categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortized cost.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of financial liabilities at amortized cost also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

FVTPL: Financial liabilities at FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at FVTPL. The Company has not designated any financial liability upon recognition as being at FVTPL.

Financial liabilities at amortized cost: After initial recognition, financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in profit or loss for the year, when the liabilities are derecognized as well as through effective interest rate amortization process.

The Company derecognizes financial liabilities when and only when the Company's obligations are discharged, cancelled or they expire.

#### **Off setting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

#### **Impairment of financial asset**

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

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

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

For debt instruments at amortized cost (other than trade debts) and FVTOCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when internal and external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash owes.

#### **Impairment of non-financial assets**

Non-financial assets that have an indefinite useful life are not subject to depreciation / amortization and are tested annually for impairment. Assets that are subject to depreciation / amortization are reviewed for impairment at each statement of financial position date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized for the amount for which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows i.e. Cash Generating Unit (CGU). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each statement of financial position date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no new impairment loss had been recognized. An impairment loss or reversal of impairment loss is recognized in profit or loss for the year.



	September 2024 (Rupees)	June 2024 (Rupees)
<b>6. <u>Share capital</u></b>		
<b>Authorized capital</b>		
40,000,000 ordinary shares of Rs. 10/- each	400,000,000	400,000,000
<b>Issued, subscribed and paid-up capital</b>		
<b>Shares issued for cash</b>		
17,350,000 ordinary shares of Rs. 10/- each in cash	173,500,000	173,500,000
<b>Issued as fully paid bonus shares</b>		
2,650,000 ordinary shares of Rs.10/- each	26,500,000	26,500,000
	<u>200,000,000</u>	<u>200,000,000</u>

**7. Reserves**

This represents the Premium on issuance of shares and can be utilized by the Company only for the purposes specified in Section 81 of the Companies Act, 2017.

**8. Obligation under finance lease**

Value of assets	46,112,074	30,793,518
Add: Addition during the year	-	32,591,524
	<u>46,112,074</u>	<u>63,385,042</u>
Less: Payments made upto the year	339,040	5,929,683
Present value of minimum lease payment	<u>45,773,034</u>	<u>57,455,360</u>
Less: Current maturity	-	11,343,286
	<u>45,773,034</u>	<u>46,112,074</u>

The amount of future payments and the periods in which they become due are as follows:

June 30, 2025	7,451,685	19,134,011
June 30, 2026	19,039,757	19,039,757
June 30, 2027	<u>33,317,963</u>	<u>33,317,963</u>
	59,809,405	71,491,731
Less: Lease financial charges allocable for future periods	<u>14,036,372</u>	<u>14,036,372</u>
	45,773,033	57,455,359
Less: Current maturity of finance lease	-	11,343,286
	<u>45,773,033</u>	<u>46,112,074</u>

The value of minimum lease rental payments has been discounted at 3 months KIBOR + 4% per annum. Liabilities are partly secured against deposit of 35% of the asset value included in long term security deposits (Note 17). Title to the assets acquired under the leasing arrangements are transferrable to the Company upon payment of entire lease obligations.

The finance lease facilities for the Yarn Making Machine, Fishing Net Machine and Vegetable Bag Wrap Knitting Machine, provided by M/s OLP Financial Services Pakistan Limited, are fully secured through a first exclusive charge registered with the Securities and Exchange Commission of Pakistan (SECP).

		<u>September</u> <u>2024</u> <u>(Rupees)</u>	<u>June</u> <u>2024</u> <u>(Rupees)</u>
<b>9. <u>Deferred taxation</u></b>			
The balance of deferred tax is in respect of following temporary differences:			
Accelerated depreciation on property plant and equipment		<u>53,741,807</u>	<u>53,741,807</u>
		<u><b>53,741,807</b></u>	<u><b>53,741,807</b></u>
<b>10. <u>Employees' gratuity fund</u></b>			
Balance at beginning of the year		3,254,940	2,735,478
Add: Provision for the year		-	7,893,286
		<u>3,254,940</u>	<u>10,628,764</u>
Less: Paid to outgoing members		<u>(2,335,702)</u>	<u>(7,373,824)</u>
		<u><b>919,238</b></u>	<u><b>3,254,940</b></u>
<b>11. <u>Short term bank borrowings</u></b>			
Running finance	(11.1)	70,034,390	75,844,040
Finance against Trust Receipts (FATR) Facility:	(11.2)	<u>39,588,714</u>	<u>49,919,210</u>
		<u><b>109,623,104</b></u>	<u><b>125,763,250</b></u>

