

**FRONTIER CERAMICS LIMITED**



**43<sup>rd</sup> ANNUAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2025**

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## **VISION AND MISSION STATEMENT**

### **VISION STATEMENT**

To become industry leader by instilling ethical and moral values, honest practices according to the Principles of Islam, offering the best innovative, competitive and quality products, ensuring direct benefit for all stake holders.

### **MISSION STATEMENT**

- Deliver un-parallel value to customers by continuous striving and to exceed their expectations;
- Under the guiding principles of Islam, to inculcate the culture of honest practices, ethical and moral values in our employees;
- Special emphasis on workforce, health, safety, environment. Constant motivation of employees by fair benevolence;
- To ensure reasonable growth and profits of the Group, to the shareholders on their investment; and
- The Group will assert efforts towards the social development of society and be instrumental in the industrial growth of Pakistan.

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Ms. Shabina Anjum	Independent Director & Chairperson
Mr. Omer Khalid	Non-Executive Director
Mr. Javid Khalid	Non-Executive Director
Mr. Zia Khalid	Executive Director
Ms. Numrah Khalid	Executive Director
Mr. Muhammad Riaz Khan	Independent Director
Mr. Muhammad Nehmattula Toor	Non-Executive Director

### Audit Committee

Mr. Muhammad Riaz Khan	Chairman
Mr. Omer Khalid	Member
Mr. Javid Khalid	Member

### Human Resource & Remuneration Committee

Ms. Shabina Anjum	Chairperson
Ms. Numrah Khalid	Member
Mr. Javid Khalid	Member

### Chief Executive Officer

Mr. Nadeem Khalid

### Chief Financial Officer

Khawaja Mushtaq Ahmed FCA, ACIS  
[khawaja.mushtaq@forte.com.pk](mailto:khawaja.mushtaq@forte.com.pk)

### Company Secretary

Mr. Rehman Khan Sherwani  
[rehman.khan@forte.com.pk](mailto:rehman.khan@forte.com.pk)

### Head of Internal Audit

Mr. Wasif Naeem  
[wasif.naeem@forte.com.pk](mailto:wasif.naeem@forte.com.pk)

### Bankers

#### Conventional Banks

Allied Bank Limited  
Bank Al Habib Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Silk Bank Limited  
Meezan Bank Limited  
United Bank Limited

### Islamic Banks

Bank Al Habib Islamic Limited  
Bank Alfalah Islamic Limited  
Silk Emaan Islamic Bank Limited  
UBL Ameen Limited  
First Habib Islamic Income Fund  
Alfalah Asset Management Limited

### Auditors

M/S BDO Ebrahim & Co Chartered Accountants  
4th Floor, Saeed Plaza, 22 East, Jinnah Avenue,  
Blue Area, Islamabad.

### Legal Advisor

Mr. Ishtiaq Ahmed  
Advocate & Legal Consultant  
Flat No. 42, Block C, 2<sup>nd</sup> Floor, Cantonment Plaza,  
Saddar Road, Peshawar Cantt.

### Registrar and Share Transfer Office

Central Depository Company of Pakistan Ltd  
CDC House, 99-B, Block B, S.M.C.H.S,  
Main Sharah-e-Faisal, Karachi. Ph: 021-111-111-500

### Head Office/Registered Office

29-Industrial Estate, Jamrud Road, Peshawar  
Ph: 091-5891470-79, Fax: 091-5830290.

### Website

[www.forte.com.pk](http://www.forte.com.pk)

or scan QR code





## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that 43<sup>rd</sup> Annual General Meeting of Frontier Ceramics Limited (**the “Company”**) will be held on, Tuesday October 28, 2025 at 09:00 A.M at 29-Industrial Estate, Jamrud Road, Peshawar to transact the following business:

### **1. ORDINARY BUSINESS**

- 1.1. To confirm the minutes of the Annual General Meeting of the Company held on October 28, 2024.
- 1.2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2025, together with the Chairperson’s Review Report, Directors Report and Auditors’ Report thereon.
- 1.3. To appoint auditors and fix their remuneration for the year ending June 30, 2026. The present auditors’ M/s BDO Ebrahim & Co., Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

### **2. SPECIAL BUSINESS**

- 2.1. **To consider and if deemed fit, to pass the following resolution as Special Resolution, with or without modification, addition(s) or deletion(s):**

**“RESOLVED THAT** approval of the members of the Company be and is hereby accorded in respect of the transactions from/to with related parties, associated companies and undertaking as tabulated below during the year ended June 30, 2025 in term of Section 207 and / or 208 and/or 199 of the Companies Act, 2017 as approved by the Board of Directors of the Company.”

<b>Name of Associated Companies &amp; Undertakings</b>	<b>Loan Received</b>	<b>Loan Paid</b>	<b>Advance Paid</b>	<b>Advance Received</b>
Toyota Rawal Motors (Pvt) Ltd	149,088,969	319,402,448		
Mr. Nadeem Khalid	1,800,000	4,484,000		
Rawal Industrial Equipment (Pvt) Ltd	14,072,182	263,784,180		
Khalid & Khalid Holdings (Pvt) Ltd			145,127,502	107,634,794

**“FURTHER RESOLVED THAT** approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company to approve all transactions which may be deemed necessary from time to time with related parties, associated companies and undertaking in term Section 207 and / or 208 and/or 199 and other applicable provisions of the Companies Act, 2017 during the ensuing year ending 30th June 2026.”

**“FURTHER RESOLVED THAT** the approval of the members of the Company be and is hereby accorded to extend the loan amount up to Rs 800 million to Khalid & Khalid Holdings (Pvt) limited in term of 199 and other applicable provisions of the Companies Act, 2017 as approved by the Board of Directors of the Company in their meeting held on October 07, 2025 as per terms and conditions disclosed to the members for a period of three years @ one-year KIBOR plus 3.25%.”

## **2.2. Approval of Withdrawal of Land Sale Agreement and Related Matters**

**To consider and if deemed fit, to pass the following resolution as Special Resolution, with or without modification, addition(s) or deletion(s):**

**“RESOLVED THAT** in view of the Board’s strategic review and assessment of prevailing market conditions, the members of the Company hereby approve the decision of the Board to withdraw the land sale agreement dated January 08, 2021 entered into with the counterparty for a total consideration of Rs. 1.13 billion, against which an advance of Rs. 750.84 million had been paid.

**FURTHER RESOLVED THAT** the members acknowledge that the counterparty has agreed to refund Rs. 200 million in May 2026, while the further payment if any, will be paid after June 30, 2026 with mutual agreement between the parties under further negotiation, as the counterparty has raised concerns over compensation for withdrawal.

**FURTHER RESOLVED THAT** the members of the Company authorize and empower the Board and management to continue negotiations with the counterparty to reach an amicable settlement in the best interest of the Company and its shareholders.”

**FURTHER RESOLVED THAT** all acts, deeds, and things already done or to be done by the Board and management in connection with the said withdrawal and negotiations be and hereby ratified, confirmed and approved.”

**“FURTHER RESOLVED THAT** the Company Secretary and CEO be and are hereby empowered and authorized to take and do, and/or cause to be taken or done, any /all necessary actions, deeds and things which are or may be necessary for giving effects to the aforesaid resolutions and to do all acts, matters, deeds, and things which are necessary, incidental /or consequential to fulfill all requisite legal, corporate and procedural formalities and any ancillary matters thereto.”

## **3. ANY OTHER BUSINESS**

To consider any other business with the permission of the Chair

A statement under Section 134(3) of the Companies Act 2017 pertaining to the Special Business is being sent to the shareholders along with this Notice.

**October 07, 2025  
Peshawar**

**BY ORDER OF THE BOARD**

**Rehman Khan Sherwani  
(Company Secretary)**

## **NOTES:**

### **1. Closure of Share Transfer Books**

The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from October 22, 2025 to October 28, 2025 (both days inclusive). Transfers received in order at the Share Registrars' office by the close of business on October 21, 2025 will be treated in time for the purpose of attending the AGM and payment of final cash dividend, if approved by the Shareholders.

### **2. Participation in the Annual General Meeting**

A member entitled to attend and vote at this meeting is entitled to appoint another person as his / her proxy to attend and vote. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.

### **3. CDC Account holders will further have to follow the under mentioned guidelines:**

#### **a. For attending the meeting**

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

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

#### **b. For appointing proxies**

- I. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per regulations, shall submit the proxy form as per the above requirement.
- II. The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
- III. Attested copies for CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.
- IV. The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- V. In the case of a corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted (unless it has been provided earlier) along with proxy form to the Company. Blank proxy forms are available on the Company's website [www.forte.com.pk](http://www.forte.com.pk)

**4. Video Conference Facility**

In accordance with Section 132(2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please submit such request to the Company Secretary of the Company on given address:

[rehman.khan@forte.com.pk](mailto:rehman.khan@forte.com.pk) for their appointment and proxy's verification by or before 4:30 p.m. on October 27, 2025.

Name of Shareholder	CNIC No.	Folio No. / CDC No.	Cell Number	Email address

Video conference link details and login credentials will be shared with those shareholders whose registered emails containing all the particulars are received on or before October 27, 2025 by 4:30 p.m. Shareholders can also provide their comments and questions for the agenda items of the AGM on [rehman.khan@forte.com.pk](mailto:rehman.khan@forte.com.pk) or WhatsApp or SMS on Cell Number. [0315-5601819](tel:0315-5601819) by October 27, 2025 by 4:30 p.m. Shareholders are required to mention their full name, CNIC number and Folio/CDS # for this purpose.

**5. Changes in Members Addresses**

The Shareholders are requested to promptly notify change in their address, if any, to the Company's Share Registrar.

**6. Transmission of Audited Financial Statements Through Email**

SECP vide S.R.O 389(I)/2023 dated 21 March 2023 and shareholders in their Annual General Meeting held on 28 October 2023 have authorized the Company to circulate annual audited financial statements through QR enabled code and weblink instead of circulating the same through CD/DVD/USB. The Annual Audited Financial Statements along with the reports and Notice of AGM are being sent to members who have provided their email addresses. Physical copy of the Annual Report will be provided to the members on demand.

**7. Availability of Financial Statements and Reports on Website**

The audited financial statements of the Company for the year ended June 30, 2025 have been made available on the Company's website [www.forte.com.pk](http://www.forte.com.pk), in addition to annual and quarterly financial statements for the prior years which can be accessed/downloaded from the following link and QR code.



<https://forte.com.pk/reports>

## **8. Mandatory Registration Detail of Physical Shareholders**

According to section 119 of the Companies Act, 2017 and regulation 47 of the Companies Regulations, 2024, all physical shareholders are advised to provide their mandatory information such as CNIC numbers, address, email, contact mobile/telephone number,

international bank account number (IBAN), etc. to our share registrar at their below address immediately to avoid non-compliance of law or any inconvenience in future.

CDC Share Registrar Services Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi- 74400 Tel: +92 21 111 111 500 Fax: + 92 21 34326053 Website: [www.cdcsrsl.com](http://www.cdcsrsl.com) Email: [info@cdcsrsl.com](mailto:info@cdcsrsl.com)

## **9. Conversion of Physical Shares into CDC Account**

As per Section 72 of the Companies Act, 2017, all listed companies are required to replace shares issued by them in physical form to book-entry form. Accordingly, all shareholders of the Company having physical shares are requested to convert their shares into book-entry form at the earliest with the CDC. The shareholders may contact the Company or Shares Registrar for the conversion of physical shares into book-entry form.

## **10. E-voting & Postal Ballot**

The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 amended through Notification vide SRO 2192(1)/2022 dated December 05, 2022 issued by the SECP. The SECP has directed all listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, members of the Company will be allowed to exercise their right to vote through e-voting facility or voting by post in the forthcoming AGM to be held on Monday, October 28, 2025 at 9:30 A.M. in accordance with the conditions mentioned in the aforesaid regulations. The Company shall provide its members with the following options for voting:

- i. E-voting Procedure
  - a. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company within due course.
  - b. The web address, login details, will be communicated to members via email.
  - c. Identity of the members intending to cast vote through e-Voting shall be authenticated through electronic signature or authentication for login.
  - d. E-Voting lines will start from October 25, 2025, 09:00 a.m. and shall close on October 27, 2025 at 5:00 p.m. Members can cast their votes any time in this period. Once the vote is cast by a member, he / she shall not be allowed to change it subsequently.
- ii. Postal Ballot

For Voting through Postal Ballot Members may exercise their right to vote as per provisions of the Companies (Postal Ballot) Regulations, 2018. Further details in this regard will be communicated to the shareholders within legal time frame as stipulated under the said Regulations, if required.

The members shall ensure that duly filled and signed ballot paper along with copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post on the Company's Registered 29-Industrial Estate Jamrud Road, Peshawar, or email at [rehman.khan@forte.com.pk](mailto:rehman.khan@forte.com.pk) one working day before the AGM i.e. on October 25, 2025, during working hours. The signature on the ballot paper shall match with the signature on CNIC. Ballot paper for voting through post is attached herewith.

#### 11. Unclaimed Dividends and Shares Certificates

The Company has previously discharged its responsibility under Section 244 of the Companies Act, 2017 whereby the company approached the shareholders to claim their unclaimed dividends and undelivered shares certificates in accordance with the law. Shareholders, whose dividends and share certificates are still unclaimed/undelivered, are hereby once again requested to approach the company and claim outstanding dividend amounts and/ or undelivered shares certificates.

#### 12. Virtual Participation in the AGM

Members interested to participate in the AGM proceedings via video link are required to provide following details at [rehman.khan@forte.com.pk](mailto:rehman.khan@forte.com.pk):

Name of Shareholder	CNIC No.	Folio No./CDC Account No.	No. of Shares	Contact No.	Email Address

Video Link to join the AGM will be shared before one day of AGM with only those Members whose emails, containing all the required particulars, are received at the above email address at 4:00 p.m on October 27, 2025. Login facility shall remain open till conclusion of the meeting on October 28, 2025.

#### 13. Prohibition on grant of gifts to Shareholders

The SECP through its Circular 2 of 2018, dated 9th February 2018 and S.R.O.452(1)/2025 dated 17th March 2025 has strictly prohibited companies from providing gifts or incentives, in lieu of gifts (tokens/ coupons/lunches/ takeaway/ packages) in any form or manner, to

shareholders at or in connection with general meetings. Under Section 185 of the Act, any violation of this directive is considered an offense, and companies failing to comply may face penalties.

**STATEMENT OF MATERIAL FACT UNDER SECTION 134 (3) OF THE  
COMPANIES ACT 2017 READ WITH SRO 423/(i)/2018, DATED APRIL 3, 2018  
IN CONNECTION WITH SPECIAL RESOLUTION**

This statement sets out the material facts concerning the Special Business given in Agenda Item No. 2 of the Notice to be transacted at the Annual General Meeting of the Company to be held on Tuesday, October 28, 2025 at 09:00 A.M.

**ANNEXURE – A**

**APPROVAL OF TRANSACTIONS FROM/TO WITH ASSOCIATED COMPANIES & UNDERTAKING IN COMPLIANCE OF SECTION 207, 208 & 199 OF THE COMPANIES ACT, 2017**

The Company's shareholders accorded prior approval for the transactions in last AGM with its related parties for the year ended 30th June 2025 which were on an arm's length basis as per the approved policy with respect to 'transactions with related parties' which were in the normal course of business. Many Directors may be deemed to be treated as interested in transactions with related parties due to their common directorships, shareholders further approval/ ratification is required for all transactions with the related parties as required u/s 207 and / or 208 and / or 199 of the Companies Act, 2017, for the year ended 30th June 2025.

Further, the Company may carry out further transactions with its related parties during the year ending 30th June 2025 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. Many Directors may be deemed to be treated as interested in transactions with related parties due to their common directorships and/or shareholding. In order to promote good corporate governance and transparent business practices, the shareholders approve and desire to authorize the Board of Directors to approve transactions with the related parties as required u/s 207 and / or 208 and / or 199 of the Companies Act, 2017, for the year ending 30th June 2026, which transactions shall be deemed to be approved by the Shareholders and will be ratified by the members in the next AGM.

The Directors, Sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above business except to the extent of shares that are held by them in the Company.

**Information under Regulation 3 of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017**

REF NO.	REQUIREMENT	INFORMATION
<b>a) Disclosure for all type of investments,</b>		
<b>(A) Regarding associated company or associated undertaking;</b>		
I	Name of the associated company or associated undertaking	KHALID & KHALID HOLDINGS (Pvt) LTD
II	Basis of Relationship	An associated undertaking due to common directorship.

III	Earnings/ (Loss) per share for the last three years		Year	Earning/ (Loss) per Share Rs.
			2025	11..33
			2024	14.50
			2023	32.16
IV	Break-up value per share		PKR . 36.64	
V	Financial position, including main item of statement financial position and profit & loss account on the basis of latest financial statements		Audited financial statements for the year ended June 30, 2025 showed.	
<b>Balance Sheet: Rs. in ‘000’</b>				
Assets				
Non-Current Assets			351,440	
Current Assets			403,084	
Total Assets			754,525	
Liabilities				
Long Term			0	
Short Term			36,725	
Total Liabilities			36,725	
<b>Profit &amp; loss:</b>				
Sales			726,695	
Gross Profit			211,661	
Gross Profit Ratio	29.13%			
Loss after Tax	113,306			
Ratio	15.59%			
PPS	11.33			
VI	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operation, following further information namely		Not Applicable	
	i.	Description of the project and its history since conceptualization	Not Applicable	
	ii.	Starting date and expected date of completion of work	Not Applicable	
	iii.	Time by which such project shall become commercially operational	Not Applicable	
	iv.	Expected time by which the project shall start paying return on investment.	Not Applicable	
	v.	Funds invested or to be invested by the promoters, sponsors associated company or associated undertaking distinguishing between cash and non-cash amounts.	Not Applicable	
(B) General Disclosures: -				
(i)	Maximum amount of investment to be made		Previously sanctioned limit of PKR.200 million is being extended to PKR 800 million. Above facilities will be in the	



		nature of running finance for a period of three years
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period investment	To support the functionality, operations and growth of the associate.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed fund:	From Company's own available liquidity, credit lines and borrowings from associated companies and undertakings
	I Justification for investment through borrowings	Not Applicable
	II Detail of collateral, guarantees provided and assets pledge for obtaining such funds	Not Applicable
	III Cost of benefit analysis	Not Applicable
(iv)	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Period: Three Years Rate: One-year KIBOR+3.25%
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor/ Director / Shareholder of Investee Company.
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/ justification for any impairment or write offs.	<p>A loan of Rs. 200 million had already been granted for the period July-2023 to June-2025.</p> <p>The said associated company is engaged in the assembly of high-end passenger buses in Pakistan in collaboration with reputable international manufacturers. The Board has carried out a detailed review of the financial position, business progress, and future prospects of the associated company. Based on the information available and management's assessment, the operations are progressing satisfactorily, with positive indicators of future profitability and cash flow generation. Accordingly, the Board is of the view that there is no indication of impairment in respect of the aforesaid loan, nor is any write-off considered necessary at this stage.</p>

<b>(A) Additional disclosure regarding investment in the form of working capital loan: -</b>		
(i)	Category wise amount of investment.	PKR 800 million as loan/ advance
(ii)	average borrowing cost of the investing company, the Karachi inter Bank Offered Rate (KIBOR) for relevant period, rate of return for Shariah complaint products and rate of return unfunded facilities, as the case may be, for the relevant period.	Average borrowing cost of the investing Company is 1-year Kibor+2%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Company's' prevalent average borrowing cost.
(iv)	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	No Security to be obtained
(v)	If the investment carries conversion feature i.e., it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
(vi)	Repayment schedule and term and conditions of loans or advances to be given to associated company or associated undertaking	Above facilities will be in the nature of running finance for a period of three year. However, transaction with investing Company will be approved and ratified in annual general meeting of the Company

## **ANNEXURE – B**

### **APPROVAL OF WITHDRAWAL OF LAND SALE AGREEMENT AND RELATED MATTERS**

This statement sets out the material facts relating to the proposed resolution regarding the withdrawal of the land sales agreement dated January 08, 2021 with a related party, for consideration and approval of the members in the forthcoming Annual General Meeting.