**11.1) Running finance**

The Bank of Khyber has renewed the running finance facility limit upto Rs.80 million on January 01, 2024 to

meet working capital requirements of the company at mark up rate to be recovered on quarterly basis as follows:

- Rebated: Three months KIBOR plus 300 bps p.a. if markup is paid within 15 days from due date;
- Un-rebated: Three months KIBOR plus 500 bps p.a. if markup is paid after 15 days from due date.

The Letter of Credit- DA(Usance LC) - Import facility of 50 million at a cash margin of 20% or as prescribed by SBP whichever is higher (profit free) at a markup rate of three months KIBOR plus 500 bps with no floor and no cap.

These facilities are secured by way of:

- 1st Exclusive Hypothecation charge of Rs.107 million duly registered with SECP over Company's stock with 25% margin against running finance facility;
- Against LC's, cash margin of 20% or as prescribed by SBP whichever is higher (profit free) and accepted bills of exchange duly signed/stamped by borrower;

**Common Securities against all credit facilities:**

- Token registered mortgaged for Rs. 150,000/= & remaining equitable mortgage to cover DP Note amount over Company's present & future fixed assets (land, building, plant & machinery) (existing & new) located at Plot No.22 & 23, Phase 04, measuring 02 Acres, Situated at Industrial Estate, District Hattar, Khyber Pakhtunkhwa.
- 1st PP charge of Rs. 194 million by way of Memorandum of Deposit of Title (MODTD) & letter of hypothecation over Company's present & future fixed assets (land, building, plant & machinery) (existing & new) located at Plot No. 22 & 23, Phase 04, measuring 02 Acres, Situated at Industrial Estate, District Hattar, Khyber Pakhtunkhwa.
- Personal guarantees of all directors and owners of the properties (except for independent directors) company.

These facilities are valid up to December 31, 2024.



15. Property, plant and equipment

Operating fixed assets

- Owned assets

- Right of use assets (ROU)

Capital work in progress

(15.1)

(15.2)

(15.4)

September  
2024  
(Rupees)

June  
2024  
(Rupees)

388,188,450

56,269,976

-

444,458,426

399,210,772

58,401,329

-

457,612,101

15.1) Owned assets

Description	Factory building on Lease hold land	Motor vehicles	Plant and machinery	Electric installation	Furniture and fixtures	Office equipment	Electrical equipment	Computers	Total
<b>As at July 01, 2023</b>									
Cost	57,845,245	27,745,363	284,647,772	5,410,137	1,158,264	1,675,522	1,138,590	635,920	380,256,813
Accumulated depreciation	(17,851,085)	(10,881,119)	(192,796,178)	(4,160,855)	(717,268)	(804,996)	(1,006,605)	(381,934)	(228,600,037)
Net book value	39,994,160	16,864,244	91,851,594	1,249,284	440,996	870,526	131,985	253,986	151,656,776
<b>Annual rate of depreciation (%)</b>									
	5	15	15	15	15	15	15	30	
<b>Year ended June 30, 2024</b>									
Opening net book value	39,994,160	16,864,244	91,851,594	1,249,284	440,996	870,526	131,985	253,986	151,656,776
Additions	20,043,550	-	244,688,877	18,500	18,000	187,450	-	53,300	265,009,677
Disposals/adjustment									
Cost	-	-	-	-	-	-	-	-	-
Adjustment De/(Cr)	-	-	12,072,643	-	-	-	-	-	12,072,643
Depreciation	-	-	(2,965,343)	-	-	-	-	-	(2,965,343)
	-	-	9,107,300	-	-	-	-	-	9,107,300
Depreciation charge	(2,303,672)	(2,529,637)	(21,193,533)	(189,011)	(67,724)	(168,753)	(19,798)	(90,853)	(26,562,981)
Closing net book value	57,734,038	14,334,607	324,454,238	1,078,773	391,272	889,223	112,187	216,433	399,210,772
<b>As at July 01, 2024</b>									
Cost	77,888,795	27,745,363	541,409,292	5,428,637	1,176,264	1,862,972	1,138,590	689,220	657,339,133
Accumulated depreciation	(20,154,757)	(13,410,756)	(216,955,054)	(4,349,864)	(784,992)	(973,749)	(1,026,403)	(472,787)	(258,128,361)
Net book value	57,734,038	14,334,607	324,454,238	1,078,773	391,272	889,223	112,187	216,433	399,210,772
<b>Annual rate of depreciation (%)</b>									
	5	15	15	15	15	15	15	30	
<b>Period ended September 30, 2024</b>									
Opening net book value	57,734,038	14,334,607	324,454,238	1,078,773	391,272	889,223	112,187	216,433	399,210,772
Additions	-	-	2,030,750	437,000	-	143,000	-	-	2,610,750
Disposals/adjustment									
Cost	-	-	-	-	-	-	-	-	-
Adjustment De/(Cr)	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Depreciation charge	(721,675)	(537,548)	(12,243,187)	(56,842)	(14,673)	(38,708)	(4,207)	(16,233)	(13,633,072)
Closing net book value	57,012,363	13,797,059	314,241,051	1,458,932	376,599	993,515	107,980	200,201	388,188,450
<b>As at July 01, 2024</b>									
Cost	77,888,795	27,745,363	543,440,042	5,865,637	1,176,264	2,005,972	1,138,590	689,220	659,949,883
Accumulated depreciation	(20,876,433)	(13,948,304)	(229,198,241)	(4,406,705)	(799,665)	(1,012,457)	(1,030,610)	(489,019)	(271,761,434)
Net book value	57,012,363	13,797,059	314,241,801	1,458,932	376,599	993,515	107,980	200,201	388,188,450
<b>Annual rate of depreciation (%)</b>									
	5	15	15	15	15	15	15	30	



15.2) **Right of use assets (ROU)**

Particulars	Rupees							
	Sep-24				Jun-24			
	Land	Motor Vehicle	Machinery	Total	Land	Motor Vehicle	Machinery	Total
Cost	1,565,250	2,950,000	67,493,952	72,009,202	1,565,250	2,950,000	50,493,815	55,007,065
Accumulated depreciation	-	(599,219)	(13,008,654)	(13,607,873)	-	(184,375)	(8,728,219)	(8,912,594)
Net book value as on July 01,	1,565,250	2,350,781	54,485,298	58,401,329	1,565,250	2,765,624	41,765,596	46,094,471
Additions	-	-	-	-	-	-	29,074,780	29,074,780
Disposals/adjustments	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Adjustment De/(Cr)	-	-	-	-	-	-	(12,072,643)	(12,072,643)
Depreciation	-	-	-	-	-	-	2,965,343	2,965,343
Depreciation charge	-	-	-	-	-	-	(9,107,300)	(9,107,300)
Net book value as at September 30,	1,565,250	2,262,627	52,482,899	56,269,976	1,565,250	2,350,780	51,485,298	58,401,329
Annual Rate of Depreciation (%)	-	15%	15%	-	-	15%	15%	-

15.3) The depreciation relating to owned assets and right of use assets for the year has been allocated as follows:

		September <u>2024</u>	June <u>2024</u>
Cost of sales	(24.4)	15,676,271	33,808,759
Administrative expenses	(25)	88,154	414,844
		<u>15,764,425</u>	<u>34,223,603</u>

15.4) **Capital work in progress**

**Plant and machinery**

Balance as at July 01, 2022	38,419,172
Additions during the year	12,140,398
Transfers during the year	(38,419,172)
<b>Balance as at June 30, 2023</b>	<u><b>12,140,398</b></u>