#### **1. Background:**

The Company had entered into a land sale agreement on January 08, 2021 with a counterparty for purchase of 1031 kanal of land on “AS Is” basis, situated at Massan Daud ,Khail , Mianwali for a total consideration of Rs. 1.13 billion, against which an advance of Rs. 750.84 million was paid. The counterparty is the Chief Executive Officer of the Company,

#### **Reason for Withdrawal:**

In line with the Board's strategic review and assessment of prevailing market conditions, it was determined that the sector has reached a level of saturation where a new plant expansion would not yield the desired returns. Accordingly, the Board decided not to pursue the land acquisition and to withdraw the agreement with the counter party.

**Settlement Arrangement:**

The counterparty has agreed to refund Rs. 200 million by May 2026, while the further payment if any, will be paid after June 30, 2026 with mutual agreement between the parties under negotiation, as the counterparty has expressed concerns regarding compensation for withdrawal of the Agreement by the Company. The Board has authorized management to continue negotiations with the counterparty to achieve an amicable resolution.

**2. Interest of Directors and Majority Shareholders:**

The Directors, Sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above business except to the extent of shares that are held by them in the Company.

**Frontier Ceramics Limited**

**KEY OPERATING & FINANCIAL DATA - FOR LAST 6 YEARS**

----- (Rupees in Thousands) -----						
	2025	2024	2023	2022	2021	2020
Sales - Net	4,390,409	3,419,350	4,115,403	3,758,162	2,828,952	1,115,224
Gross Profit/(Loss)	400,885	72,587	103,345	241,377	296,241	112,722
Expenses	114,329	171,514	234,868	104,404	91,222	115,623
Profit/(Loss) Before Taxation	286,556	(98,927)	(131,523)	136,973	205,019	(2,901)
Profit/(Loss) After Taxation	147,496	(109,913)	153,472	38,504	160,705	17,669
Dividend %	-	-	-	-	-	-

Earning/(Loss) Per Share (Rs.)	3.89	(2.90)	(4.05)	1.02	(Restated)	(Restated)
					4.24	0.47

## **CHAIRPERSON'S REVIEW REPORT:**

Dear Shareholders,

On behalf of the Board of Directors, I present the performance of the Company for the year ended June 30, 2025.

## **ECONOMIC OVERVIEW:**

The construction sector—an essential driver of demand for our products—remained subdued during the year, impacted by restrained public sector development spending and cautious private investment. This slowdown directly affected the tiles and ceramics industry, while rising gas and electricity tariffs further escalated production costs for an already energy-intensive sector, placing additional pressure on profitability.

Against this backdrop, your company managed to perform and remained steadfast in its commitment to innovation, operational efficiency, and strict financial discipline.

## **BUSINESS OVERVIEW:**

In the challenging circumstances, your company sustained its expected results for the year. However, management has remained proactive in reducing the impact of the external pressures. Key measures undertaken included:

- Improvement in product mix by focusing on higher-value and design-oriented offerings,
- Optimization of energy consumption through adoption of a more beneficial energy mix and efficiency initiatives,
- Cost reduction and strict working capital management to strengthen liquidity,
- Enhancement of product quality to improve competitiveness.
- Increase in production capacity utilization

## **PERFORMANCE SCORECARD**

During the year, the Company achieved a revenue increase of 28.40% as compared to previous year, profit after tax Rs 147.49M as compared to after tax loss of Rs 109.91M of previous year, reflecting the successful optimization of production capacity and stronger operational efficiency. At the same time, our unwavering commitment to excellence in customer satisfaction enabled us to reinforce customer loyalty, maintain a competitive edge, and expand our market share, even in the face of a challenging economic environment.

## **BOARD PERFORMANCE AND ROLE IN ACHIEVING COMPANY'S OBJECTIVES**

In compliance with the provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board has established a formal and effective mechanism to conduct an annual evaluation of its own performance, as well as that of its Members and Sub-Committees. The approval and successful implementation of this evaluation mechanism further demonstrates the Board's commitment to adhering to corporate governance standards.

During the year, the Board demonstrated effective leadership and sound decision-making, guiding the Company through challenges and capitalizing on opportunities. By fostering transparency, accountability, and innovation, it strengthened stakeholder confidence and enabled the management team to work cohesively towards shared goals. Prudent oversight and risk management remained central to ensuring sustainable growth and long-term success.

## **FUTURE OUTLOOK**

As Pakistan moves toward greater stability and renewed global support, we see fresh opportunities for growth and investment. With strong foundations and a clear strategy, your Company is ready to seize these opportunities and create lasting value for all stakeholders.

## **ACKNOWLEDGEMENT:**

I extend my sincere appreciation to the members of the Board, our investors, employees, and values customers for the continued trust and support.



**Mrs. Shabina Anjum**  
**Chairperson**

**Dated: October 07, 2025**

### معزز شیئر ہولڈرز،

میں بورڈ آف ڈائریکٹرز کی جانب سے، 30 جون 2025 کو ختم ہونے والے سال کے لیے کمپنی کی کارکردگی پیش کر رہی ہوں۔

### اقتصادی جائزہ:

تعمیراتی شعبہ جو ہماری مصنوعات کی مانگ کا ایک لازمی محرک ہے سال کے دوران کمزور رہا، جو سرکاری شعبے کے ترقیاتی اخراجات اور محتاط نجی سرمایہ کاری سے متاثر ہوا۔ اس سست روی نے ٹانگوں اور سیرامکس کی صنعت کو براہ راست متاثر کیا، جبکہ گیس اور بجلی کے بڑھتے ہوئے نرخوں نے پہلے سے ہی توانائی سے بھرپور شعبے کے لیے پیداواری لاگت کو مزید بڑھا دیا، جس سے منافع پر اضافی دباؤ پڑا۔

اس پس منظر میں، آپ کی کمپنی کارکردگی کا مظاہرہ کرنے میں کامیاب رہی اور آپریشنل کارکردگی اور سخت مالی نظم و ضبط کے لیے اپنے عزم پر ثابت قدم رہی۔

### کاروبار کا جائزہ:

• مشکل حالات میں آپ کی کمپنی نے سال کے لیے اپنے متوقع نتائج کو برقرار رکھا۔ تاہم، انتظامیہ بیرونی دباؤ کے اثرات کو کم کرنے میں سرگرم رہی اور جس میں کئے گئے کچھ اہم اقدامات شامل تھے۔

• اعلیٰ قیمت اور ڈیزائن پر مبنی پیشکشوں پر توجہ مرکوز کر کے مصنوعات کے مرکب میں بہتری۔

• زیادہ فائدہ مند توانائی کا استعمال اور کارکردگی کے اقدامات کو اپناتے ہوئے توانائی کی کھپت کو بہتر بنانا۔

• لیکویڈیٹی کو مضبوط بنانے کے لیے لاگت میں کمی اور سخت ورکنگ کیپٹل مینجمنٹ کی گئی۔

• مصنوعات کے معیار میں اضافہ۔

• پیداواری صلاحیت میں اضافہ۔

### کارکردگی کا اسکور کارڈ:

سال کے دوران، کمپنی نے پچھلے سال کے مقابلے میں 28.40 فیصد کی آمدنی میں اضافہ کیا، پچھلے سال 109.91 ملین روپے کے نقصان کے مقابلے میں 147.49 ملین روپے ٹیکس کے بعد منافع حاصل کیا، جو پیداواری صلاحیت کی کامیاب اصلاح اور مضبوط آپریشنل کارکردگی کی عکاسی کرتا ہے۔ اس کے ساتھ ساتھ ایک مشکل معاشی ماحول کے باوجود ہماری غیر متزلزل عزم نے ہمیں صارفین کی وفاداری کو تقویت دینے، مستقبل برتری کو برقرار رکھنے، اور اپنے مارکیٹ شیئر کو بڑھانے کے قابل بنایا۔

بورڈ کی کارکردگی اور کمپنی کے مقاصد کو حاصل کرنے میں کردار:

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی دفعات کی تعمیل میں، بورڈ نے اپنی کارکردگی کے ساتھ ساتھ اپنے اراکین اور ذیلی کمیٹیوں کی سالانہ تشخیص کرنے کے لیے ایک باضابطہ اور موثر طریقہ کار قائم کیا ہے۔ اس تشخیصی طریقہ کار کی منظوری اور کامیاب نفاذ کارپوریٹ گورننس کے معیارات پر عمل کرنے کے لیے بورڈ کے عزم کو مزید ظاہر کرتا ہے۔

سال کے دوران، بورڈ نے موثر قیادت اور درست فیصلہ سازی کا مظاہرہ کیا، چیلنجوں میں کمپنی کی رہنمائی کی اور مواقعوں سے فائدہ اٹھایا۔ شفافیت، جوابدہی اور جدت کو فروغ دے کر، اسٹیک ہولڈر کے اعتماد کو مضبوط کیا اور انتظامی ٹیم کو مشترکہ اہداف کے لیے ہم آہنگی سے کام کرنے کے قابل بنایا۔ پائیدار ترقی، طویل مدتی اور کامیابی کو یقینی بنانے کے لیے محتاط نگرانی اور رسک مینجمنٹ مرکزی حیثیت رکھتا ہے۔

مستقبل کا منظر:

جیسے جیسے پاکستان زیادہ سے زیادہ استحکام اور نئی عالمی حمایت کی طرف بڑھ رہا ہے، ہم ترقی اور سرمایہ کاری کے نئے مواقع دیکھ رہے ہیں۔ مضبوط بنیادوں اور ایک واضح حکمت عملی کے ساتھ، آپ کی کمپنی ان مواقعوں سے فائدہ اٹھانے اور تمام اسٹیک ہولڈرز کے لیے دیرپا قدر اور حمایت حاصل کرنے کے لیے تیار ہے۔

اعتراف:

میں بورڈ کے اراکین، اپنے سرمایہ کاروں، ملازمین، اور مسلسل اعتماد اور حمایت کے لیے صارفین کی قدر کرنے والوں کی دل کی گہرائیوں سے تعریف کرتی ہوں۔



محترمہ شبینہ اجم چیمبر پرسن

تاریخ: 07 اکتوبر 2025



## **DIRECTORS REPORT:**

The Directors of the Company are pleased to present their report along with the Audited Financial Statements for the year ended June 30, 2025.

## **BUSINESS ENVIRONMENT:**

During the year, the overall economic environment remained challenging, with the construction sector being particularly affected. Limited availability of project financing, rising costs of key construction materials, and subdued consumer purchasing power continued to constrain activity in the sector. Consequently, a number of projects faced delays or cancellations, leading to a notable slowdown in both housing and commercial construction activities.

Besides these challenges, the Company's performance remained, Alhamdulillah, satisfactory with revenue increased by 28.40% as compared to previous year by utilizing the production capacity of the Plant more efficiently during the year. The Company recorded a Profit before tax of Rs. 286.56 million as compared to loss before tax Rs 98.93 million. Earnings per share increased to Rs 3.89 as compared to loss per share Rs (2.90) previous year.

Summary of financial performance is given below:

	2025	2024
	(Rupees in Millions)	
Turnover – net	4,390.41	3,419.35
Gross profit	400.89	72.61
Operating Profit	309.80	6.18
Finance cost	29.10	143.18
Profit/(Loss) before taxation	286.56	(98.93)
Profit/(Loss) after taxation	147.49	(109.91)
Earnings/(Loss) per share (Rs.)	3.89	(2.90)

## **LIQUIDITY AND CASH FLOW MANAGEMENT:**

The Company primarily manages its capital expenditure requirements and short-term working capital requirements from its internally generated cash-flows and associated companies. The Company believes that it is maintaining an optimal capital structure. Company deals on cash basis and discourages the credit which ease the company in managing its cash flows.

## **COMMERCIAL STRATEGY:**

The Company continued its focus on strengthening the FORTE brand. To further improve brand visibility and reinforce its premium image. We remain committed to sustained efforts aimed at maintaining Company position as a leading premium brand in the industry.

## **BUSINESS RISKS AND CHALLENGES:**

Following are the major risks, which may affect our business operations:

- Fluctuation / interruption in gas supply due to curtailment, gas reserve depletion
- Revision in gas allocation policy and increased gas tariff exerting pressures on input cost
- Rising coal prices
- Problems in establishing LCs affecting the production cycle
- High inflation resulting in sluggish secondary sales
- Devaluation of rupee.
- Freight cost upsurge due to supply chain disruption, diesel prices.
- Irrational tax burden on compliant companies.

## **CORPORATE AND SOCIAL RESPONSIBILITY:**

Over the years, the Company has committed to contributing towards the welfare of society through various CSR initiatives, with a particular focus on healthcare, education, and community development. Guided by its CSR policy, the Company continues to evaluate opportunities where its contributions can create remained meaningful impact. During the year under review, the Board revisited the CSR framework to align future initiatives more closely with long-term community needs and the Company's strategic objectives. This realignment will enable the Company to channel its resources more effectively in the coming years.

## **HEALTH & SAFETY:**

The Company is firmly committed to maintaining a safe, secure, and healthy work environment for all its employees. In line with core safety principles, we strive to provide a workplace where individuals can perform their duties with confidence and assurance. To reinforce this commitment, a dedicated Health & Safety Division has been established, tasked with proactively minimizing workplace risks, ensuring adherence to recognized best practices, and safeguarding the overall well-being of our workforce.

## **ENVIRONMENT:**

The Company recognizes its responsibility to protect and preserve the environment for future generations. In line with this commitment, we have undertaken initiatives aimed at minimizing and recycling waste, while progressively adopting green technologies to improve our energy mix and overall environmental performance

## **ADEQUACY OF INTERNAL CONTROLS:**

The Company has in place a robust system of internal controls to ensure orderly operations, safeguard assets, and maintain accurate financial records. The Board, directly and through its committees, regularly reviews the adequacy of these controls, financial performance, and budgetary variances with necessary actions. To strengthen oversight, a suitably qualified Head of Internal Audit has been appointed in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019.

## **AUDITORS REAPPOINTMENT:**

The present auditor's M/s BDO Ebrahim & Co, Chartered Accountants, are due to retire in the fourth coming annual general meeting of the company and being eligible, have offered themselves for re-appointment. The Board has recommended the re-appointment of the retiring auditors for the year ending 30 June 2026, for approval of the shareholders in the forthcoming Annual General Meeting.

## **COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:**

The Company Management is fully cognizant of its responsibility as recognized by the Companies Act, 2017 provisions and Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP). The following comments are acknowledgement of Board's commitment to high standards of Corporate Governance and continuous improvement:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
2. Proper books of account have been maintained by the Company;
3. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment;
4. International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of these financial statements;
5. The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue with the objective to further strengthen the controls and improve the system;
6. There are no significant doubts upon the Company's ability to continue as a going concern;
7. A summary of key operating and financial data of the Company of the last six years is available in the annual report.
8. There has been no material departure from the best practices of Corporate Governance, as detailed in the Regulations of Rule Book of Pakistan Stock Exchange.
9. The Company is in process of re-registering provident fund trust for all permanent employees. The provident fund payable by the Company as at June 30, 2025 was Rs. 113.92 million (2024: Rs. 84.09 million) and will be transferred to the trust once registration process is completed.
10. There are no outstanding statutory payments due on account of taxes, levies and charges except as those disclosed in these financial statements.

## **BOARD OF DIRECTORS & ITS COMMITTEES:**

### **THE BOARD:**

The Board comprises of two independent Directors (including one female director), three non-executive Directors and two executive Director.

During the year, four meetings of Board of Directors (BOD) were held. All the meetings were held in Pakistan. The attendance and the composition of the Board of Directors are as follows:

Name of Director	Designation	No. of meetings attended
Mrs. Shabina Anjum	Chairperson & Independent Director	4
Mr. Nadeem Khalid	Chief Executive	4
Mr. Omer Khalid	Non-Executive	4
Mr. Javid Khalid	Non-Executive	4
Mr. Zia Khalid	Executive Director	4
Ms. Numrah Khalid	Executive Director	4
Mr. Muhammad Riaz Khan	Independent	4
Mrs. Shazia Khalid	Non-Executive	2
Mr. M Nehmatullah Toor	Non-Executive Director	2

#### **BOARD AUDIT AND RISK COMMITTEE:**

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to share-holders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairperson of the Committee reports to the Board. The Committee comprises of two non-executive director and one independent director.

During the year, four meetings of Audit Committee were held. The attendance and the composition of the Board of Directors are as follows:

Name of Director	Designation	No. of meetings
Mr. Muhammad Riaz Khan	Chairman/ Independent Director	4
Mr. Omer Khalid	Non-Executive Director	4
Mr. Javid Khalid	Non-Executive Director	4

#### **HUMAN RESOURCE AND REMUNERATION COMMITTEE:**

The Human Resource and Remuneration Committee provides strategic guidance to the management on human resource, review the annual performance evaluations, personnel policies, and compensation & benefits for the associates.

For the year under review, one meeting of the HR&R Committee was held to discuss & approve the matters falling under the terms of reference of the Committee. The attendance of the HR&R Committee members was as follows:

Name of Director	Designation
Ms. Numrah Khalid	Executive Director
Mr. Javid Khalid	Non-Executive Director

#### **DIVIDEND:**

The Board of Directors has not recommended any dividend for the financial year ended June 30, 2025 due to expected payments towards current liabilities.

#### **PATTERN OF SHAREHOLDING:**

Statements showing the pattern of shareholding as at June 30, 2025 required under Section 227 (2) (f) of the Companies Act, 2017 and the Code of Corporate Governance, is annexed to this report.

The Directors, CFO, Company Secretary, Head of Internal Audit and their spouses or minor children did not carry out any trade in the shares of the Company during the year except CEO of the Company.

#### **RELATED PARTY TRANSACTIONS:**

The transactions between the related parties were carried out on the basis of arm's length prices. The Company has fully complied with the best practices on transfer pricing as contained Act and Code. The details of all related party transactions were placed before the Audit Committee and upon its recommendation the same were approved by the Board of Directors.

#### **GENDER PAY GAP:**

Your company is committed to fostering an inclusive and equitable workplace where all employees are valued and empowered to succeed. We are proud to be an equal opportunity employer, dedicated to ensuring that employment decisions including recruitment, hiring, training, promotion, and compensation are made based on merit and qualifications without regard to race, color, religion, gender, age, disability, or any other characteristic protected by law.