Balance as at July 01, 2023	12,140,398
Additions during the year	11,791,238
Transfers during the year	(23,931,636)
<b>Balance as at June 30, 2024</b>	<u><b>-</b></u>

16. **Long term deposits**

Security deposits against:

Leased assets	18,982,143	18,982,143
Utilities	1,152,836	1,152,836
Office building	654,330	654,330
	<u>20,789,309</u>	<u>20,789,309</u>

		September <u>2024</u> (Rupees)	June <u>2024</u> (Rupees)
<b>17. <u>Stock in trade</u></b>			
Raw material	(17.1)	70,047,339	81,848,340
Finished goods		88,043,900	62,014,500
Work-in-process		9,321,451	9,643,215
Stock in transit		-	16,444,085
		<u>167,412,690</u>	<u>169,950,140</u>
<b>17.1) <u>Raw material</u></b>			
Raw material		46,547,769	73,132,720
Colors		20,505,570	8,205,390
Chemical		2,994,000	510,230
		<u>70,047,339</u>	<u>81,848,340</u>
<b>18. <u>Advances, deposits and other receivables</u></b>			
<b>Advances to:</b>	(18.1)		
Against salaries		736,500	723,500
Against supplies		1,240,408	1,667,408
Against services		75,333	75,333
		2,052,241	2,466,241
<b>Deposits:</b>			
Margin deposit on letters of credit		9,994,766	6,236,482
Others		1,000,000	1,000,000
		10,994,766	7,236,482
<b>Other receivables</b>			
Sales tax refundable		20,739,497	278,589
		20,739,497	278,589
		<u>33,786,504</u>	<u>9,981,312</u>
<b>18.1) These are unsecured and considered good by the management.</b>			
<b>19. <u>Prepayments</u></b>			
Insurance		2,981,976	2,981,976
Office rent		1,055,652	1,055,652
		<u>4,037,628</u>	<u>4,037,628</u>
<b>20. <u>Taxation - net</u></b>			
Tax deducted at source		6,681,028	17,770,132
Provision for taxation		(4,252,204)	(13,701,243)
		<u>2,428,824</u>	<u>4,068,889</u>
<b>21. <u>Cash and bank balances</u></b>			
Cash in hand		700,000	700,000
Cash at bank - current account		2,474,740	17,837,848
		<u>3,174,740</u>	<u>18,537,848</u>
<b>22. <u>Sales-net</u></b>			
Gross sales		238,958,614	984,087,526
Sales tax		(17,395,629)	(150,286,252)
		<u>221,562,985</u>	<u>833,801,274</u>

		<b>September 2024</b>	<b>June 2024</b>
		<b>(Rupees)</b>	<b>(Rupees)</b>
<b>23 Cost of sales</b>			
Raw material consumed	(23.1)	118,092,674	336,923,248
Colors consumed	(23.2)	4,593,076	28,135,446
Chemical consumed	(23.3)	8,462,129	28,693,931
Packing material consumed		6,087,637	12,378,469
Production overhead	(23.4)	80,298,646	266,847,655
		217,522,162	672,972,749
Work in process			
- Balance as on July, 01		9,643,215	9,845,234
- Balance as at June, 30		(9,321,451)	(9,643,215)
		321,764	202,019
Cost of goods manufactured		217,843,926	673,174,759
Finished stocks			
- Balance as on July, 01		62,014,500	88,536,190
- Balance as at June, 30		(88,043,900)	(62,014,500)
		(26,029,400)	26,521,690
		<b>191,814,526</b>	<b>699,696,449</b>
<b>23.1) Raw material consumed</b>			
Stock as on July, 01		73,132,720	73,716,500
Add Raw material imported		72,022,314	336,339,468
		145,155,034	410,055,968
Stock as at June, 30		(27,062,360)	(73,132,720)
		<b>118,092,674</b>	<b>336,923,248</b>
<b>23.2) Colors consumed</b>			
Stock as on July, 01		8,205,390	11,645,919
Color purchased		16,893,256	24,694,917
		25,098,646	36,340,836
Stock as at June, 30		(20,505,570)	(8,205,390)
		<b>4,593,076</b>	<b>28,135,446</b>
<b>23.3) Chemical consumed</b>			
Stock as on July, 01		510,230	2,592,020
Add Purchases		10,945,899	26,612,141
		11,456,129	29,204,161
Stock as at June, 30		(2,994,000)	(510,230)
		<b>8,462,129</b>	<b>28,693,931</b>

		<b>September 2024 (Rupees)</b>	<b>June 2024 (Rupees)</b>
<b>23.4) <u>Production overhead</u></b>			
Salaries and benefits	(23.4.1)	29,248,326	110,910,762
Fuel and power		27,342,878	105,568,021
Repair and maintenance		5,602,531	5,187,607
Sui gas		823,460	3,924,884
Vehicle running and maintenance		688,949	742,427
Lubricants		532,000	1,495,750
Entertainment		120,155	623,363
Miscellaneous		96,550	405,108
Printing and stationary		46,360	268,845
Travelling and conveyance		41,900	306,825
Telephone and internet		39,971	204,611
Security charges		12,552	48,116
Postage and courier		11,003	53,672
Newspaper and periodicals		3,740	14,400
Insurance		-	2,955,422
Rent, rates and taxes		-	325,082
Depreciation	(15.3)	15,676,271	33,808,760
		<b>80,286,646</b>	<b>266,843,655</b>
<b>23.4.1) <u>Salaries and benefits</u></b>			
Salaries to staff		27,625,483	84,087,043
Overtime		749,003	13,159,172
Social security		397,440	1,510,140
E.O.B.I		377,350	1,300,640
Financial assistance		90,000	330,000
Medical		9,050	32,385
Gratuity		-	6,802,941
Bonus		-	3,286,545
Leave encashment		-	401,896
		<b>29,248,326</b>	<b>110,910,762</b>
<b>24. <u>Administrative expenses</u></b>			
Director's remuneration	(24.1)	3,249,838	10,920,151
Salaries and benefits	(24.2)	1,060,750	4,662,931
Rent, rates and taxes		1,187,609	4,558,501
Entertainment		564,456	522,068
Fees and subscriptions		385,399	699,430
Miscellaneous		263,118	76,830
Utilities		218,703	486,469
Telephone, mobile and internet		122,838	481,818
Travelling and conveyance		59,479	226,587
Postage and courier		51,503	156,108
Printing and stationary		30,842	433,940
News papers and periodicals		3,295	18,340
Repair and maintenance		1,500	253,815
Auditor's remuneration		-	840,000
Legal and professional		-	204,500
Depreciation	(15.3)	88,154	414,844
		<b>7,287,484</b>	<b>24,956,332</b>

	<b>September 2024 (Rupees)</b>	<b>June 2024 (Rupees)</b>
<b>24.1) Director's remuneration</b>		
Remuneration	2,625,000	9,650,000
Medical	524,838	261,939
Director's meeting	100,000	625,000
Bonus	-	345,417
Insurance	-	37,795
	<b>3,249,838</b>	<b>10,920,151</b>
<b>24.2) Salaries and benefits</b>		
Salaries to staff	1,060,750	3,750,257
Gratuity	-	755,882
Bonus	-	156,792
	<b>1,060,750</b>	<b>4,662,931</b>
<b>25. Selling and distribution expenses</b>		
Carriage outward	68,900	299,470
	<b>68,900</b>	<b>299,470</b>
<b>26. Financial expenses</b>		
Mark-up	3,507,862	12,558,524
Lease financial charges	2,489,693	7,171,294
Bank charges	37,081	252,813
Share Registrar Services	149,614	760,264
	<b>6,184,250</b>	<b>20,742,896</b>
<b>27. Other charges</b>		
Workers' profit participation fund	1,119,604	5,442,451
Workers' welfare fund	425,449	2,068,131
	<b>1,545,053</b>	<b>7,510,582</b>
<b>28. Taxation</b>		
Current year tax charged		
- for the year	-	13,701,243
- for prior year	-	(1,826,010)
	-	11,875,233
Deferred tax	-	29,456,139
<b>Tax expense for the year</b>	<b>-</b>	<b>41,331,372</b>
<b>28.1) Reconciliation of tax charge for the year</b>		
Accounting profit - before taxation	-	82,663,677
Inadmissible expenditure for tax purposes	-	33,734,275
Admissible expenditure for tax purposes	-	(119,822,694)
	-	(3,424,742)
Tax charge at applicable tax rate of 29% (2023: 29%)	-	-
Tax charge on Accounting profit/tax chargeable u/s 113(C) @ 17%	-	13,701,243
Tax effect of difference of minimum tax chargeable	-	-
	<b>-</b>	<b>13,701,243</b>