We believe that diversity drives innovation and enhances our organizational performance. To this end, we continuously strive to create a work environment where all employees have equal opportunities to thrive and contribute to our collective success.

Our analysis for this period female employees earns 8.38% more than their male counterparts, based on the mean hourly pay. The median pay gap stands at 22.12%, with female employees earning more than their male peers at the midpoint of the pay distribution. These figures serve as a benchmark for continued progress and underline the importance of addressing systemic pay disparities.

We are encouraged by these figures, which reflect positively on our commitment to gender equity. Nonetheless, we understand that achieving pay equity is an ongoing endeavor.

#### **Auditors' Qualification and Management's Response**

The auditors have expressed qualifications in their report on the following two matters:

## **1. Classification of Advance against Land Sale Agreement**

Subsequent to the year end, the Board of Directors, in its meeting held on October 7, 2025, resolved to discontinue the Company's previously planned land acquisition for a new business unit and to withdraw from the Land Sale Agreement dated January 8, 2021, executed with the Chief Executive Officer (Counter Party) for a total consideration of Rs. 1.13 billion. It was mutually agreed that out of the total advance paid as at June 30, 2025 amounting to Rs. 750.84 million, Rs. 200 million would be refunded to the Company by May, 2026, while the balance would be settled after June 30, 2026 upon mutual agreement, as the Chief Executive Officer has sought compensation for the withdrawal. The auditors have qualified that the Company has classified Rs 200 million under current assets which constitute the departure from the requirement of IFRS as the approval of the withdrawal of from the land Sale Agreement is a non –adjusting subsequent event.

### **Management's View:**

The management believes that the classification of Rs. 200 million as a current asset is consistent with the presentation principles of *IAS 1 – Presentation of Financial Statements*, as the recovery is contractually scheduled within the next operating cycle and represents a realizable short-term asset. The disclosure in Note 10.2 adequately explains the nature of the event.

## **2. Uncertainty Relating to Negotiations and Compensation**

The auditors have further qualified their report on the grounds that the Chief Executive Officer (the counterparty) has sought compensation for the withdrawal and that the matter remains subject to further negotiation. Consequently, the auditors qualified that company has not carried out an impairment assessment of the recovery of the remaining advance amount against purchase of land amounting to Rs 550.836 .In the absence of such assessment, they are unable to determine the amount of the adjustment that may be required in the carrying amount of the remaining advance and its impact in the statement of profit or loss for the year.

### **Management's View:**

In management's considered view, the matter represents a non-adjusting subsequent event, the financial impact of which cannot presently be determined. Accordingly, adjustment, if any, required, shall be recognized in the subsequent financial period prospectively in accordance with IAS 10 (Events after the reporting period) and IAS 37 (Provisions, Contingent liability and Contingent Assets). Management is of the view that, even if an impairment assessment had been carried out as of October 07,2025, the date for authorizing the issue of financial statement , any resulting impact would pertain to subsequent financial periods, since the event constitutes a non-adjusting subsequent event under IAS 10.

### **Further Disclosure:**

For transparency and in the spirit of good corporate governance, this matter has been placed before the shareholders as a special business item in the forthcoming Annual General Meeting for their consideration and approval.

**SUBSEQUENT EVENTS:**

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of the Report, except as disclosed in the financial statements.

**BUSINESS CONTINUITY PLANS:**

In the dynamic business landscape of Pakistan, robust business continuity planning has emerged as a critical facet for companies seeking to navigate through various challenges and uncertainties. A well-structured business continuity plan is designed to ensure the organization's resilience in the face of disruptions such as natural disasters, economic fluctuations, and unforeseen events.

As an integral component of the Business Continuity Plan, remote disaster recovery sites have been effectively established to uphold backup server and data integrity should our primary server encounter any complications.

**PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES:**

In accordance with the mandates of the Code of Corporate Governance and the Companies Act of 2017, the Company's Board conducts a yearly comprehensive self-evaluation of its collective performance along with that of its committees. This evaluation process is aimed at assessing the Board's overall performance and efficacy, aligning it with the Company's set objectives.

The evaluation concentrates on key areas such as:

- Alignment of corporate goals and objectives with the vision and mission of the Company
- Strategy formulation for sustainable operation
- Board's independence and
- Evaluation of Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference.

Each year, an evaluation questionnaire is prepared in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, and distributed to Directors for performance assessment. These evaluations are subsequently analyzed to pinpoint areas necessitating enhancement and to bring to light any divergent viewpoints. The overall performance and efficacy of the Board and its committees has been appraised as 'Satisfactory'.

**REVIEW OF CEO'S PERFORMANCE:**

The CEO's performance is subject to a formal appraisal using an evaluation system that encompasses various aspects. This includes assessing the business performance, achievement of objectives related to profitability, organizational development, succession planning and overall corporate success.

**DIRECTORS' REMUNERATION:**

In terms of requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Code), the Company has formulated a policy which deals with the remuneration of the Directors. The system of remuneration for Directors is designed to enhance their motivation for improved business performance, both over the short term and medium to long term with sustained growth of corporate value. The Executive Director is paid monthly remuneration and benefits as approved by the Directors, whereas the Company does not pay remuneration to Non-executive Directors, except for meeting fee. For information on remuneration and fee of Directors & CEO, please refer to notes to the Financial Statements.

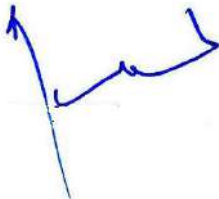
## **OUTLOOK AND FUTURE PROSPECTS:**

Looking ahead, we remain cautiously optimistic about the future. We will continue to prioritize product innovation, customer satisfaction, and operational excellence by increasing the production capacity more efficiently. The Company's unwavering dedication to excellence and customer satisfaction has remained steadfast. Even in these challenging times, our customers' unwavering trust continues to serve as a driving force.

## **ACKNOWLEDGEMENT:**

The Board of Directors of our Company are grateful to our shareholders and customers for their continued patronage and trust which has made FRCL a leading brand in the industry. We wish to extend our heartfelt gratitude and recognition to entire FRCL team, including our staff, our valued bankers, vendors for their consistent support and confidence in our Company.

**On behalf of the Board**



**Nadeem Khalid**  
**Chief Executive Officer**



**Numrah Khalid**  
**Director**

**Date: October 7, 2025**  
**Peshawar**



## ڈائریکٹر کی رپورٹ

کمپنی کے ڈائریکٹر 30 جون 2025 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئی خوش ہیں۔

### کاروباری ماحول:

سال کے دوران مجموعی اقتصادی ماحول چیلنجنگ رہا، تعمیراتی شعبہ خاص طور پر متاثر ہوا۔ پراجیکٹ فنانسنگ کی محدود دستیابی، کلیدی تعمیراتی مواد کی بڑھتی ہوئی قیمتیں، اور صارفین کی قوت خرید کی کمزوری نے اس شعبے میں سرگرمی کو روکنا جاری رکھا۔ نتیجتاً، متعدد پروجیکٹوں کو تاخیر یا منسوخ کیا گیا، جس کی وجہ سے ہاؤسنگ اور تجارتی تعمیراتی سرگرمیوں دونوں میں نمایاں کمی واقع ہوئی۔

ان چیلنجوں کے علاوہ، کمپنی کی کارکردگی برقرار رہی، الحمد للہ، سال کے دوران پلانٹ کی پیداواری صلاحیت کو زیادہ موثر طریقے سے استعمال کرتے ہوئے گزشتہ سال کے مقابلے میں آمدنی میں 28.40 فیصد اضافہ ہوا ہے۔ اس سال کمپنی نے ٹیکس سے پہلے 286.56 ملین روپے کا منافع حاصل کیا، جبکہ پچھلے سال ٹیکس سے پہلے 98.93 ملین روپے حصارہ ریکارڈ کیا گیا، جو پچھلے سال فی حصص (2.90) روپے نقصان کے بعد بڑھ کر اب منافع پر 3.89 روپے ہو گئی ہے۔

مالیاتی کارکردگی کا خلاصہ ذیل میں دیا گیا ہے:

تفصیلات	2024	2025
ملین روپے	ملین روپے	ملین روپے
ٹرن اوور نیٹ	3,419.35	4,390.41
مجموعی منافع	72.59	400.89
آپریٹنگ منافع / (نقصان)	6.18	309.82
مالیاتی لاگت	143.18	29.10
ٹیکس سے پہلے منافع / (نقصان)	(98.93)	286.56
ٹیکس کے بعد منافع / (نقصان)	(109.91)	147.49
آمدنی / (نقصان) فی شیئر (روپے)	(2.90)	3.89

### لیکویڈیٹی اور کیش فلو کا انتظام:

کمپنی بنیادی طور پر اپنے سرمائے کے اخراجات کی ضروریات اور قلیل مدتی ورکنگ کیپیٹل کی ضروریات کو اپنے اندرونی طور پر پیدا ہونے والے کیش فلو اور متعلقہ کمپنیوں سے سنبھالتی ہے۔ کمپنی کا خیال ہے کہ وہ ایک بہترین سرمائے کے ڈھانچے کو برقرار رکھے ہوئے ہے۔ کمپنی نقد کی بنیاد پر ڈیل کرتی ہے اور کریڈٹ کی حوصلہ شکنی کرتی ہے جو کمپنی کو اپنے کیش فلو کے انتظام میں آسانی پیدا کرتی ہے۔

## تجارتی حکمت عملی:

کمپنی نے FORTE برانڈ کو مضبوط بنانے پر اپنی توجہ جاری رکھی۔ برانڈ کی قدر کو مزید بہتر بنانے اور اس کی پریمیم امیج کو تقویت دینے کے لیے، ہم صنعت میں ایک سرکردہ پریمیم برانڈ کے طور پر کمپنی کی پوزیشن کو برقرار رکھنے کے لیے مسلسل کوششوں کے لیے پر عزم ہیں۔

## کاروباری خطرات اور چیلنجز:

- درج ذیل بڑے خطرات ہیں، جو ہمارے کاروباری آپریشنز کو متاثر کر سکتے ہیں:
- کمی، گیس کے ذخائر کی کمی کی وجہ سے گیس کی سپلائی میں اتار چڑھاؤ / رکاوٹ
- گیس مختص کرنے کی پالیسی میں نظر ثانی اور گیس ٹیرف میں اضافہ ان پٹ لاگت پر دباؤ ڈالتا ہے۔
- کوئلے کی بڑھتی ہوئی قیمتیں۔
- ایل سی کے قیام میں مسائل جو پیداواری دور کو متاثر کرتے ہیں۔
- اعلیٰ افراط زر کے نتیجے میں ثانوی فروخت میں سست روی ہے۔
- روپے کی قدر میں کمی۔
- سپلائی چین میں خلل، ڈیزل کی قیمتوں کی وجہ سے مال بردار لاگت میں اضافہ۔
- تعیل کرنے والی کمپنیوں پر ٹیکس کا غیر معقول بوجھ۔

## کارپوریٹ اور سماجی ذمہ داری:

کئی سالوں کے دوران، کمپنی صحت کی دیکھ بھال، تعلیم، اور کمیونٹی کی ترقی پر خصوصی توجہ کے ساتھ، مختلف CSR اقدامات کے ذریعے معاشرے کی فلاح و بہبود کے لیے اپنا حصہ ڈالنے کے لیے پر عزم ہے۔ اپنی CSR پالیسی کی رہنمائی میں، کمپنی ایسے مواقع کا جائزہ لینا جاری رکھتی ہے جہاں اس کی شراکتیں با معنی اثر پیدا کر سکتی ہیں۔ زیر جائزہ سال کے دوران، بورڈ نے مستقبل کے اقدامات کو طویل مدتی کمیونٹی کی ضروریات اور کمپنی کے اسٹریٹجک مقاصد کے ساتھ زیادہ قریب سے ہم آہنگ کرنے کے لیے CSR فریم ورک پر نظر ثانی کی۔ یہ دوبارہ ترتیب کمپنی کو آنے والے سالوں میں اپنے وسائل کو زیادہ مؤثر طریقے سے چلانے کے قابل بنائے گی۔

## صحت اور حفاظت:

کمپنی اپنے تمام ملازمین کے لیے ایک محفوظ، اور پرسکون کام کے ماحول کو برقرار رکھنے کے لیے پختہ عزم رکھتی ہے۔ بنیادی حفاظتی اصولوں کے مطابق، ہم کام کی جگہ فراہم کرنے کی کوشش کرتے ہیں جہاں افراد اعتماد اور یقین دہانی کے ساتھ اپنے فرائض انجام دے سکیں۔ اس عزم کو تقویت دینے کے لیے، ایک سرشار صحت اور حفاظتی ڈویژن قائم کیا گیا ہے، جس کو کام کی جگہ کے خطرات کو فعال طور پر کم کرنے، تسلیم شدہ بہترین طریقوں کی پابندی کو یقینی بنانے، اور ہماری افرادی قوت کی مجموعی فلاح و بہبود کو یقینی بنانے کا کام سونپا گیا ہے۔

## ماحولیات:

کمپنی مستقبل کی نسلوں کے لیے ماحولیات کے تحفظ اور حفاظت کی اپنی ذمہ داری کو تسلیم کرتی ہے۔ اس عزم کے مطابق، ہم نے اپنے انجری کس اور مجموعی ماحولیاتی کارکردگی کو بہتر بنانے کے لیے بتدریج گرین ٹیکنالوجی کو اپناتے ہوئے فضلے کو کم سے کم اور ری سائیکل کرنے کے لیے اقدامات کیے ہیں۔

## داخلی کنٹرول کی مناسبت:

کمپنی نے منظم آپریشنز، اثاثوں کی حفاظت، اور درست مالیاتی ریکارڈ کو برقرار رکھنے کے لیے اندرونی کنٹرول کا ایک مضبوط نظام قائم کیا ہے۔ بورڈ، براہ راست اور اپنی کمیٹیوں کے ذریعے، باقاعدگی سے ان کنٹرولز، مالیاتی کارکردگی، اور ضروری اقدامات کے ساتھ بجٹ کے تغیرات کا جائزہ لیتا ہے۔ نگرانی کو تقویت دینے کے لیے، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورنس) ریگولیشنز، 2019 کی تعمیل کرتے ہوئے ایک موزوں ہیڈ آف انٹرئل آڈٹ کا تقرر کیا گیا ہے۔

## آڈیٹرز:

موجودہ آڈیٹر کے BDO Ebrahim & Co. چارٹرڈ اکاؤنٹنٹس، کمپنی کی چوتھی آنے والی سالانہ جنرل میٹنگ میں ریٹائر ہونے والے ہیں اور اہل ہونے کی وجہ سے، انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ بورڈ نے آئندہ سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی منظوری کے لیے 30 جون 2025 کو ختم ہونے والے سال کے لیے ریٹائر ہونے والے آڈیٹرز کی دوبارہ تقرری کی سفارش کی ہے۔

## کوڈ آف کارپوریٹ گورنس کے ساتھ تعمیل:

کمپنی مینجمنٹ اپنی ذمہ داری سے پوری طرح باخبر ہے جیسا کہ کمپنیز ایکٹ 2017 کی دفعات اور کوڈ آف کارپوریٹ گورنس آف پاکستان (SECP) کی طرف سے جاری کیا گیا ہے۔ درج ذیل تبصرے کارپوریٹ گورنس کے اعلیٰ معیارات اور مسلسل بہتری کے لیے بورڈ کے عزم کا اعتراف ہیں:

1. کمپنی کی انتظامیہ کے ذریعے تیار کردہ مالیاتی بیانات، اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کرتے ہیں۔
2. کمپنی کی طرف سے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے؛
3. ان مالیاتی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں؛
4. بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS)، جیسا کہ پاکستان میں لاگو ہوتا ہے، ان مالیاتی بیانات کی تیاری میں پیروی کی گئی ہے۔
5. اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔ اندرونی کنٹرولوں کی نگرانی کا عمل کنٹرولز کو مزید مضبوط بنانے اور نظام کو بہتر بنانے کے مقصد کے ساتھ جاری رہے گا۔
6. ایک جاری توثیق کے طور پر جاری رکھنے کی کمپنی کی صلاحیت پر کوئی خاص شک نہیں ہے؛
7. کمپنی کے پچھلے چھ سالوں کے اہم آپرٹنگ اور مالیاتی ڈیٹا کا خلاصہ سالانہ رپورٹ میں دستیاب ہے۔
8. کارپوریٹ گورنس کے بہترین طریقوں سے کوئی مادی اخراج نہیں ہوا ہے، جیسا کہ پاکستان اسٹاک ایکسچینج کے قواعد کی کتاب کے ضوابط میں تفصیل ہے۔

9. کمپنی تمام مستقل ملازمین کے لیے پراویڈنٹ فنڈ ٹرسٹ کو دوبارہ رجسٹر کرنے کے عمل میں ہے۔ 30 جون 2025 تک کمپنی کے ذریعہ قابل ادائیگی پراویڈنٹ فنڈ 113.92 ملین روپے (84.09:2024 ملین روپے) تھا۔ اور رجسٹریشن کا عمل مکمل ہونے کے بعد ٹرسٹ کو منتقل کر دیا جائے گا۔

10. ٹیکسز، لیویز اور چارجز کی مد میں کوئی بقایا قانونی ادائیگیاں نہیں ہیں سوائے ان مالیاتی گوشواروں میں جن کا انکشاف کیا گیا ہے۔

#### بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں: بورڈ:

بورڈ میں دو آزاد ڈائریکٹرز (بشمول ایک خاتون ڈائریکٹر)، تین نان ایگزیکٹو ڈائریکٹرز اور دو ایگزیکٹو ڈائریکٹر شامل ہیں۔

سال کے دوران بورڈ آف ڈائریکٹرز (BOD) کے چار اجلاس منعقد ہوئے۔ تمام ملاقاتیں پاکستان میں ہوئیں۔ حاضری اور بورڈ آف ڈائریکٹرز کی تشکیل حسب ذیل ہے:

ڈائریکٹر کا نام	عہدہ	اجلاسوں میں شرکت کی تعداد
محترمہ شینا انجم	آزاد ڈائریکٹر اور چیئر پرسن	4
جناب ندیم خالد	چیف ایگزیکٹو آفیسر	4
جناب عمر خالد	نان ایگزیکٹو ڈائریکٹر	4
جناب جاوید خالد	نان ایگزیکٹو ڈائریکٹر	4
جناب ضیاء خالد	ایگزیکٹو ڈائریکٹر	4
محترمہ نمرہ خالد	ایگزیکٹو ڈائریکٹر	4
جناب محمد ریاض خان	آزاد ڈائریکٹر	4
محترمہ شازیہ خالد	نان ایگزیکٹو ڈائریکٹر	2
جناب محمد نعمت اللہ طور	نان ایگزیکٹو ڈائریکٹر	2

#### بورڈ آڈٹ اور رسک کمیٹی:

بورڈ کی آڈٹ کمیٹی اپنی نگرانی کی ذمہ داریوں کو پورا کرنے میں بورڈ کی مدد کرتی ہے، بنیادی طور پر شیئر ہولڈرز کو مالی اور غیر مالیاتی معلومات کا جائزہ لینے اور رپورٹ کرنے، اندرونی کنٹرول کے نظام اور رسک مینجمنٹ اور آڈٹ کے عمل میں۔ اسے انتظامیہ سے معلومات طلب کرنے اور بیرونی آڈیٹرز یا مشیروں سے براہ راست مشورہ کرنے کی خود مختاری ہے جیسا کہ مناسب سمجھا جاتا ہے۔ چیف فنانشل آفیسر اکاؤنٹس پیش کرنے کی دعوت کے ذریعے بورڈ آڈٹ کمیٹی کے اجلاسوں میں باقاعدگی سے شرکت کرتا ہے۔ ہر میٹنگ کے بعد، کمیٹی کا چیئر پرسن بورڈ کو رپورٹ کرتا ہے۔ کمیٹی میں دو نان ایگزیکٹو ڈائریکٹر اور ایک آزاد ڈائریکٹر شامل ہیں۔ سال کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے۔ حاضری اور بورڈ آف ڈائریکٹرز کی تشکیل حسب ذیل ہے:

ڈائریکٹر کا نام	عہدہ	اجلاسوں میں شرکت کی تعداد
جناب عمر خالد	نان ایگزیکٹو ڈائریکٹر	4

4	جناب جاوید خالد	نان ایگزیکٹو ڈائریکٹر
4	جناب محمد ریاض خان	آزاد ڈائریکٹر

### انسانی وسائل اور معاوضے کی کمیٹی:

ہیومن ریسورس اینڈ ریمونریشن کمیٹی انتظامیہ کو انسانی وسائل کے بارے میں اسٹریٹجک رہنمائی فراہم کرتی ہے، سالانہ کارکردگی کے جائزوں، اہلکاروں کی پالیسیوں، اور ساتھیوں کے لیے معاوضے اور فوائد کا جائزہ لیتی ہے۔

زیر جائزہ سال کے لیے، R&HR کمیٹی کا ایک اجلاس کمیٹی کے ٹرمز آف ریفرنس کے تحت آنے والے معاملات پر تبادلہ خیال اور منظوری کے لیے منعقد ہوا۔

R&HR کمیٹی کے اراکین کی حاضری حسب ذیل تھی:

عہدہ	ڈائریکٹر کا نام
ایگزیکٹو ڈائریکٹر	محترمہ نمرہ خالد
نان ایگزیکٹو ڈائریکٹر	جناب جاوید خالد

### ڈیویڈنڈ:

بورڈ آف ڈائریکٹرز نے موجودہ واجبات کی متوقع ادائیگیوں کی وجہ سے 30 جون 2025 کو ختم ہونے والے مالی سال کے لیے کسی ڈیویڈنڈ کی سفارش نہیں کی ہے۔

شیئر ہولڈنگ کا پیٹرن:

کمپنیز ایکٹ 2017 کے سیکشن 227(2)(f) اور کارپوریٹ گورننس کے ضابطہ کے تحت 30 جون 2025 تک شیئر ہولڈنگ کے پیٹرن کو ظاہر کرنے والے بیانات اس رپورٹ کے ساتھ منسلک ہیں۔

ڈائریکٹرز، سی ایف او، کمپنی سیکرٹری، ہیڈ آف انٹرنل آڈٹ اور ان کی شریک حیات یا نابالغ بچوں نے کمپنی کے سی ای او کے علاوہ کمپنی کے حصص میں سال بھر کوئی تجارت نہیں کی۔

### متعلقہ پارٹی لین دین:

متعلقہ فریقوں کے درمیان لین دین بازو کی لمبائی کی قیمتوں کی بنیاد پر کیا گیا تھا۔ کمپنی نے ٹرانسفر کی قیمتوں کے بارے میں بہترین طریقوں کی مکمل تعمیل کی ہے جیسا کہ ایکٹ اور کوڈ پر مشتمل ہے۔ تمام متعلقہ پارٹی ٹرانزیکشنز کی تفصیلات آڈٹ کمیٹی کے سامنے رکھی گئیں اور اس کی سفارش پر بورڈ آف ڈائریکٹرز نے ان کی منظوری دی۔

### GENDER پے گیپ:

آپ کی کمپنی ایک جامع اور مساوی کام کی جگہ کو فروغ دینے کے لیے پر عزم ہے جہاں تمام ملازمین کی قدر کی جاتی ہے اور وہ کامیاب ہونے کے لیے با اختیار ہیں۔ ہمیں مساوی مواقع فراہم کرنے والے آجر ہونے پر فخر ہے، جو اس بات کو یقینی بنانے کے لیے وقف ہے کہ ملازمت کے فیصلے بشمول بھرتی، ترقی، تربیت، پروموشن، اور معاوضے کو نسل، رنگ، مذہب، جنس، عمر، معذوری، یا قانون کی طرف سے محفوظ کردہ کسی دوسری خصوصیت کی پرواہ کیے بغیر میرٹ اور قابلیت کی بنیاد پر کیا جائے۔

ہمارا ماننا ہے کہ تنوع جدت پیدا کرتا ہے اور ہماری تنظیمی کارکردگی کو بڑھاتا ہے۔ اس مقصد کے لیے، ہم کام کا ایک ایسا ماحول بنانے کی مسلسل کوشش کرتے ہیں جہاں تمام ملازمین کو پھلنے پھولنے اور ہماری اجتماعی کامیابی میں حصہ ڈالنے کے یکساں مواقع حاصل ہوں۔

اس مدت کے لیے ہمارا تجزیہ اوسط گھنٹے کی تنخواہ کی بنیاد پر خواتین ملازمین اپنے مرد ہم منصبوں کے مقابلے میں 8.38% زیادہ کماتی ہیں۔ اوسط تنخواہ کا فرق 22.12% ہے، خواتین ملازمین تنخواہوں کی تقسیم کے درمیانی نقطہ پر اپنے مرد ساتھیوں سے زیادہ کماتی ہیں۔ یہ اعداد و شمار مسلسل پیش رفت کے لیے ایک معیار کے طور پر کام کرتے ہیں اور تنخواہ کے نظامی تفاوت کو دور کرنے کی اہمیت کو واضح کرتے ہیں۔

ہمیں ان اعداد و شمار سے حوصلہ ملتا ہے، جو صنفی مساوات کے لیے ہماری وابستگی کی مثبت عکاسی کرتے ہیں۔ بہر حال، ہم سمجھتے ہیں کہ تنخواہ ایکویٹی حاصل کرنا ایک مسلسل کوشش ہے۔

### آڈیٹرز کی اہلیت اور انتظامیہ کا رد عمل

آڈیٹرز نے درج ذیل دو امور پر اپنی رپورٹ میں قابلیت کا اظہار کیا ہے۔

#### 1. زمین کی فروخت کے معاہدے کے خلاف پیٹنگلی درجہ بندی

سال کے اختتام کے بعد، بورڈ آف ڈائریکٹرز نے، 17 اکتوبر 2025 کو منعقدہ اپنی میٹنگ میں، نئے کاروباری پونٹ کے لیے کمپنی کے پہلے سے طے شدہ زمین کے حصول کو بند کرنے اور چیف ایگزیکٹو آفیسر (کاؤنٹر پارٹی) کے ساتھ 8 جنوری 2021 کے زمین کی فروخت کے معاہدے سے دستبردار ہونے کا فیصلہ کیا ہے، جس کی مجموعی مالیت 1.13 بلین روپے تھی۔ باہمی طور پر اس بات پر اتفاق کیا گیا کہ 30 جون 2025 تک ادا کی گئی کل ایڈوانس (750.84 ملین روپے) کی رقم میں سے مئی 2026 تک کمپنی کو 200 ملین روپے واپس کر دیے جائیں گے، جبکہ بقیہ رقم 30 جون 2026 کے بعد باہمی معاہدے پر طے کی جائے گی، کیونکہ چیف ایگزیکٹو آفیسر نے واپسی کے لیے معاوضہ طلب کیا ہے۔ آڈیٹرز نے کو الیفائی کیا ہے کہ کمپنی نے موجودہ اثاثوں کے تحت 200 ملین روپے کی درجہ بندی کی ہے جو IFRS کی ضرورت سے دستبرداری کا سبب بنتی ہے کیونکہ زمین کی فروخت کے معاہدے سے دستبرداری کی منظوری ایک غیر ایڈجسٹنگ بعد میں ہونے والا واقعہ ہے۔

#### انتظامیہ کا نقطہ نظر:

انتظامیہ کا خیال ہے کہ روپے کی درجہ بندی۔ موجودہ اثاثہ کے طور پر 200 ملین IAS 1- مالیاتی بیانات کی پیشکش کے اصولوں سے مطابقت رکھتا ہے، کیونکہ ریکوری معاہدے کے مطابق اگلے آپریٹنگ سائیکل کے اندر طے کی جاتی ہے اور ایک قابل حصول مختصر مدتی اثاثہ کی نمائندگی کرتی ہے۔ نوٹ 10.2 میں انکشاف واقعہ کی نوعیت کی مناسب وضاحت کرتا ہے۔

## 2. مذاکرات اور معاوضے سے متعلق غیر یقینی صورتحال

آڈیٹرز نے اس بنیاد پر اپنی رپورٹ کو مزید اہل قرار دیا ہے کہ چیف ایگزیکٹو آفیسر (کاؤنٹر پارٹی) نے والہی کے لیے معاوضہ طلب کیا ہے اور یہ معاملہ مزید بات چیت سے مشروط ہے۔ نتیجتاً، آڈیٹرز نے کوالیفائی کیا کہ کمپنی نے 550.836 روپے کی زمین کی خریداری کے خلاف بقیہ ایڈوانس رقم کی وصولی کی خرابی کا تخمینہ نہیں لگایا ہے۔ اس طرح کی تشخیص نہ ہونے کی صورت میں، وہ اس ایڈجسٹمنٹ کی رقم کا تعین کرنے سے قاصر ہیں جو بقیہ ایڈوانس یا اس کے نقصان کے اثر کے گوشوارے میں لے جانے والی رقم میں درکار ہو سکتی ہے۔

### انتظامیہ کا نقطہ نظر:

انتظامیہ کے زیر غور نظریہ میں، یہ معاملہ ایک غیر موافقت پذیر واقعہ کی نمائندگی کرتا ہے، جس کے مالی اثرات کافی الحال تعین نہیں کیا جاسکتا۔ اس کے مطابق، ایڈجسٹمنٹ، اگر کوئی ضروری ہو تو، ممکنہ طور پر آئی اے ایس 10 (رپورٹنگ مدت کے بعد کے واقعات) اور آئی اے ایس 37 (فراہم، ہنگامی ذمہ داری اور ہنگامی اثاثے) کے مطابق بعد کے مالیاتی عرصے میں تسلیم کیا جائے گا۔ انتظامیہ کا خیال ہے کہ، یہاں تک کہ اگر 107,2025 اکتوبر تک خرابی کا جائزہ لیا گیا تھا، مالی بیان جاری کرنے کی اجازت دینے کی تاریخ، کوئی بھی نتیجہ آنے والا اثر اس کے بعد کے مالیاتی ادوار سے متعلق ہو گا، کیونکہ ایونٹ 10 IAS کے تحت ایک غیر ایڈجسٹ کرنے والا واقعہ تشکیل دیتا ہے۔

### مزید انکشاف:

شفافیت اور اچھی کارپوریٹ گورننس کے جذبے کے تحت، اس معاملے کو شیئرز ہولڈرز کے سامنے ان کے غور و خوض اور منظوری کے لیے آئندہ سالانہ جنرل میٹنگ میں ایک خصوصی کاروباری چیز کے طور پر رکھا گیا ہے۔

### بعد کے واقعات:

مالی سال کے اختتام اور رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حالت کو متاثر کرنے والی کوئی بھی مادی تبدیلیاں یا وعدے نہیں ہوئے ہیں، سوائے اس کے کہ مالی بیانات میں ظاہر کیا گیا ہو۔

### توسیع منصوبوں کی تزویراتی اصلاح:

ہمارے مسلسل اسٹریٹجک جائزے کے حصے کے طور پر، بورڈ نے مارکیٹ کے موجودہ حالات کی روشنی میں توسیع کے مواقع کا احتیاط سے جائزہ لیا۔ یہ طے پایا کہ یہ شعبہ لبریزی کی سطح پر پہنچ گیا ہے جہاں نئی سرمایہ کاری سے شیئرز ہولڈرز کے لیے مطلوبہ منافع حاصل نہیں ہو گا۔ سمجھدار سرمایہ مختص کرنے کے اپنے عزم کے مطابق، بورڈ نے، لہذا، داؤد خیل، میانوالی میں ایک نئے کاروباری یونٹ / پلانٹ کے لیے پہلے سے منصوبہ بند زمین کے حصول کو بند کرنے اور موجودہ آپریشنز کی کارکردگی اور صلاحیت کو بڑھانے کی طرف توجہ مرکوز کرنے کا عزم کیا۔

زمین کی خریداری کا معاہدہ مورخہ 08 جنوری 2021 کو سی ای او (کاؤنٹر پارٹی) کے ساتھ جس پر مجموعی طور پر 10000 روپے کا غور کیا گیا۔ 1.134 بلین روپے کی ایڈوانس شامل ہے۔ 750 ملین ہم منصب نے روپے واپس کرنے پر اتفاق کیا ہے۔ مئی 2026 میں 250 ملین، جبکہ بقایا مزید گفت و شنید سے مشروط ہے، کیونکہ ہم

منصب نے کمپنی کے اختتام پر معاہدے کی منسوخی سے متعلق معاوضے پر بعض خدشات کا اظہار کیا ہے۔ بورڈ نے انتظامیہ کو کمپنی کے مالی اور ترویجی مفادات کے تحفظ کو یقینی بناتے ہوئے، منصفانہ تصفیہ حاصل کرنے کے لیے ہم منصب کے ساتھ تعمیری طور پر مشغول ہونے کا حکم دیا ہے۔

یہ فیصلہ حصص یافتگان کی قدر کی حفاظت، سرمائے کی تعیناتی کو بہتر بنانے، اور پہلے سے سیر شدہ مارکیٹ میں توسیع کی بجائے موجودہ طاقتوں کو مستحکم کرنے کے لیے کمپنی کے فعال انداز کی عکاسی کرتا ہے۔

#### بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کا جائزہ:

کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ 2017 کے مینڈیٹ کے مطابق، کمپنی کا بورڈ اپنی کمیٹیوں کے ساتھ اپنی اجتماعی کارکردگی کا سالانہ جامع خود جائزہ لیتا ہے۔ تشخیص کے اس عمل کا مقصد بورڈ کی مجموعی کارکردگی اور افادیت کا اندازہ لگانا، اسے کمپنی کے مقرر کردہ مقاصد کے ساتھ ہم آہنگ کرنا ہے۔

#### تشخیص کلیدی شعبوں پر مرکوز ہے جیسے:

• کمپنی کے وژن اور مشن کے ساتھ کارپوریٹ اہداف اور مقاصد کی صف بندی

• پائیدار آپریشن کے لیے حکمت عملی کی تشکیل

• بورڈ کی آزادی،

• بورڈ کی کمیٹیوں کی کارکردگی کا جائزہ ان کی ذمہ داریوں کو نبھانے کے حوالے سے متعلق شرائط میں مقرر کیا گیا ہے۔

• ہر سال، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے مطابق ایک تشخیصی سوال نامہ تیار کیا جاتا ہے، اور کارکردگی کی جانچ کے لیے ڈائریکٹرز کو

تقسیم کیا جاتا ہے۔ ان تجزیوں کا تجزیہ بعد میں ان علاقوں کی نشاندہی کرنے کے لیے کیا جاتا ہے جن میں اضافہ کی ضرورت ہوتی ہے اور کسی بھی مختلف نقطہ نظر کو

سامنے لایا جاتا ہے۔ بورڈ اور اس کی کمیٹیوں کی مجموعی کارکردگی اور افادیت کو 'اطمینان بخش' قرار دیا گیا ہے۔

#### سی ای او کی کارکردگی کا جائزہ:

CEO کی کارکردگی ایک تشخیصی نظام کا استعمال کرتے ہوئے ایک رسمی تشخیص سے مشروط ہے جو مختلف پہلوؤں پر مشتمل ہے۔ اس میں کاروباری کارکردگی کا

اندازہ لگانا، منافع سے متعلق مقاصد کا حصول، تنظیمی ترقی، جانشینی کی منصوبہ بندی اور مجموعی کارپوریٹ کامیابی شامل ہے۔

#### ڈائریکٹرز کا معاوضہ:

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (کوڈ) کی ضروریات کے لحاظ سے، کمپنی نے ایک پالیسی بنائی ہے جو ڈائریکٹرز کے معاوضے سے متعلق

ہے۔ ڈائریکٹرز کے لیے معاوضے کا نظام کارپوریٹ ویلیو کی مسلسل ترقی کے ساتھ قلیل مدتی اور درمیانی سے طویل مدتی دونوں میں بہتر کاروباری کارکردگی کے لیے

ان کی حوصلہ افزائی کے لیے ڈیزائن کیا گیا ہے۔ ایگزیکٹو ڈائریکٹر کو ماہانہ معاوضہ اور فوائد ڈائریکٹرز کی طرف سے منظور کیے گئے ادا کیے جاتے ہیں، جبکہ کمپنی میٹنگ

فیس کے علاوہ، غیر ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرتی ہے۔ ڈائریکٹرز اور سی ای او کے معاوضے اور فیس کے بارے میں معلومات کے لیے، براہ کرم مالیاتی

بیانات کے نوٹس کا حوالہ دیں۔



### آؤٹ لک اور مستقبل کے امکانات:

آگے دیکھتے ہوئے، ہم مستقبل کے بارے میں محتاط طور پر پر امید رہتے ہیں۔ ہم پیداواری صلاحیت کو مزید موثر انداز میں بڑھا کر مصنوعات کی جدت، گاہک کی اطمینان اور آپریشنل عہدگی کو ترجیح دیتے رہیں گے۔ کمپنی کی اٹل لگن، ثابت قدمی اور بہترین کارکردگی صارفین کے اطمینان کا باعث رہی۔ اس مشکل وقت میں بھی، ہمارے صارفین کا غیر متزلزل اعتماد ایک محرک کے طور پر کام کر رہا ہے۔

### اعتراف:

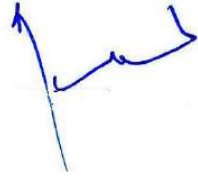
ہماری کمپنی کا بورڈ آف ڈائریکٹرز ہمارے شیئر ہولڈرز اور صارفین کے ان کی مسلسل سرپرستی اور اعتماد کے لیے شکر گزار ہیں جس نے FRCL کو صنعت میں ایک سرکردہ برانڈ بنا دیا ہے۔ ہم پوری FRCL ٹیم بشمول ہمارے عملے، ہمارے قابل قدر بینکرز، دکانداروں کا ہماری کمپنی میں مسلسل تعاون اور اعتماد کے لیے دلی شکریہ ادا کرنا چاہتے ہیں۔

بورڈ کی جانب سے



نمرہ خالد

ڈائریکٹر



ندیم خالد

چیف ایگزیکٹو

تاریخ: 7 اکتوبر 2025 پشاور

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

### FRONTIER CERAMICS LIMITED FOR THE YEAR ENDED JUNE 30, 2025

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

1. The Total number of directors are 7 as per the following:
  - a. Male: 05
  - b. Female: 02
2. The composition of the Board is as follows:

Category		Name
i.	Independent Director * (including one Female Director)	Mrs. Shabina Anjum
		Muhammad Riaz Khan
ii.	Non-Executive Directors	Mr. Omer Khalid
		Mr. Javid Khalid
		Mr. Muhammad Nehmatullah Toor
iii.	Executive Directors	Mr. Zia Khalid
		Ms. Numrah Khalid

\*In a board comprising of 7 members, one third works out to be 2.33 in which fraction is below half (i.e.0.5). The fraction contained in such one-third is not rounded up to one. Company has qualified and experienced independent directors on the board who perform and carry out their responsibility diligently.

3. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a Vision/Mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by 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 Chairperson and in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating the minutes of meeting of the Board

8. The Board has formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. As at June 30, 2025, four members of the existing Board have completed the Director's Training Program (DTP). One director is exempt from this requirement by virtue of their qualifications and experience.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

Sr#	Category	Names
01	Audit Committee	Mr. Muhammad Riaz Khan (Chairman)
		Mr. Omer Khalid
		Mr. Javid Khalid
02	HR and Remuneration Committee	Ms. Shabina Anjum (Chairperson)
		Ms. Numrah Khalid
		Mr. Javid Khalid

The Board effectively undertakes all the responsibilities designated under the Nomination Committee as stipulated in the Regulations. It regularly monitors, assesses and implements any changes required in the Board or any of the committees. The Board also actively monitors the requirements pertaining to size, structure and composition and conducts timely review and implements necessary changes when required.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees were as per following:
  - a) Audit Committee: Four quarterly meetings were held during the year ended June 30, 2025.
  - b) HR and Remuneration Committee: One meeting was held during the year ended June 30, 2025.
15. The Board has set up an effective internal audit function.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (Spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all regulations requirements of 3,6,7,8,27,32,33 and 36 of the regulations have been complied
19. Explanation of non-compliance with the requirements, other than regulations 3,6,7, 8,27,32,33 and 36 are below.

Sr. No	Requirement	Explanation of Non-Compliance	Regulation Number
1	<b>Board of directors of the Company shall ensure that significant policies have been formulated and approved</b>	Board have already formulated Significant policies as required code of Corporate Governance of Listed Companies. These policies also approved in BOD meeting held on October 07, 2025	10,16,17
2	<b>Role of board and its members to address Sustainability Risks and Opportunities</b>	During the year, the Securities and Exchange Commission of Pakistan issued certain amendments (in relation to Regulation 10) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 through its notification dated June 12, 2024. These amendments will be applicable from 01 July, 2027 and will be performed in due course of time.	10A
3	<b>Directors' Training</b>  It is encouraged that by June 30, 2023 all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	The Company has seven directors whereof one director is exempt from this requirement by virtue of his qualification and experience and four out of the remaining five directors have obtained DTP certification. Remaining one director have more than 13 years of experience as directors of the Company. By virtue of their experience, they will also not require for DTP once they complete the remaining term of qualification. One of the new director was appointed on Feb 17, 2025 and is required to complete his training on or before February 16, 2026.	19
4	<b>Audit Committee</b>  Audit Committee terms of references should be prepared and approved by the Board of Directors	Board has discussed and Approved TORs of Audit Committee in BOD meeting held on October 07, 2025.	27(4)

5	<b>Human Resource and Remuneration Committee</b>  Human Resource and Remuneration Committee terms of references should be prepared and approved by the Board of Directors	Board has discussed draft TORs of Human Resource and Remuneration Committee in BOD meeting held on October 07, 2025. Board has recommended to update/reframe some clauses of TORs which was duly discuss and approved in upcoming BOD meeting expected to be held on October 30. 2025/	28(6)
6	<b>Disclosure of significant policies on website</b>  The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	Although these are well circulated among the relevant employees and directors, the Board may consider posting such policies and synopsis on its website in near future.	35

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**Nadeem Khalid**  
**Chief Executive Officer**  
**Date: October 07, 2025**  
**Peshawar**

**Numrah Khalid**  
**Director**

## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH 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 (the Regulations) prepared by the Board of Directors of Frontier Ceramics Limited (the Company) for the year ended June 30, 2025 in accordance with the requirements of regulation 36 of the Regulations.

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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, 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 June 30, 2025.

We draw your attention to Clause 19 of the Statement of Compliance which mentions certain instances of non-compliance accompanied by explanation for the deviation with the Regulations of the Code of Corporate Governance. *ref.*

ISLAMABAD

DATED: OCTOBER 13, 2025  
UDIN: CR202510060xSfteUqzl



CHARTERED ACCOUNTANTS  
Engagement Partner: Atif Riaz

BDO Ebrahim & Co. Chartered Accountants

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## INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF FRONTIER CERAMICS LIMITED

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the annexed financial statements of FRONTIER CERAMICS LIMITED (the Company), which comprise the statement of financial position as at June 30, 2025, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information 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, except for possible impact of the matter on the financial statements described in the Basis for Qualified Opinion section of our report, and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive 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, 2025 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Qualified Opinion

As disclosed in Note 10.2 to the financial statements, subsequent to the year end, the Board of Directors of the Company in a meeting held on October 7, 2025 has resolved to discontinue the Company's previously planned land acquisition for the new business unit and to withdraw from the Land Sale Agreement dated January 08, 2021, executed between the Company and the Chief Executive Officer of the Company for a total consideration of Rs. 1.134 billion. As explained in the Note, it has also been mutually agreed between the Company and the CEO, that out of the total advance paid as at June 30, 2025, amounting to Rs 750.837 million, an amount of Rs. 200 million will be refunded to the Company by May 2026, while the further payment, if any, will be paid after June 30, 2026, with mutual agreement between the Company and the CEO, as the CEO has sought compensation for the Company's withdrawal from the Land Sale Agreement. The Board has directed the management to engage with the CEO to reach to an equitable and transparent settlement. Accordingly, the Company has classified Rs. 200 million under current assets which constitutes a departure from the requirement of IFRS as the approval of the withdrawal from the Land Sale Agreement is a non-adjusting subsequent event. Further, the Company has not carried out an impairment assessment of the recovery of remaining advance against purchase of land amounting to Rs. 550.837 million. In the absence of such assessment, we are unable to determine the amount of the adjustment that may be required in the carrying amount of the remaining advance and its impact in the statement of profit or loss for the year.



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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 Auditors 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 qualified opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	<b>Revenue Recognition (Refer note 5.16 and 33 to the financial statements)</b>  The Company is engaged in the production and sale of ceramic tiles.  The Company focuses on revenue as a key performance measure which could create an incentive for revenue to be recognised before the risks and rewards have been transferred, resulting in a significant risk associated with revenue from an audit perspective.  Due to the significant risk associated with revenue recognition and the work effort from the audit team, the recognition of revenue is considered to be a key audit matter.	<p>Our audit procedures included considering the appropriateness of the Company's revenue recognition accounting policies and assessing compliance with the policies in accordance with the applicable financial reporting framework.</p> <p>Control testing over the point of transfer of risk and rewards was supported by substantive audit procedures including, amongst others:</p> <ul style="list-style-type: none"><li>• Performing analytical tests on the revenue;</li><li>• Testing a sample of sales transactions around year end to ensure inclusion in the correct period;</li><li>• Testing of a sample of sales from sales tax returns back to the underlying invoices and customer records and vice versa;</li><li>• Testing of a sample of receipts from customers against bank records and related invoices;</li><li>• Comparing of a sample of dispatch documents and gate passes against recorded sales and invoices.</li></ul>



Sr. No.	Key audit matters	How the matter was addressed in our audit
2.	<b>Related party transactions (Refer Note 52 in the financial statements)</b>	
	<p>The Company has significant long / short term lending's and borrowings with the related parties, further significant amount of advance against land is also provided to related party.</p> <p>Due to the large number of transactions with the related parties, we consider it as an area of significant risk, and hence this was identified as key audit matter.</p>	<p>We assessed the management controls over identification, capturing and recording of related party transactions and performed following procedures:</p> <ul style="list-style-type: none"> <li>• Reviewed contract with related party against borrowings, lending, and advances for land;</li> <li>• Reviewed minutes of meeting of board of directors for the discussion and authorisation of related party transaction;</li> <li>• We circulated confirmation request to the related parties regarding the transactions carried out with them and their balances as at year end;</li> <li>• We evaluated the adequacy of the related party disclosures in the financial statements.</li> </ul>

#### Information Other than the Financial Statements and Auditors Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors report thereon.

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

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

#### Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using





the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditors 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 auditors 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 scepticism 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 auditors 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 auditors 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.

#### **BDO Ebrahim & Co. Chartered Accountants**

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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 are therefore the key audit matters. We describe these matters in our auditors 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, except for the matter described in the Basis for Qualified Opinion section of our report, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive 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 auditors report is Atif Riaz.

ISLAMABAD

DATED: OCTOBER 13, 2025

UDIN: AR202510060JTNfdbDg1

BDO EBRAHIM & CO.

CHARTERED ACCOUNTANTS

**BDO Ebrahim & Co. Chartered Accountants**

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**FRONTIER CERAMICS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2025**

	Note	2025 Rupees	2024 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	2,431,024,130	2,645,028,257
Investment property	8	489,741	515,517
		<u>2,431,513,871</u>	<u>2,645,543,774</u>
Long term deposits	9	5,925,450	5,925,450
Long term advances	10	550,880,130	592,148,042
		<u>2,988,319,451</u>	<u>3,243,617,266</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	11	233,692,687	275,632,704
Stock in trade	12	561,169,457	492,897,078
Trade debts	13	21,829,614	21,829,614
Other receivables	14	-	3,628,800
Due from related parties	15	236,469,796	-
Advances	16	71,010,671	65,692,331
Tax refunds due from Government	17	111,861,137	162,950,265
Taxation - net	18	-	28,490,906
Cash and bank balances	19	64,658,609	73,148,026
		<u>1,300,691,971</u>	<u>1,124,269,724</u>
<b>TOTAL ASSETS</b>		<u><u>4,289,011,422</u></u>	<u><u>4,367,886,990</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	20	378,738,210	378,738,210
Discount on issue of right shares	21	(180,795,726)	(180,795,726)
		<u>197,942,484</u>	<u>197,942,484</u>
Revaluation surplus on property, plant and equipment	22	1,201,961,278	1,269,707,082
Unappropriated profits		<u>522,622,187</u>	<u>307,380,063</u>
		<u>1,922,525,949</u>	<u>1,775,029,629</u>
<b>NON-CURRENT LIABILITIES</b>			
Loan from related parties	24	118,740,891	533,262,876
Deferred liability	27	25,393,458	25,393,458
Deferred taxation	28	352,926,346	382,938,517
		<u>497,060,695</u>	<u>941,594,851</u>
<b>CURRENT LIABILITIES</b>			
Unclaimed dividend		3,189,224	3,189,224
Current portion of long term financing	23	-	13,097,821
Current portion of GIDC payable	25	129,395,113	129,379,479
Current portion of liability under diminishing Musharaka	26	-	8,714,873
Due to related parties	29	1,891,360	37,576,325
Contract liability	30	744,354,190	836,755,119
Trade and other payables	31	990,594,891	622,549,669
		<u>1,869,424,778</u>	<u>1,651,262,510</u>
<b>TOTAL LIABILITIES</b>		<u><u>2,366,485,473</u></u>	<u><u>2,592,857,361</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>4,289,011,422</u></u>	<u><u>4,367,886,990</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	32		

The annexed notes from 1 to 56 form an integral part of these financial statements.

  
**CHIEF FINANCIAL OFFICER**

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**FRONTIER CERAMICS LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Note	2025 Rupees	2024 Rupees
Sales - net	33	4,390,409,288	3,419,349,654
Cost of sales	34	(3,989,523,886)	(3,346,735,485)
Gross profit		400,885,402	72,614,169
Distribution cost	35	(14,692,658)	(15,650,082)
Administrative expenses	36	(48,409,930)	(46,842,340)
Other operating expenses	37	(27,978,298)	(3,934,555)
Operating profit		309,804,516	6,187,192
Other income	38	5,852,387	38,065,632
Finance cost	39	(29,100,601)	(143,179,581)
Profit/(loss) before levy and taxation		286,556,302	(98,926,757)
Levy	40	-	(26,012,929)
Profit/(loss) before taxation		286,556,302	(124,939,686)
Taxation	41	(139,059,982)	15,026,532
Profit/(loss) after taxation		147,496,320	(109,913,154)
Earnings/(loss) per share - basic and diluted	42	3.89	(2.90)

The annexed notes from 1 to 56 form an integral part of these financial statements.

  
**CHIEF FINANCIAL OFFICER**

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**



**FRONTIER CERAMICS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Note	2025 Rupees	2024 Rupees
Profit/(loss) after taxation		147,496,320	(109,913,154)
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss:			
Revaluation surplus on property, plant and equipment	22	-	337,125,189
Deferred tax impact	22	-	(54,266,305)
		-	282,858,884
Total comprehensive income for the year		<u>147,496,320</u>	<u>172,945,730</u>

The annexed notes from 1 to 56 form an integral part of these financial statements.

  
**CHIEF FINANCIAL OFFICER**

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**FRONTIER CERAMICS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2025**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2025					
	Share capital		Reserves		Total
	Issued, subscribed and paid up capital	Discount on issue of right shares	Capital	Revenue	
			Revaluation surplus on property, plant and equipment	Unappropriated profits	
Note	Rupees				
Balance as at July 01, 2023	378,738,210	(180,795,726)	1,161,971,530	242,169,885	1,602,083,899
Total comprehensive income for the year					
Loss for the year	-	-	-	(109,913,154)	(109,913,154)
Revaluation surplus on property, plant and equipment - net of deferred tax	-	-	282,858,884	-	282,858,884
Transfer from revaluation surplus on property, plant and equipment in respect of incremental depreciation - net of deferred tax	22	-	(175,123,332)	175,123,332	-
Balance as at June 30, 2024	378,738,210	(180,795,726)	1,269,707,082	307,380,063	1,775,029,629
Total comprehensive income for the year					
Profit for the year	-	-	-	147,496,320	147,496,320
Transfer from revaluation surplus on property, plant and equipment in respect of incremental depreciation - net of deferred tax	22	-	(67,745,804)	67,745,804	-
Balance as at June 30, 2025	378,738,210	(180,795,726)	1,201,961,278	522,622,187	1,922,525,949

The annexed notes from 1 to 56 form an integral part of these financial statements.

  
**CHIEF FINANCIAL OFFICER**

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**FRONTIER CERAMICS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Note	2025 Rupees	2024 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash flows before working capital changes	43	533,315,606	269,308,529
<b>Changes in working capital:</b>			
<b>(Increase)/decrease in current assets:</b>			
Stores, spares and loose tools		41,940,017	(5,144,686)
Stock in trade		(68,272,379)	(19,914,085)
Trade debts		-	(246,470)
Other receivables		-	(1,451,520)
Due from related parties		(236,469,796)	160,373,432
Advances		(5,318,340)	112,836,779
<b>Increase/(decrease) in current liabilities:</b>			
Current portion of GIDC payable		15,634	3,548,319
Due to related parties		(35,684,965)	4,808,696
Contract liability		(92,400,929)	659,371,453
Trade and other payables		351,076,096	(680,187,836)
		(45,114,662)	233,994,082
Cash generated from operations		488,200,944	503,302,611
Finance cost paid	37	(3,943,983)	(15,094,609)
Taxes paid	18	(89,492,119)	(71,232,777)
Net cash generated from operating activities		394,764,842	416,975,225
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Advances paid for purchase of land		41,267,912	(41,226,758)
Net cash used in investing activities		41,267,912	(41,226,758)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing		(13,097,821)	(32,333,372)
Repayment of liability under diminishing musharaka	26.1	(8,714,873)	(12,491,160)
Receipt of loan from related parties	24	164,961,151	228,246,060
Payment of loan from related parties	24	(587,670,628)	(493,138,337)
Net cash used in financing activities		(444,522,171)	(309,716,809)
Net (decrease)/increase in cash and cash equivalents		(8,489,417)	66,031,658
Cash and cash equivalents at the beginning of the year		73,148,026	7,116,368
Cash and cash equivalents at the end of the year	19	64,658,609	73,148,026

The annexed notes from 1 to 56 form an integral part of these financial statements.

  
**CHIEF FINANCIAL OFFICER**

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**



**FRONTIER CERAMICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**1 STATUS AND NATURE OF BUSINESS**

Frontier Ceramics Limited (the Company) was incorporated in July 1982 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017). Shares of the Company are listed on Pakistan Stock Exchange Limited. The principal activities of the Company are manufacturing of ceramic tiles, sanitary wares and related ceramic products.

**2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS**

The registered office and manufacturing unit of the Company is situated at 29-Industrial Estate, Jamrud Road, Peshawar, Pakistan.

Sale offices of the Company are located at 29-Industrial Estate, Jamrud Road, Peshawar, Pearl Plaza and Toyota Rawal Motors Building near Sawan Camp, GT Road, Rawalpindi.

**3 BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standard (IFAS) issued by the Institute of Chartered Accountant of Pakistan 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 Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**3.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for certain fixed assets which have been stated at revalued amount and recognition of certain staff retirement benefits at present value.

*revalued*

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

The preparation of these financial statements in conformity with approved accounting standards requires the management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historic experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years are discussed in Note 6.

### **3.3 Functional and presentation currency**

These financial statements are presented in Pak Rupees (Rs. / Rupees), which is the Company's functional and presentation currency.

### **3.4 Material accounting estimates and judgements**


The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment and investment property - Note 5.1(a), 5.2, 7.1 and 8
- Revaluation surplus - Note 5.1(c)
- Provision for impairment of inventories - Note 5.6 and 12
- Provision for impairment of stores and spares - Note 5.5 and 11
- Measurement of ECL allowance for trade debts - Note 5.7 and 13.1
- Provision for GIDC charges - Note 25
- Provision for taxation and recognition of deferred tax assets - Note 5.11(b), 18 and 28
- Leases - Note 5.4 and 26
- Estimation of contingent liabilities - Note 32

## **4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS**

### **4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2025**

The following standards, amendments and interpretations are effective for the year ended June 30, 2025. These standards, amendments and interpretations are either not relevant to the Company's operations or did not expect to have significant impact on the financial statements other than certain additional disclosures.





	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024

#### 4.2 New accounting standards, amendments and interpretations that are not yet effective

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

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026

**Effective date  
(annual periods  
beginning on or  
after)**

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
IFRS 17 Insurance Contracts	January 01, 2027

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has revised the timeframe for the adoption of IFRS 17 which will be adopted by January 01, 2027.

## **5 MATERIAL ACCOUNTING POLICY INFORMATION**

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

### **5.1 Property, plant and equipment**

#### **a) Operating fixed assets**

Operating fixed assets except for freehold land, building and plant and machinery are stated at cost less accumulated depreciation or impairment, if any. Freehold land, building and plant and machinery are stated at cost / revalued amount less accumulated depreciation or impairment, if any.

Depreciation is charged on the basis of written down value method whereby cost or revalued amount of an asset is written off over its useful life without taking into account any residual value.





Full month depreciation is charged on addition, while no depreciation is charged in the month of disposal or deletion of assets.