**29 Remuneration of Chief Executive, Directors and Executives**

Description	September 2024			June 2024		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
Managerial remuneration	1,950,000	825,000	1,579,500	6,500,000	3,150,000	5,251,818
Bonus	-	-	-	220,417	125,000	242,500
	<u>1,950,000</u>	<u>825,000</u>	<u>1,579,500</u>	<u>6,720,417</u>	<u>3,275,000</u>	<u>5,494,318</u>
Number of persons	1	1	3	1	1	3

In addition to remuneration, the chief executive, directors and executives were provided with use of the Company's cars and residential telephone and internet facilities. The Company also provides medical facilities to its chief Executive, directors and staff.

The aggregate amount charged in these financial statements in respect of fee to 1 non-executive director and 4 Independent Directors is Rs. 100,000/= (June 2024: 1 non-executive director and 4 Independent Directors was Rs. 625,000/=).

	September 2024 (Rupees)	June 2024 (Rupees)
<b>30. Earnings per share - Basic and Diluted</b>		
Profit after tax	10,410,568	10,366,984
Weighted average number of ordinary shares at the end of the year (Numbers)	20,000,000	20,000,000
Basic and diluted earnings per share (Rupee)	<u>0.52</u>	<u>0.52</u>

**31. Note supporting the statement of cash flows**

Sep-24	July 01, 2024	Cash inflows / (outflow)	Non-cash changes	30-Sep-24
Lease liabilities	57,455,360	-	-	57,455,360
Running finance	125,763,250	109,623,104	-	235,386,354
Jun-24	July 01, 2023	Cash inflows / (outflow)	Non-cash changes	30-Jun-24
Lease liabilities	39,113,561	(32,591,524)	-	6,522,037
Running finance	60,531,204	125,763,250	-	186,294,454

**32. Related party transaction**

The related party comprises of subsidiary, associated companies, director of the company and key management personals, details of transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that company. Details of transactions with related parties, except for remuneration to key management personnel as discussed in note 31, are as follows:

Transactions and contracts with related parties are carried out at arm's length prices determined in accordance with comparable uncontrolled prices method except in circumstances where it is in the interest of the group to do so with the prior approval of the Board of Directors.

- Following are the associated companies/undertakings and related parties with whom the Company had entered into transactions during the year:

Related party	Basis of relationship	Number of shares held in the company	Aggregate %age shareholding in the Company
Employees' Gratuity Fund	Employees' Gratuity Fund	-	0.00%

### 33. Financial instruments and related disclosures

#### 33.1) Financial assets and liabilities

	September 2024			June 2024		
	Amortized Cost	FVTPL	Total	Amortized Cost	FVTPL	Total
	(Rupees)			(Rupees)		
<b>Financial assets</b>						
<b>Maturity up to one year</b>						
Stock in trade	-	167,412,690	167,412,690	-	169,950,140	169,950,140
Trade debts	#REF!	-	#REF!	#REF!	-	#REF!
Advances, deposits and other receivables	33,786,504	-	33,786,504	9,981,312	-	9,981,312
Cash and bank balances	3,174,740	-	3,174,740	18,537,848	-	18,537,848
<b>Maturity after more than one year</b>						
Long term deposits	20,789,309	-	20,789,309	20,789,309	-	20,789,309
	#REF!	167,412,690	#REF!	#REF!	169,950,140	#REF!
<b>Financial liabilities</b>						
<b>Maturity up to one year</b>						
Short term bank borrowings	109,623,104	-	109,623,104	125,763,250	-	125,763,250
Current maturity of long term liabilities	8,438,128	-	8,438,128	11,343,286	-	11,343,286
Accrued and other liabilities	35,821,905	-	35,821,905	33,401,533	-	33,401,533
<b>Maturity after more than one year</b>						
Obligation against assets subject to finance lease	45,773,034	-	45,773,034	46,112,074	-	46,112,074
	199,656,171	-	199,656,171	216,620,143	-	216,620,143