Major renewals and repairs are capitalised and the assets so replaced are retired. Minor renewals or replacement, maintenance and repairs are charged to the statement of profit or loss as and when incurred. Gains or losses on disposal of property, plant and equipment are accounted for as profit or loss for the year.

Amount equivalent to incremental depreciation charged on revalued assets is transferred from revaluation surplus on building and plant and machinery net of deferred taxation to retained earnings (unappropriated profits).

The assets' residual value and useful lives are reviewed, and adjusted if significant, at each statement of financial position date.

Disposal of assets is recognised when significant risks and rewards incidental to the ownership have been transferred to buyers. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the statement of profit or loss.

**b) Capital work in progress**

Capital work in progress is stated at cost and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

**c) Revaluation surplus on property, plant and equipment**

Any revaluation increase arising on the revaluation of land, buildings and plant and machinery is recognised in other comprehensive income and presented as a separate component of equity as Revaluation surplus on property, plant and equipment, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant and machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The revaluation surplus on buildings and plant and machinery to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profits.

**5.2 Investment property**

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to the statement of profit or loss on reducing balance basis so as to write-off the historical

cost of assets over their estimated useful life. Depreciation is charged from the month of acquisition up to the month preceding the disposal of investment property. Rental income is recognised on accrual basis.

Investment properties are derecognised, when either they have been disposed off, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the cost of subsequent accounting is the carrying amount at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### **5.3 Impairment**

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indications exist, the assets' recoverable amounts are estimated in order to determine the extent of impairment loss, if any.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and groups. Impairment losses are recognised as an expense in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Impaired assets are reviewed for possible reversal of the impairment at each statement of financial position date. Reversal of the impairment losses are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment losses had been recognised. A reversal of impairment loss is recognised in the statement of profit or loss.

### **5.4 Leases**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with leases with a lease term of 12 months or less and leases of low-value assets are recognised as an expense in the statement of profit or loss.



## **5.5 Stores, spares and loose tools**

Stores, spares and loose tools are stated at cost less provision for slow moving and obsolete items. Cost is determined by using the moving average method. Items in transit are valued at cost, comprising invoice value plus other charges incurred thereon.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as operating fixed assets under "Plant and machinery" category and are depreciated over a time period not exceeding the useful life of the related assets.

The Company reviews the carrying amount of stores and spares on a periodic basis and provision is made for slow moving items and for obsolescence on periodic basis.

## **5.6 Stock in trade**

Stock in trade, except stock in transit, is valued at lower of cost and net realisable value. Cost is determined as follows:

- |                   |   |
|-------------------|---|
| - Raw materials   | - at moving average method except stock in transit            |
| - Work in process | - at cost of material plus proportionate production overheads |
| - Finished goods  | - at cost of material as above plus proportionate production  |

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and costs necessary to be incurred in order to make the sale.

Stock in transit is valued at cost comprising invoice value plus other charges thereon.

## **5.7 Trade debts**

Trade debts are recognised and carried at original invoiced amount which is the fair value of the consideration to be received in future. The Company applies the IFRS 9 simplified approach to measure the expected credit losses (ECL), which uses a lifetime expected loss allowance for trade debts. The Company was required to revise its impairment methodology under IFRS 9 for trade debts.

## **5.8 Loans, advances and other receivables**

These are recognised at cost, which is the fair value of the consideration given. The Company assesses on a forward looking basis the expected credit losses associated with advances, deposits and other receivables. The Company applies the general approach for calculating lifetime expected credit losses for its loans, advances, deposits and other receivables recognised. The life time expected credit loss is determined at least annually. However, an assessment is made at each reporting date to determine whether there is an indication that a financial asset or a group of financial assets may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and impairment loss is recognised for the difference between the recoverable amount and the carrying value. *refers*

## **5.9 Cash and bank balances**

Cash in hand and at banks is carried at nominal amount.

## **5.10 Share capital**

Share capital is classified as equity and recognised at the face value. Incremental costs directly attributable to the issue of new shares are shown as a deduction in equity.

## **5.11 Taxation**

### **a) Current**

Provision for current taxation is based on taxable income on current rates of taxation after taking into account the rebates and tax credits available, if any, in accordance with the provisions of the Income Tax Ordinance, 2001.

The Company recognises tax liabilities for pending tax assessments using estimates based on expert opinion obtained from tax / legal advisors. Differences, if any, between the income tax provision and the tax liability finally determined is recorded when such liability is so determined.

### **b) Deferred**

Deferred tax is accounted for using the statement of financial position liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in future years to utilise deductible temporary differences, unused tax losses and tax credits.

Deferred tax is calculated based on tax rates that have been enacted or substantively enacted up to the reporting date and are expected to apply to the periods when the differences reverse. Deferred tax for the year is charged or credited to the statement of profit or loss.

### **c) Prior years**

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments and changes in estimates made during the current year, except otherwise stated.





## **5.12 Levy**

The amount calculated on taxable income using the notified tax rate is recognised as current income tax expense for the year in statement of profit or loss under the scope of IAS 12. Any excess of expected income tax paid or payable for the year under the Income Tax Ordinance, 2001 over the amount designated as current income tax for the year, is then recognised as a levy falling under the scope of IFRIC 21 / IAS 37.

## **5.13 Borrowings**

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis.

Short term borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Borrowing costs on long term finances and short term borrowings which are specifically obtained for the acquisition of qualifying assets are capitalised as part of cost of those assets. All other borrowing costs are charged to the statement of profit or loss in the period in which these are incurred.

## **5.14 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Company.

## **5.15 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, 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 determined by discounting future cash flows at an appropriate discount rate wherever required. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

## **5.16 Revenue recognition**

Revenue comprises the fair value for the sale of goods net of sales taxes and discounts. Revenue from the sale of goods is recognised when control of the goods passes to customers and the customers can direct the use of and substantially obtain all the benefits from the goods.

Revenue is recognised when specific criteria have been met for each of the Company's activities as described below.

7/8/14

### **5.16.1 Revenue from contracts with customers**

#### **a) Sale of goods**

Sale of goods is recognised when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

#### **b) Contract assets**

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

#### **c) Contract liabilities**

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs its performance obligations under the contract.

#### **d) Others**

Rental income is recognised on an accrual basis.

### **5.17 Earnings per share**

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

### **5.18 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash at bank and short term investments with maturity of not later than three months at known amount in rupees.

### **5.19 Related party transactions**

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.



## **5.20 Dividend and appropriation to reserves**

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

## **5.21 Financial instruments**

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

### **i) Financial assets**

The Company classifies its financial assets in the following categories:

- Amortised cost
- Fair value through other comprehensive income (FVOCI), and
- Fair value through profit or loss (FVPL)

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortised cost.

#### **a) Amortised cost**

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

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

#### **b) Impairment**

The Company recognises loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortised cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.



At each reporting date, the Company assesses whether the financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

## **ii) Financial liabilities**

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

### **Recognition and measurement**

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or amortised cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

### **Derecognition**

The financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

## **iii) Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set-off the recognised amounts and the Company intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

## **iv) Derivative financial instruments**

These are initially recorded at fair value on the date a derivative contract is entered into and are re-measured to fair value at reporting dates. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company does not apply hedge accounting for any derivatives.

Any gain or loss from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to the statement of profit or loss.



## **5.22 Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

## **5.23 Foreign currency translation**

Transactions in foreign currencies are converted into Pak Rupees at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Exchange gains and losses are included in the statement of profit or loss.

## **5.24 Contingencies**

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which 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.

## **5.25 Ijarah**

The Company accounts for assets under ijarah arrangements in accordance with Islamic Financial Accounting Standard (IFAS) 2 - Ijarah whereby rental payments due under these arrangements are recognised as an expense in the statement of profit or loss on a straight line basis over the ijarah (lease) term.

## **5.26 Staff retirement benefits**

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company. The accounting policy for provident fund is described below:

### **Defined Contribution Plan**

A defined contribution plan is post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution to defined contribution plans are recognised as an employee benefit expense in the statement of comprehensive income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in further payments is available.

7/2/20

The Company operates a defined contribution plan in the form of unrecognised provident fund scheme for all eligible employees. Contributions to the fund are made monthly at the rate of 10% of basic salary by the Company and the employees. The Company's contributions are recognised as employee benefit expense when they are due. If the contribution payments exceed the contribution due for service, the excess is recognised as an asset.

## **6 SIGNIFICANT ACCOUNTING JUDGMENTS AND CRITICAL ACCOUNTING ESTIMATES / ASSUMPTIONS**

The preparation of financial statements in conformity with approved accounting standards requires the management to:

- exercise its judgment in process of applying the Company's accounting policies; and
- use certain critical accounting estimates and assumptions concerning the future.

Judgments have been exercised by the management in applying the Company's accounting policies in many areas. Actual results may differ from estimates calculated using these judgments and assumptions.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:

### **a) Income taxes**

The Company takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes as explained in Note 5.11 of these financial statements.

### **b) Property, plant and equipment**

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuers and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and useful lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

### **c) Stores, spares and loose tools**

Management has made estimates for realisable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realisable amounts might affect carrying amount of stores and spares with corresponding affect on amounts recognised in the statement of profit or loss as provision / reversal.



d) **Provision for inventory obsolescence and doubtful receivables**

The Company reviews the carrying amounts of stores, spares and loose tools and stock in trade on regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools and stock in trade. Further the carrying amount of trade and other receivables are assessed on regular basis and if there is any doubt about the reliability of these receivables, appropriate amount of provision is made.

e) **Contingencies**

The Company reviews the status of all contingent assets and liabilities on regular basis. Based on expected outcome and experts' judgments, appropriate disclosure or recognition is made.

	Note	2025 Rupees	2024 Rupees
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	7.1	2,431,024,130	2,621,671,563
Right of use assets	7.1	-	23,356,694
		<u>2,431,024,130</u>	<u>2,645,028,257</u>

*26/04*

## 7.1 PROPERTY, PLANT AND EQUIPMENT

The following is the statement of operating fixed assets

Description	Note	Freehold land	Factory building	Owned								Furniture and fixtures	Office equipment	Computers	Vehicles	Total	ROU Asset	Grand total	
				Plant and machinery						Generators	Vehicles						Total		Vehicles
				Imported	Local	Electrification	Casting benches	Laboratory ware											
Rupees																			
Net carrying value basis																			
Year ended June 30, 2025																			
Opening net book value (NBV)		600,000,000	537,251,587	1,381,298,107	4,149,661	20,910,221	122,877	10,675	46,734,515	28,808	177,700	22,650	30,964,762	2,621,671,563	23,356,694	2,645,028,257			
Transfers		-	-	-	-	-	-	-	-	-	-	-	(17,343,999)	(37,343,999)	37,343,999	-			
Cost		-	-	-	-	-	-	-	-	-	-	-	13,987,305	13,987,305	(13,987,305)	-			
Accumulated depreciation		-	-	-	-	-	-	-	-	-	-	-	23,356,694	23,356,694	(23,356,694)	-			
Transfers		-	-	-	-	-	-	-	-	-	-	-	(10,864,291)	(214,004,127)	-	(214,004,127)			
Depreciation	7.2	-	(53,725,159)	(138,129,811)	(829,932)	(1,045,511)	(12,288)	(2,135)	(9,346,903)	(5,762)	(35,540)	(6,795)	(10,864,291)	(214,004,127)	-	(214,004,127)			
Closing net book value		600,000,000	483,526,428	1,243,168,296	3,319,729	19,864,710	110,589	8,540	37,387,612	23,046	142,160	15,855	41,457,165	2,431,024,130	-	2,431,024,130			
Gross carrying value basis																			
As at June 30, 2025																			
Revalued amounts		600,000,000	849,099,970	2,298,447,589	17,934,804	33,801,365	478,082	202,552	89,442,826	2,696,361	4,917,744	380,940	116,440,278	4,013,842,511	-	4,013,842,511			
Accumulated depreciation		-	(365,573,542)	(1,055,279,293)	(14,615,075)	(13,936,655)	(367,493)	(194,012)	(52,055,214)	(2,673,315)	(4,775,584)	(365,085)	(72,983,113)	(1,582,818,381)	-	(1,582,818,381)			
Net book value		600,000,000	483,526,428	1,243,168,296	3,319,729	19,864,710	110,589	8,540	37,387,612	23,046	142,160	15,855	41,457,165	2,431,024,130	-	2,431,024,130			
Net carrying value basis																			
Year ended June 30, 2024																			
Opening net book value (NBV)		480,000,000	370,763,679	1,531,090,236	5,130,392	21,999,256	136,202	13,198	57,779,763	36,009	219,652	35,185	38,705,953	2,505,909,525	29,195,867	2,535,105,392			
Revaluation during the year		120,000,000	217,221,810	(91,638)	(296)	(1,339)	(8)	(1)	(3,339)	-	-	-	-	337,125,189	-	337,125,189			
Depreciation	7.2	-	(50,733,902)	(149,700,491)	(980,435)	(1,087,696)	(13,317)	(2,522)	(11,041,909)	(7,201)	(41,952)	(12,535)	(7,741,191)	(221,363,151)	(5,839,173)	(227,202,324)			
Closing net book value		600,000,000	537,251,587	1,381,298,107	4,149,661	20,910,221	122,877	10,675	46,734,515	28,808	177,700	22,650	30,964,762	2,621,671,563	23,356,694	2,645,028,257			
Gross carrying value basis																			
As at June 30, 2024																			
Revalued amounts		600,000,000	849,099,970	2,298,447,589	17,934,804	33,801,365	478,082	202,552	89,442,826	2,696,361	4,917,744	380,940	79,096,279	3,976,498,512	37,343,999	4,013,842,511			
Accumulated depreciation		-	(311,848,383)	(917,149,482)	(13,785,143)	(12,891,144)	(355,205)	(191,877)	(42,708,311)	(2,667,553)	(4,740,044)	(358,290)	(48,131,517)	(1,354,826,949)	(13,987,305)	(1,368,814,254)			
Net book value		600,000,000	537,251,587	1,381,298,107	4,149,661	20,910,221	122,877	10,675	46,734,515	28,808	177,700	22,650	30,964,762	2,621,671,563	23,356,694	2,645,028,257			
Annual rate of depreciation																			
		-	10%	10%	20%	5%	10%	20%	20%	20%	20%	30%	20%		20%				
7.2 Total depreciation																			
	Note		2025 Rupees	2024 Rupees															
Depreciation on property, plant and equipment			214,004,127	227,202,324															
Depreciation on investment property			25,776	27,133															
			214,029,903	227,229,457															
Allocation of depreciation																			
Cost of sales	34		206,801,951	218,113,146															
Distribution cost	35		3,601,088	4,544,589															
Administrative expenses	36		3,626,864	4,571,722															
			214,029,903	227,229,457															

7.3 Free hold land of the Company is located at 29-Industrial Estate, Jamrud Road, Peshawar, Pakistan. Details of factory and residential buildings of the company constructed on this land are as follows:

Location	Particulars	Covered Area (sq. ft.)
29-Industrial Estate, Jamrud Road, Peshawar Pakistan	a) Main factory building including material godown, store room, Kiln area, workshops and other civil works.	575,211
	b) Workers' accommodations, guard rooms, Store and Masjid	14,811
		590,022



#### 7.4 Revaluation of freehold land, building and plant and machinery

7.4.1 The Company has adopted the revaluation model for subsequent measurement of freehold land, building and plant and machinery. During October 31, 2023, the Company carried out revaluation of its assets through independent valuer M/s Indus Surveyor (Private) Limited on the basis of market value as disclosed in note 47.2. Further details of revaluation carried out by the Company to date are as follows:

Name of independent valuer	Date of revaluation	Revaluation surplus Rupees
M/s Indus Surveyors (Private) Limited	October 31, 2023	337,125,189
M/s K.G Traders (Private) Limited	October 22, 2020	578,033,224
M/s K.G Traders (Private) Limited	June 30, 2019	643,554,757
M/s Mughal Associates	June 30, 2015	128,039,030
M/s Mughal Associates	May 21, 2012	35,560,289
M/s Mughal Associates	June 30, 2010	353,104,564
M/s Industrial Consultants and Machinery Linkers	June 08, 2004	66,359,632
M/s Global Engineers (Private) Limited	August 25, 1996	283,925,776

7.4.2 Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

	2025 Rupees	2024 Rupees
Freehold land	3,518,245	3,518,245
Factory building	5,408,448	6,009,387
Plant and machinery		
Imported	76,386,013	84,873,348
Local	352,229	440,286
Electrification	2,382,813	2,508,224
Casting benches	35,042	38,935
Laboratory ware	740	925
Generators	8,395	10,494
	79,165,232	87,872,212
	88,091,925	97,399,844

7.4.3 The forced sale value of the revalued property has been assessed at Rs. 2,325 million.

	Note	2025 Rupees	2024 Rupees
<b>8 INVESTMENT PROPERTY</b>			
Office building	8.1	489,741	515,517

	2025 Rupees	2024 Rupees
8.1 The movement in this head is as follows:		
<b>Year ended June 30,</b>		
<b>Net carrying value basis</b>		
Opening net book value (NBV)	515,517	542,650
Depreciation	(25,776)	(27,133)
Closing net book value	<u>489,741</u>	<u>515,517</u>
<b>Gross carrying value basis</b>		
Revalued amounts	2,648,885	2,648,885
Accumulated depreciation	(2,159,144)	(2,133,368)
Net book value	<u>489,741</u>	<u>515,517</u>
<b>Annual rate of depreciation</b>	<b>5%</b>	<b>5%</b>

8.2 This represents two offices bearing no. 102 and 103 measuring 1,200 Sq. Ft. each, situated at 1st Floor, Kashif Center, Shahrah e Faisal, Karachi, owned by the Company. This has been held to earn rental income by letting out its office and disclosed in the financial statements as an investment property applying cost model in accordance with IAS 40 "Investment Property". Fair value of the investment property assessed by the management amounts to Rs. 7 million (2024: Rs. 7 million) at year end.

8.3 Depreciation on this property is calculated using written down value method and is charged to administrative expenses.

	2025 Rupees	2024 Rupees
<b>9 LONG TERM DEPOSITS</b>		
Peshawar Electric Supply Company	1,403,200	1,403,200
Faisalabad Electric Supply Company	350,000	350,000
Sui Northern Gas Private Limited	4,062,000	4,062,000
WAPDA	48,250	48,250
Office security	30,000	30,000
Others	32,000	32,000
	<u>5,925,450</u>	<u>5,925,450</u>

9.1 These deposits are for indefinite time period. Therefore, these are carried at cost as the impact of amortisation is not material in respect of these financial statements.

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	Note	2025 Rupees	2024 Rupees
<b>10 LONG TERM ADVANCES</b>			
Balance at start of the year		972,448	1,083,865
Additions during the year		-	117,495
Adjusted during the year		(928,912)	(228,912)
	10.1	43,536	972,448
Advance against land	10.2	750,836,594	591,175,594
Less: current portion classified under due from related parties		(200,000,000)	-
		550,836,594	591,175,594
Balance at end of the year		550,880,130	592,148,042
10.1 This represents unsecured, interest-free advance given to related parties, Toyota Rawal Motors (Private) Limited and Rawal Industrial Equipment (Private) Limited, for the lease of vehicles for employees. This balance will be adjusted against the salaries of employees of the Company. These are not amortised as per IFRS 9 as the impact of amortisation is not material in respect of these financial statements.			
10.2 The Board of Directors of the Company in their meeting held on January 07, 2021 decided in principal to avail the opportunity of initially acquiring 1,031 kanals of land, off CPEC highway & Jand-Mianwali Road, Mouza Masan, Tehsil and District Mianwali, from a related party Mr. Nadeem Khalid (Chief Executive Officer) at payment terms over the period of five years. During the year, the Company reassessed its future expansion plans and determined that the market is already saturated, making it unfeasible to expand operations by setting up a new business unit and land sale agreement should be withdrawn with the approval of the Board. Subsequent to year end, the Board approved the withdrawal of the said agreement and Rs. 200 million will be paid by the counterparty by May 2026, while the remaining payment will be paid after June 30, 2026 with mutual agreement between the parties, as the counterparty has sought compensation for the Company's withdrawal from the Land Sale Agreement.			
	Note	2025 Rupees	2024 Rupees
<b>11 STORES, SPARES AND LOOSE TOOLS</b>			
Stores		232,676,267	269,944,429
Spare parts and loose tools		1,016,420	5,688,275
	11.1	233,692,687	275,632,704
11.1 Stores, spares and loose tools include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalised in the cost of respective assets.			
		2025 Rupees	2024 Rupees
<b>12 STOCK IN TRADE</b>			
Raw materials		175,622,674	208,508,635
Work in process		60,627,122	53,121,269
Finished goods		324,919,661	231,267,174
		561,169,457	492,897,078


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		Note	2025 Rupees	2024 Rupees
13	<b>TRADE DEBTS</b>			
	Unsecured - considered good			
	Trade receivables		32,621,186	32,621,186
	Allowance for expected credit loss		(10,791,572)	(10,791,572)
			<u>21,829,614</u>	<u>21,829,614</u>
14	<b>OTHER RECEIVABLES</b>			
	Rent receivable		3,628,800	3,628,800
	Provision against doubtful receivables		(3,628,800)	-
			<u>-</u>	<u>3,628,800</u>
15	<b>DUE FROM RELATED PARTIES</b>			
	Current portion of long term advances	10	200,000,000	-
	Khalid and Khalid Holdings (Private) Limited	15.1	36,469,796	-
			<u>236,469,796</u>	<u>-</u>
15.1	Balance at start of the year		(3,445,876)	160,373,432
	Additions during the year		145,127,502	31,254,746
	Mark up		2,422,964	31,615,088
	Payments received during the year		(107,634,794)	(226,689,142)
	Balance at end of the year		<u>36,469,796</u>	<u>(3,445,876)</u>
15.2	This represents amount advanced to Khalid and Khalid Holdings (Private) Limited, a related party due to common directorship. The advance is unsecured and interest is charged at 1 year KIBOR + 3.25%. The maximum aggregate amount outstanding at the end of any month during the year was Rs. 45,989,081 (2024: Rs. 163,615,710).			
16	<b>ADVANCES</b>		2025 Rupees	2024 Rupees
	Unsecured - considered good			
	Advances			
	- to suppliers		3,668,885	3,668,885
	- against letter of credit		17,218,727	12,719,057
	- against letter of credit margin		12,071,696	15,234,296
	- security deposit		1,103,246	1,652,200
	- against letter of guarantee		31,904,062	29,297,900
	- against salaries		4,971,004	3,062,827
	- against expenses		73,051	57,166
			<u>71,010,671</u>	<u>65,692,331</u>

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			2025 Rupees	2024 Rupees
17	<b>TAX REFUNDS DUE FROM GOVERNMENT</b>			
	Considered good			
	Balance at start of the year		162,950,265	63,962,052
	Transferred (to) / from taxation - net		(51,089,128)	98,988,213
	Balance at end of the year		<u>111,861,137</u>	<u>162,950,265</u>
18	<b>TAXATION - NET</b>			
	Opening balance		28,490,906	86,217,469
	Prior year adjustment	41	(11,362,058)	12,770,744
			<u>17,128,848</u>	<u>98,988,213</u>
	Adjusted against / (transferred to) tax refunds due from Government		51,089,128	(98,988,213)
			<u>68,217,976</u>	<u>-</u>
	Provision for taxation / levy	40	(157,710,095)	(42,741,871)
	Advance income tax		89,492,119	71,232,777
	Closing balance		<u>-</u>	<u>28,490,906</u>
19	<b>CASH AND BANK BALANCES</b>			
	Cash in hand		112,750	177,563
	Cash at bank - local currency			
	Current accounts			
	- conventional		31,828,070	48,268,028
	- under shariah arrangements		2,265,271	3,511,829
	Savings accounts			
	- under shariah arrangements		30,452,518	21,190,606
		19.1	<u>64,545,859</u>	<u>72,970,463</u>
			<u>64,658,609</u>	<u>73,148,026</u>
19.1	This includes balance of Rs. 30.453 million (2024: Rs. 21.191 million) held by the Company on account of provident fund contributions maintained in separate bank account as required by section 218 of the Companies Act, 2017. This balance is restricted for settlement of provident fund liabilities and is not available for the Company's operational use.			

			2025 Rupees	2024 Rupees
20	<b>SHARE CAPITAL</b>			
20.1	<b>Authorised share capital</b>			
	<b>Number of shares</b>			
	<b>2025</b>	<b>2024</b>		
	<u>75,000,000</u>	<u>75,000,000</u>	<u>750,000,000</u>	<u>750,000,000</u>
	Ordinary shares of Rs. 10 each			

		2025 Rupees	2024 Rupees
20.2	Issued, subscribed and paid up capital		
	<b>Number of shares</b>		
	<b>2025</b>	<b>2024</b>	
	37,873,821	37,873,821	
		378,738,210	378,738,210

Ordinary shares of Rs. 10 each fully paid in cash

20.3 All ordinary share holders have same rights regarding dividend, voting, board selection, right of first refusal and block voting.

## 21 DISCOUNT ON ISSUE OF RIGHT SHARES

This represents discount on issue of right shares upon exercising the option given to members in Board of Directors meeting held on February 18, 2014 to subscribe for the right shares issue which were allotted on August 08, 2014 at a discount of Rs. 6 per share with the entitlement of 389.25% shares against SECP approval vide letter No. EMD/233/584/02 dated February 07, 2014 for the total right issue of 30.133 million shares at Rs. 4 per share (discount of Rs. 6 per share) by way of right issue. All the relevant legal formalities required by the repealed Companies Ordinance, 1984 (now Companies Act, 2017) were completed by the Company before issuance of the right shares.

	2025 Rupees	2024 Rupees
22 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT		
Balance as at July 01,	1,544,686,444	1,454,213,834
Add: Revaluation surplus for the year	-	337,125,189
Less:		
Transferred to equity in respect of incremental depreciation charged during the year	67,745,804	175,123,332
Related deferred tax liability during the year transferred to the statement of profit or loss	27,670,825	71,529,247
	95,416,629	246,652,579
	1,449,269,815	1,544,686,444
Less:		
Related deferred tax effect:		
Balance as at July 01,	274,979,362	292,242,304
Revaluation during the year	-	54,266,305
Effect of change in rate	-	-
Incremental depreciation charged during the year transferred to the statement of profit or loss	(27,670,825)	(71,529,247)
	247,308,537	274,979,362
	1,201,961,278	1,269,707,082



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

	Note	2025 Rupees	2024 Rupees
<b>23 LONG TERM FINANCING</b>			
From Financial Institute - secured	23.1	-	13,097,821
Less: current portion of loan		-	(13,097,821)
		<u>-</u>	<u>-</u>

- 23.1 This represents an amount received from Bank Al-Habib Islamic in respect of three years Musharaka agreement for purchase of generator and charge on current asset / fixed assets is created as a security against facility. The repayment of the loan would be paid in 31 instalments starting from May 18, 2022. The rental is calculated on principle amount using three months KIBOR plus 3.25% per annum and is charged as finance cost.

	Note	2025 Rupees	2024 Rupees
<b>24 LOAN FROM RELATED PARTIES</b>			
From associated person - unsecured	24.1	104,245,797	106,619,974
From associated companies - unsecured			
Rawal Industrial Equipment (Private) Limited	24.2.1	5,651,834	253,556,959
Toyota Rawal Motors (Private) Limited	24.2.2	8,843,260	173,085,943
		<u>118,740,891</u>	<u>533,262,876</u>

**24.1 From associated person - unsecured**

Balance at start of the year	106,619,974	395,378,510
Additions during the year	1,800,000	4,400,000
Mark up	309,823	39,544,610
Payments received during the year	(4,484,000)	(332,703,146)
Balance at end of the year	<u>104,245,797</u>	<u>106,619,974</u>

This represents interest bearing unsecured loan and accumulated markup thereon received from Chief Executive Officer of the Company for working capital requirements. The loan carries mark up at the rate of 1 year KIBOR plus 2% per annum and was restructured on April 01, 2021. As per the revised terms, the borrower will accrue interest over the years for a grace period of six years after which the payment of principal amount stands due. Moreover, markup will be payable after the settlement of the principal amount.

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	2025 Rupees	2024 Rupees
<b>24.2 From associated companies - unsecured</b>		
<b>24.2.1 Rawal Industrial Equipment (Private) Limited</b>		
Balance at start of the year	253,556,959	154,679,383
Additions during the year	14,072,182	189,246,060
Mark up	1,806,873	36,566,707
Payments received during the year	(263,784,180)	(126,935,191)
Balance at end of the year	<u>5,651,834</u>	<u>253,556,959</u>

**24.2.2 Toyota Rawal Motors (Private) Limited**

Balance at start of the year	173,085,943	149,430,248
Additions during the year	149,088,969	34,600,000
Mark up	6,070,796	22,555,695
Payments received during the year	(319,402,448)	(33,500,000)
Balance at end of the year	<u>8,843,260</u>	<u>173,085,943</u>

This represents interest bearing unsecured loans and accumulated markup thereon received from related parties, Rawal Industrial Equipment (Private) Limited and Toyota Rawal Motors (Private) Limited for working capital requirements of the Company. The loan was restructured on April 01, 2021 and carries mark up at the rate of 1 year KIBOR plus 2% per annum. As per the revised terms, the borrower will accrue interest over the years for a grace period of six years after which the payment of principal amount stands due. Moreover, markup will be payable after the settlement of the principal amount.

	2025 Rupees	2024 Rupees
<b>25 GAS INFRASTRUCTURE DEVELOPMENT CESS</b>		
Total GIDC Charges	129,379,479	128,004,912
Future finance cost	15,634	1,374,567
Accumulated present value of GIDC	<u>129,395,113</u>	<u>129,379,479</u>
Less: current portion of GIDC	<u>(129,395,113)</u>	<u>(129,379,479)</u>
	<u>-</u>	<u>-</u>

- 25.1 In 2011, GIDC was imposed on natural gas consumers including companies with effect from January 01, 2012 to finance the cost of laying the overland gas pipeline. In 2013, the Peshawar High Court declared the GIDC Act, 2011 as ultra vires the constitution and struck down the GIDC Act, 2011. In August 2014, Supreme Court of Pakistan dismissed the appeal filed by the Federal Government of Pakistan deciding that GIDC is a fee and not a tax and could not be imposed by

money bill. In September 2014, the GIDC Ordinance was promulgated by the President of Pakistan with retrospective effect with original imposition. In October 2016, the Sindh High Court declared the levy to be un-constitutional. In August 2020, the Honourable Supreme Court of Pakistan held that GIDC is validly levied and allowed the Government to collect the amount in 24 equal instalments. Further, in November 2020, the Supreme Court dismissed the review petition seeking review of its order (issued in August 2020). Supreme Court in its judgement on the review petitions noted that Government is agreeing to recover the arrears for GIDC in 48 monthly instalments (instead of 24 months, as mentioned in August 2020 order of the Supreme Court). The Federal Government had started the recovery of this fee and the Company had recorded the liability amounting to Rs. 119.353 million in this regard after receiving bill of Rs. 129.395 million from the SNGPL at fair value in accordance with IFRS 9 by discounting the future cash payments required to be made in 48 instalments, to settle the liability for GIDC. Balance at year end after unwinding is Rs. 129.395 million and payment was due on July 31, 2024, however no payments have been made during the year. The Company has taken a collective decision along with ceramics industry to delay payments and will start payments once there is a consensus reached within the sector.

	2025 Rupees	2024 Rupees
<b>26 LIABILITY UNDER DIMINISHING MUSHARAKA</b>		
Lease liabilities	-	8,714,873
Current maturity of lease liabilities	-	(8,714,873)
	-	-
<b>26.1 Movement of lease liabilities is as follows:</b>		
Balance at start of the year	8,714,873	21,206,033
Payments	(8,714,873)	(12,491,160)
Balance at end of the year	-	8,714,873
<b>26.2 The maturity analysis of lease liabilities at the statement of financial position date is as follows:</b>		
	2025 Rupees	2024 Rupees
Less than one year	-	8,714,873
One to five years	-	-
Total lease liabilities	-	8,714,873
<b>26.3 Amounts recognised in the statement of profit or loss</b>		
Rentals on lease liabilities	-	3,969,393
Short term leases	120,000	120,000



		2025 Rupees	2024 Rupees
<b>Amounts disclosed in the statement of cash flows</b>			
	Total cash outflows for lease	8,714,873	12,491,160
26.4	This represents outstanding balance of diminishing musharaka facility from Bank AL Habib Limited and carries markup at 6 months KIBOR plus 2.5% with a floor of 5% and cap of 20%. Repayment is to be made in 36 equal monthly instalments commencing from March 18, 2022 and ending on March 18, 2025.		

	Note	2025 Rupees	2024 Rupees	
27	DEFERRED LIABILITY			
	Staff retirement benefits - gratuity	27.1	25,393,458	25,393,458
27.1	The gratuity scheme provides terminal benefits to permanent employees of the Company who had completed at least six months of service on the basis of last drawn gross salary. However, management of the Company decided to replace gratuity with provident fund for its permanent employees from the 1st day of January 2021 and the Company will pay gratuity to its employees on the basis of valuation carried on by an independent valuer as on June 30, 2022. The Company has not paid any gratuity to its employees during the current and prior years.			

Because of replacement of gratuity with provident fund, liability against gratuity has been ceased on June 30, 2022. Therefore the Company has not recalculated the liability against gratuity at year end.

		2025	2024	
	Note	Rupees	Rupees	
28	DEFERRED TAXATION			
	Deferred taxation	28.1	352,926,346	382,938,517
28.1	Deferred tax liabilities / (assets) arising due to temporary timing differences are as follows:			

	2025 Rupees	2024 Rupees
Surplus on revaluation of fixed assets	247,308,537	274,979,362
Accelerated depreciation	115,969,443	114,206,686
Investment property	142,025	-
Right of use asset	-	6,773,441
Lease liability	-	(2,527,313)
Provision for gratuity	(7,364,103)	(7,364,103)
Allowance for expected credit loss	(3,129,556)	(3,129,556)
	352,926,346	382,938,517
Tax rate used	29%	29%

	Note	2025 Rupees	2024 Rupees
28.2	Movement in deferred tax balances is as follows:		
	Balance at start of the year	382,938,517	347,656,942
	<b>Recognised in statement of profit or loss:</b>		
	Surplus on revaluation of fixed assets	(27,670,825)	(71,529,247)
	Accelerated depreciation	1,762,757	50,615,440
	Investment property	142,025	-
	Right of use asset	(6,773,441)	(1,693,360)
	Lease liability	2,527,313	3,622,437
	Provision for gratuity	-	-
	Allowance for expected credit loss	-	-
		(30,012,171)	(18,984,730)
	<b>Recognised in statement of comprehensive income:</b>		
	Surplus on revaluation of fixed assets	-	54,266,305
	Balance at end of the year	352,926,346	382,938,517

## 29 DUE TO RELATED PARTIES

Rawal Industrial Equipment (Private) Limited	29.1	1,147,808	26,622,808
Khalid and Khalid Holdings (Private) Limited		-	3,445,876
Toyota Rawal Motors (Private) Limited	29.2	743,552	7,507,641
		1,891,360	37,576,325

### 29.1 Rawal Industrial Equipment (Private) Limited

Balance at start of the year	26,622,808	26,622,808
Payments made during the year	(25,475,000)	-
Balance at end of the year	1,147,808	26,622,808

### 29.2 Toyota Rawal Motors (Private) Limited

Balance at start of the year	7,507,641	6,144,821
Additions during the year	1,487,104	1,362,820
Payments made during the year	(8,251,193)	-
Balance at end of the year	743,552	7,507,641

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### 30 CONTRACT LIABILITY

This represents amounts received from customers against their specific orders, which will be recognised as revenue upon the completion of performance obligations of the Company.

	Note	2025 Rupees	2024 Rupees
<b>31 TRADE AND OTHER PAYABLES</b>			
Trade creditors		408,897,551	243,497,145
Accrued liabilities		318,823,025	172,603,446
Old labour dues	31.1	3,256,878	3,256,878
Sales tax payable		10,093,963	27,939,639
Withholding income tax payable		17,394,984	6,422,913
Workers' profit participation fund	31.2	104,495,274	77,675,394
Workers' welfare fund	31.3	13,712,876	7,066,915
Provident fund payable	31.4	113,920,340	84,087,339
		<u>990,594,891</u>	<u>622,549,669</u>

- 31.1 This represents labour dues of old employees which relates to the period prior to the acquisition by current management of the Company. The dues were recorded in the year ended June 30, 2011, due to claims lodged against Company by workers and on receipt of notification from SECP in 2012.

	Note	2025 Rupees	2024 Rupees
<b>31.2 Movement in workers' profit participation fund:</b>			
Balance at start of the year		77,675,394	78,416,560
Interest for the year	31.2.1	10,726,972	17,032,077
Provision for the year		16,092,908	-
Paid during the year		-	(17,773,243)
Balance at end of the year		<u>104,495,274</u>	<u>77,675,394</u>

- 31.2.1 Markup is calculated on balance available to the Company for its business operations at the rate higher of 2.5% above the bank rate or 75% of the rate on which dividend is declared on ordinary shares, as per provisions of The Companies Profits (Workers Participation) Act, 1968.

	2025 Rupees	2024 Rupees
<b>31.3 Movement in workers' welfare fund:</b>		
Balance at start of the year	7,066,915	7,464,572
Provision for the year	8,481,971	534,753
Paid during the year	(1,836,010)	(932,410)
Balance at end of the year	<u>13,712,876</u>	<u>7,066,915</u>

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- 31.4 With effect from January 01, 2021, the Company has opted provident fund for staff retirement benefits covering all permanent and regular employees as per registered provident fund rules and regulations.

## **32 CONTINGENCIES AND COMMITMENTS**

### **32.1 Contingencies**

#### **32.1.1 Noman Ghani vs. FCL and others**

This is the recovery suit against the Company/respondents. In this suit claim is of Rs. 1.248 million. Later on, plaintiff submits an application for amendment of plaint i.e. seeks further claim from the court for Rs. 20 million and 18% being current bank interest because of the mental torture and damages. The learned court did not admit the plaintiff's further claim. Now a days, the present case is pending before High Court. In the instant case total amount of Rs. 1.248 million is involved. Thus, the matter in issue will be limited up to the Rs.1.248 million.