#### 33.2) Financial Risk management

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

##### Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

a) **Credit risk**

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

As of September 30, 2024, trade debts of Rs. 19,485,409/- (June 2024: Rs. Nil/=) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	September 2024 (Rupees)	June 2024 (Rupees)
Up to 3 months	#REF!	#REF!
	#REF!	#REF!

b) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash/financial assets. As of close of the financial year, the Company had financial assets of Rs. 77,235,692/- (June 2024: Rs. 49,308,469/-).

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the maturity date. The amounts disclosed in the table are undiscounted cash flows which have been inflated using appropriate inflation rate, where applicable.

	Less than 1 year	Between 1 to 5 years	Over 5 years
<b>At June 30, 2024</b>			
<b>Maturity up to one year</b>			
Running finance	125,763,250	-	-
Current maturity of long term liabilities	11,343,286	-	-
Accrued and other liabilities	33,401,533	-	-
<b>Maturity after more than one year</b>			
Obligation against assets subject to finance lease	-	46,112,074	-
<b>At September 30, 2024</b>			
Running finance	109,623,104	-	-
Current maturity of long term liabilities	8,438,128	-	-
Accrued and other liabilities	35,821,905	-	-
<b>Maturity after more than one year</b>			
Obligation against assets subject to finance lease	-	45,773,034	-

c) **Market risk**

i) **Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. In case of the Company this risk mainly relates to outstanding import payments. The company is in the process of obtaining exchange risk coverage on these liabilities. Company is not exposed to currency risk.





ii) **Interest mark-up rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

iii) **Price risk**

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar instruments traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market price.

d) **Capital risk management**

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

In order to achieve the above objectives, the Company may adjust the amount of dividends paid to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. The gearing ratio of the Company has always been low and the Company has mostly financed its projects and business expansions through equity financing. Further, the Company is not subject to externally imposed capital requirements.

e) **Fair value of financial assets and liabilities**

Fair value is the amount for which an asset can be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair value.

34. **Staff retirement benefits**

The details of actuarial valuation of defined benefit funded plans carried out as at year end are as follows:

	<b>September 2024 (Rupees)</b>	<b>June 2024 (Rupees)</b>
34.1) The amounts recognized in the statement of financial position are as follows:		
Present value of defined benefit obligations	-	3,254,940
Fair value of plan assets	-	-
Payables	-	-
	<hr/>	<hr/>
	-	3,254,940



34.2) Changes in the present value of defined benefit obligation are as follows:

<b>Opening defined benefit obligation</b>	3,254,940	2,735,478
<b>Service cost</b>		
Current service cost	-	1,095,026
Past service cost	-	6,032,959
<b>Interest expense</b>	-	430,838
<b>Cash flows</b>		
Benefit payments from Plan	-	-
Benefit payments from employer	(2,335,702)	(7,373,824)
Payables	-	-
<b>Re-measurements</b>		
Effect of changes in Demographic assumptions	-	-
Effect of changes in Financial assumptions	-	-
Effect of Experience adjustments	-	334,463
<b>Closing defined benefit obligation</b>	<b>919,238</b>	<b>3,254,940</b>

34.3) Components of defined benefit cost are as follows:

<b>Service Cost</b>		
Current Service Cost	-	1,095,026
Reimbursement Service Cost	-	-
Past Service Cost	-	6,032,959
(Gain) / loss on settlements	-	-
<b>Net Interest Cost</b>		
Interest Expense on Defined Benefit Obligation	-	430,838
Interest (income) on Plan Assets	-	-
<b>Re-measurement of Other Long Term Benefits</b>	-	-
<b>Defined benefit cost included in P&amp;L</b>	-	<b>7,558,823</b>
<b>Re-measurement (recognized in other comprehensive income)</b>		
Effect of changes in Demographic assumptions	-	-
Effect of changes in Financial assumptions	-	-
Effect of Experience adjustments	-	334,463
(Return) on Plan Assets (excluding interest income)	-	-
<b>Total re-measurements included in OCI</b>	-	<b>334,463</b>
<b>Total Defined Benefit Cost recognized in P&amp;L and OCI</b>	-	<b>7,893,286</b>

34.4) Net Defined Benefit Liability (Asset) reconciliation

	FY ending September 30,	FY ending June 30, 2024
Net Defined Benefit Liability (Asset) at end of previous year	3,254,940	2,735,478
Defined Benefit Cost included in P&L	-	7,558,823
Total Re-measurements included in OCI	-	334,463
Employer Direct Benefit payments	(2,335,702)	(7,373,824)
<b>Net Defined Benefit Liability (Asset) as of end of year</b>	<b>919,238</b>	<b>3,254,940</b>

34.5) Assumptions used to determine Defined Benefit Obligation

	FY ending September 30,	FY ending June 30, 2024
Discount Rate	14.00%	15.75%
Rate of Salary increase (Long Term)	13.00%	14.75%

34.6)	Assumptions used to determine Defined Benefit Cost	FY ending September 30,	FY ending June 30, 2024
	Discount rate	15.75%	13.25%
	Rate of salary increase (Long term)	14.75%	12.25%

34.7)	Expected defined benefit cost recognized in P&L	FY ending September 30,	FY ending June 30, 2024
	<b>Service cost</b>		
	Current service cost	-	1,095,026
	Past service cost	-	-
	(Gain) / loss on settlements	-	-
	<b>Net interest cost</b>	-	-
	Interest expense on defined benefit obligation	-	430,838
	Interest (income) on plan assets	-	-
	<b>Total defined benefit cost recognized in P&amp;L as at 30.06.2024</b>	-	<b>1,525,864</b>

34.8)	Principal actuarial assumptions		
	The principal assumptions used in the actuarial valuation are as follows:		
	Discount rate	14.00%	15.75%
	Expected rate of salary increase	13.00%	14.75%

34.9) The Mortality Table SLIC (2001-05) with 1 year setback, based on the experience of the lives insured with State Life Insurance Corporation of Pakistan, has been used in determining the liability in respect of the Benefits payable under the Plan.

34.10) Sensitivity analysis	FY ending June 30, 2024	Percentage Change in DBO
Defined Benefit Obligation (DBO)	3,254,940	-
1% Increase in Discount rate	2,917,136	-10.38%
1% Decrease in Discount rate	3,677,361	12.98%
1% Increase in Salary Increase rate	3,684,687	13.20%
1% Decrease in Salary Increase rate	2,904,068	-10.78%

35. Number of employees

Number of employees as on June 30,

Factory

Other

Average number of employees during the year

Factory

Other

	<u>September 2024</u>	<u>June 2024</u>
Factory	204	222
Other	7	6
	<u>211</u>	<u>228</u>
Average number of employees during the year		
Factory	187	204
Other	7	6
	<u>194</u>	<u>210</u>

**36. Production capacity**

Plant has a maximum production capacity of 1,600,000 kgs (June 2024: 1,600,000 kgs). Actual production during the period was 375,772/- Kgs (June 2024: 1,503,091 Kgs).

Company is not utilizing its maximum production capacity considering competitive market environment and demand potential of its product. Therefore, production is carried out keeping in eye of demand.


**37. General**

In fixed asset schedule (note 15.1) of current year motor cycle and tools and equipment are merged under the head motor vehicles and plant & machinery respectively, to enhance presentation by consolidating similar types of assets.

**38. Date of authorization for issue**

These financial statements have been authorized for issue on October 25th , 2024 by the board of directors of the company.

  
Chief Financial Officer

  
Chief Executive