#### **32.1.2 FCL vs. G.M. of SNGPL**

This case is pending before the gas utility court. In this case, the Company claims that after amendment in the law the Company is not bound to pay further tax and extra tax in the gas bill. Total amount of Rs. 1 million is involved in the case.

#### **32.1.3 Shameem Akhter vs. FCL**


The above case is pending before the wages authority. In the instant case the applicant claim is that the Company is liable to pay Rs. 0.797 million. The case is fixed in evidence in the Labour Court.

#### **32.1.4 Amer Zada vs FCL**

The above case is pending before the Wages authority. In the instant case the applicant claims that the Company is liable to pay Rs. 0.4 million. This case is fixed before the Wages authority in evidence.

#### **32.1.5 FCL vs. G.M. OF SNGPL**

This case is pending before the gas utility court Peshawar. The claim of the recovery is from the Company on the basis of previous management. The total claim is Rs. 1.823 million. The Company submitted its reply in the case and now the case is fixed for the replication of the SNGPL.



### **32.1.6 Bank Guarantees**

Guarantee has been issued by Bank Al Habib on behalf of the Company in the normal course of business in favour of PARCO, PESCO and M/s Sui Northern Gas Pipelines Limited, aggregating to Rs. 256.13 million (2024: Rs. 256.13 million).

### **32.1.7 Review Petition of Talat Sher vs FCL**

In the above title case, the applicant's claim is of Rs. 0.649 million. The case was decided in favour of the Company, however Mr. Talat Sher filed review petition against the order which was also passed in favour of the Company. The case is filed in Labour Court, although the amount is not clear in the application, however, in a separate sheet of an annexure documents the amount of Rs. 0.649 million is mentioned. Furthermore the applicant also seeks reinstatement of service. However, the said review is also decided in favour of the Company.

### **32.1.8 Ali Rehman vs FCL**

In this case, applicant seeks from court to reinstate him in service. The applicant claim amount is Rs. 0.262 million which was mentioned in his grievance notice. The claim is filed in the Labour Court. The case was decided in favour of the Company, however Mr. Ali Rehman filed review petition against the order which was also passed in favour of the Company.

### **32.1.9 FCL vs Federation of Pakistan**

In the instant case the Company filed a writ petition about the GIDC amount of rupees round about 11 million. Earlier the Company as well as other units challenged the GIDC Act, 2011, and the said Act was declared illegal by the Supreme Court, thus the Company also challenged the new Act. Similarly, others units also challenged the said GIDC Act in different writ petitions.

### **32.1.10 Muhammad Iqbal vs FCL**

This is recovery suit against the Company. The total claim of this suit is Rs. 1.712 million. This suit was decided in favour of the Company and is now pending in revision before High Court, thus total amount involved in the case is of Rs. 1.712 million.

### **32.1.11 Muhammad Noor vs FCL**

In this case the applicant filed his suit before the Labour Court. Total claim of the applicant is Rs. 1.304 million. The case is pending before High Court.

### **32.1.12 Muhammad Farhad vs FCL**

In this case the applicant filed his suit before the Labour Court. Total claim of the applicant is Rs. 0.683 million. The case is pending before High Court.





### 32.1.13 Muhammad Anwar Khan vs FCL

In this case the applicant filed his suit before the Labour Court. Total claim of the applicant is Rs. 0.775 million. The case is pending before High Court.

### 32.1.14 EFU vs FCL

FCL sued EFU over not increasing rent of 2 office rooms of FCL occupied by EFU in Karachi. According to agreement signed on July 26, 2006, for Room No. 102 and additional agreement signed on May 07, 2007, for Room No 103. EFU was obliged to increase rent of Rooms @ 10% per annum, but EFU did not comply with this requirement. However, decision of court is still pending.

<<1>>		Note	2025 Rupees	2024 Rupees
32.2	Commitments			
The Company has the following commitments:				
- against letter of credit				
- against import of raw materials			113,746,555	139,740,170
- against import of stores and spares			-	14,610,153
- against purchase of land from CEO			-	542,924,406
			<u>113,746,555</u>	<u>697,274,729</u>

#### Commitments for Ijarah arrangements

Not later than one year	-	3,364,878
Later than one year and not later than five years	-	6,173,246
	-	<u>9,538,124</u>

### 33 SALES - NET

Gross sales - tiles		5,345,847,855	4,162,245,780
Less:			
Trade discounts	33.1	(135,806,538)	(105,246,895)
Sales tax		(819,632,029)	(637,649,231)
		<u>4,390,409,288</u>	<u>3,419,349,654</u>

- 33.1 This represents trade discount to specific customers. The ceramics industry was included in The Third Schedule of Sales Tax Act, 1990 through Finance Bill 2019-2020. This shifted the responsibility of the Company to charge sales tax on the retail price. Previously sales tax was charged on the ex-factory price i.e. excluding dealer margin from the retail price.

		2025 Rupees	2024 Rupees
<b>34</b>	<b>COST OF SALES</b>		
	Raw material consumed	34.1 943,733,001	620,373,980
	Stores, spares and loose tools consumed	34.2 433,260,549	394,112,716
	Gas and electricity	2,108,061,688	1,730,484,215
	Depreciation	7.2 206,801,951	218,113,146
	Salaries, wages and other benefits	34.5 388,487,817	377,567,287
	Traveling and conveyance	1,025,040	979,874
	Repairs and maintenance	265,375	229,885
	Ijarah payments	34.4 4,874,621	8,481,656
	Insurance	2,433,748	-
	GIDC expense	15,634	1,374,567
	Miscellaneous	34.3 1,722,802	2,107,318
		4,090,682,226	3,353,824,644
	Work in process		
	Opening	53,121,269	16,010,549
	Closing	(60,627,122)	(53,121,269)
		(7,505,853)	(37,110,720)
	Finished goods		
	Opening	231,267,174	261,288,735
	Closing	(324,919,661)	(231,267,174)
		(93,652,487)	30,021,561
		3,989,523,886	3,346,735,485
<b>34.1</b>	<b>Raw material consumed</b>		
	Opening stock	208,508,635	195,683,709
	Add: purchases	910,847,040	633,198,906
	Less: closing stock	(175,622,674)	(208,508,635)
		943,733,001	620,373,980
<b>34.2</b>	<b>Stores, spares and loose tools consumed</b>		
	Opening stock	275,632,704	270,488,018
	Add: purchases	391,320,532	399,257,402
	Less: closing stock	(233,692,687)	(275,632,704)
		433,260,549	394,112,716
<b>34.3</b>	<b>Miscellaneous</b>		
	Internet expenses	810,742	601,320
	Mobile expense	12,200	10,000
	Postage and shipping	18,183	142,545
	Printing and stationery	19,810	5,700
	Professional tax	741,867	1,176,306
	Medical	-	51,447
	Sales tax penalty	120,000	120,000
		1,722,802	2,107,318

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34.4 This represents ijarah payments for motor vehicles taken under Ijarah arrangement from Orix Modaraba Leasing Company. Under the agreement, the lease was commenced from July 2021 and the term of Ijarah is three years and Ijarah payments of Rs. 887,143 are payable on monthly basis in 36 instalments.

34.5 Salaries, wages and other benefits include an amount of Rs. 25,598,850 (2024: Rs. 25,281,212) in respect of staff retirement benefits.

	Note	2025 Rupees	2024 Rupees
<b>35 DISTRIBUTION COST</b>			
Salaries, allowances and benefits	35.1	10,716,065	10,668,305
Communication and travel expense		375,505	427,388
Printing and repair expense		-	9,800
Depreciation	7.2	3,601,088	4,544,589
		<u>14,692,658</u>	<u>15,650,082</u>

35.1 Salaries, allowances and benefits include an amount of Rs. 341,778 (2024: Rs. 380,062) in respect of staff retirement benefits.

	Note	2025 Rupees	2024 Rupees
<b>36 ADMINISTRATIVE EXPENSES</b>			
Directors' remuneration	51	3,598,460	3,440,800
Salaries, allowances and benefits	36.1	34,204,369	34,524,182
Fee and subscription		58,586	134,867
Rent, rates and taxes		1,367,104	1,286,681
Utilities		120,000	120,000
Communication		195,135	391,129
Printing, postage and stationary		169,209	350,109
Advertisement expense		139,961	192,900
Depreciation	7.2	3,626,864	4,571,722
Traveling and conveyance		403,507	384,127
Vehicle running and maintenance		401,381	370,287
Entertainment		219,095	873,933
Repairs and maintenance		277,459	201,603
Provision against doubtful receivables	14	3,628,800	-
		<u>48,409,930</u>	<u>46,842,340</u>

36.1 Salaries, allowances and benefits include an amount of Rs. 1,269,886 (2024: Rs. 1,487,552) in respect of staff retirement benefits.



		2025 Rupees	2024 Rupees
37	<b>OTHER OPERATING EXPENSES</b>		
	Worker's welfare fund	8,481,971	534,753
	Workers Profit Participation Fund	16,092,908	-
	Auditors' remuneration	37.1 1,480,000	1,395,000
	Legal and professional charges	1,852,169	2,004,802
	Penalty	71,250	-
		<u>27,978,298</u>	<u>3,934,555</u>

**37.1 Auditors' remuneration**

Annual audit fee	900,000	900,000
Review of half year financial statements	180,000	180,000
Tax services	142,857	142,857
Statutory certifications	36,500	-
Out of pocket expense	157,675	111,000
	<u>1,417,032</u>	<u>1,333,857</u>
Sales tax	62,968	61,143
	<u>1,480,000</u>	<u>1,395,000</u>

**38 OTHER INCOME**

Rental income	-	1,451,520
Markup	2,422,964	31,615,088
Others	38.1 3,429,423	4,999,024
	<u>5,852,387</u>	<u>38,065,632</u>

38.1 This represents amount received on sub lease of vehicles obtained under ijarah agreement to employees.

		2025 Rupees	2024 Rupees
39	<b>FINANCE COST</b>		
	Mark up / interest on:		
	Letter of guarantee margin	-	2,223,711
	Workers' profit participation fund	10,726,972	17,032,077
	Provident fund	6,242,154	12,385,883
	Long term financing		
	From financial institutions	1,577,048	11,962,622
	From related party	24 8,187,492	98,667,012
		<u>9,764,540</u>	<u>110,629,634</u>
	Bank charges	291,877	908,276
		<u>29,100,601</u>	<u>143,179,581</u>

**40 LEVY**

Minimum tax differential	40.1	-	26,012,929
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- 40.1 This represents minimum tax under section 113 of the Income Tax Ordinance, 2001 representing levy in terms of requirements of IFRIC 21 / IAS 37.
- 40.2 Reconciliation between current tax charged under the Income Tax Ordinance, 2001 with current tax recognised in the statement of profit or loss, is as follows:

	Note	2025 Rupees	2024 Rupees
Current tax liability for the year as per applicable tax laws		157,710,095	42,741,871
Portion of current tax computed as per tax laws, representing income tax under IAS 12		<u>(157,710,095)</u>	<u>(16,728,942)</u>
Minimum tax differential		<u><u>-</u></u>	<u><u>26,012,929</u></u>

#### 41 TAXATION

Provision for taxation

Current year		157,710,095	16,728,942
Prior year adjustment		11,362,058	(12,770,744)
Deferred	28	<u>(30,012,171)</u>	<u>(18,984,730)</u>
		<u><u>139,059,982</u></u>	<u><u>(15,026,532)</u></u>

- 41.1 Reconciliation between accounting profit and tax expense for the year is as follows:

	2025 Rupees	2024 Rupees
Profit/(loss) before levy and taxation	286,556,302	(98,926,757)
Applicable tax rate	29%	29%
Tax on profit/(loss) before levy and taxation	83,101,328	(28,688,760)
Effect of expenses, which are not deductible for tax purposes but are taken to statement of profit or loss	75,203,585	74,617,629
Tax effect of expenses, which are deductible for tax purposes but are not taken to statement of profit or loss	(32,439,444)	(29,199,927)
Effect of unabsorbed tax depreciation from previous years which is deductible for tax purposes but is not taken to statement of profit or loss	(2,876,882)	-
Effect of super tax 8% (2024: 0%)	34,721,509	-
Effect of prior year tax	11,362,058	(12,770,744)
Effect of deferred tax	<u>(30,012,171)</u>	<u>(18,984,730)</u>
	<u><u>139,059,982</u></u>	<u><u>(15,026,532)</u></u>



42 **EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED**

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	Note	2025 Rupees	2024 Rupees
Profit/(loss) after taxation (Rs.)		<u>147,496,320</u>	<u>(109,913,154)</u>
Weighted average (number of shares)		<u>37,873,821</u>	<u>37,873,821</u>
Earnings/(loss) per share - basic and diluted (Rs.)	42.1	<u>3.89</u>	<u>(2.90)</u>

42.1 There were no convertible / dilutive potential ordinary shares outstanding at June 30, 2025 and June 30, 2024.

43 **CASH FLOWS BEFORE WORKING CAPITAL CHANGES**

	Note	2025 Rupees	2024 Rupees
Profit/(loss) before levy and taxation		286,556,302	(98,926,757)
Adjustment for non-cash items:			
Depreciation	7.2	214,029,903	227,229,457
Provision against doubtful receivables	36	3,628,800	-
Finance cost	39	29,100,601	143,179,581
Gas infrastructure development cess		-	(2,173,752)
		<u>246,759,304</u>	<u>368,235,286</u>
		<u>533,315,606</u>	<u>269,308,529</u>

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#### 44 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOW ARISING FROM FINANCING ACTIVITIES

	Liabilities				Total
	Liability under diminishing Musharaka	Long term financing	Loan from related parties	Unclaimed dividend	
	----- Rupees -----				
Balance as at July 01, 2023	21,206,033	45,431,193	699,488,141	3,189,224	769,314,591
<b>Changes from financing cash flows:</b>					
Receipt of loan from related parties	-	-	228,246,060	-	228,246,060
Repayment of obligations	(16,460,553)	(32,333,372)	(493,138,337)	-	(541,932,262)
Total changes from financing activities	(16,460,553)	(32,333,372)	(264,892,277)	-	(313,686,202)
Other changes					
<b>Liability related</b>					
Markup for the year	3,969,393	-	98,667,012	-	102,636,405
Total liability - related changes	3,969,393	-	98,667,012	-	102,636,405
<b>Equity related</b>					
Total equity related other changes	-	-	-	-	-
Balance as at June 30, 2024	8,714,873	13,097,821	533,262,876	3,189,224	558,264,794
<b>Changes from financing cash flows:</b>					
Receipt of loan from related parties	-	-	164,961,151	-	164,961,151
Repayment of obligations	(8,714,873)	(13,097,821)	(587,670,628)	-	(609,483,322)
Total changes from financing activities	(8,714,873)	(13,097,821)	(422,709,477)	-	(444,522,171)
Other changes					
<b>Liability related</b>					
Markup for the year	-	-	8,187,492	-	8,187,492
Total liability - related changes	-	-	8,187,492	-	8,187,492
<b>Equity related</b>					
Total equity related other changes	-	-	-	-	-
Balance as at June 30, 2025	-	-	118,740,891	3,189,224	121,930,115

## 45 FINANCIAL ASSETS AND LIABILITIES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarised as follows:

2025	Total	Interest / mark up bearing			Non interest / markup bearing
		Maturity up to one year	Maturity after one year	Subtotal	
		Rupees			
<b>Financial assets</b>					
<b>Carried at amortised cost</b>					
Long term deposits	5,925,450	-	-	-	5,925,450
Trade debts	21,829,614	-	-	-	21,829,614
Other receivables	-	-	-	-	-
Due from related parties	236,469,796	236,469,796	-	236,469,796	-
Advances	33,007,308	-	-	-	33,007,308
Cash and bank balances	64,658,609	30,452,518	-	30,452,518	34,206,091
	361,890,777	266,922,314	-	266,922,314	94,968,463
<b>Financial liabilities</b>					
<b>Carried at amortised cost</b>					
Loan from related parties	118,740,891	-	118,740,891	118,740,891	-
Gas infrastructure development cess	129,395,113	129,395,113	-	129,395,113	-
Unclaimed dividend	3,189,224	-	-	-	3,189,224
Due to related parties	1,891,360	-	-	-	1,891,360
Trade and other payables	946,136,190	-	-	-	946,136,190
	1,199,352,778	129,395,113	118,740,891	248,136,004	951,216,774
<b>On statement of financial position gap</b>	(837,462,001)	137,527,201	(118,740,891)	18,786,310	(856,248,311)
<b>Off statement of financial position items</b>					
<b>Financial commitments:</b>					
Letter of credits	113,746,555	-	-	-	113,746,555
Against purchase of land	383,263,406	-	-	-	383,263,406
	497,009,961	-	-	-	497,009,961
<b>Total Gap</b>	(837,462,001)	137,527,201	(118,740,891)	18,786,310	(856,248,311)





2024	Total	Interest / mark up bearing			Non interest / markup bearing
		Maturity up to one	Maturity after one	Subtotal	
		year	year		
----- Rupees -----					
Financial assets					
Carried at amortised cost					
Long term deposits	5,925,450	-	-	-	5,925,450
Trade debts	21,829,614	-	-	-	21,829,614
Other receivables	3,628,800	-	-	-	3,628,800
Advances	30,950,100	-	-	-	30,950,100
Cash and bank balances	73,148,026	21,190,606	-	21,190,606	51,957,420
	135,481,990	21,190,606	-	21,190,606	114,291,384
Financial liabilities					
Carried at amortised cost					
Long term financing	13,097,821	13,097,821	-	13,097,821	-
Loan from related parties	533,262,876	-	533,262,876	533,262,876	-
Gas infrastructure development cess	129,379,479	129,379,479	-	129,379,479	-
Liability under diminishing Musharaka	8,714,873	8,714,873	-	8,714,873	-
Unclaimed dividend	3,189,224	-	-	-	3,189,224
Due to related parties	37,576,325	-	-	-	37,576,325
Trade and other payables	577,863,324	-	-	-	577,863,324
	1,303,083,922	151,192,173	533,262,876	684,455,049	618,628,873
On statement of financial position gap	(1,167,601,932)	(130,001,567)	(533,262,876)	(663,264,443)	(504,337,489)
Off statement of financial position items					
Financial commitments:					
Letter of credits	154,350,323	-	-	-	154,350,323
Against purchase of land	542,924,406	-	-	-	542,924,406
	697,274,729	-	-	-	697,274,729
Total Gap	(1,167,601,932)	(130,001,567)	(533,262,876)	(663,264,443)	(504,337,489)

Effective interest rates are mentioned in the respective notes to the financial statements.

## 46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 46.1 Risk management policies

The Company's objective in managing risks is the creation and protection of shareholders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

### 46.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulator requirements.

#### a) Exposure to credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from short term lending, advances, deposits, trade debts, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Description	Note	2025 Rupees	2024 Rupees
Long term deposits	9	5,925,450	5,925,450
Trade debts	13	32,621,186	32,621,186
Other receivables	14	-	3,628,800
Due from related parties	15	236,469,796	-
Advances	16	33,007,308	30,950,100
Bank balances	19	64,545,859	72,970,463
		<u>372,569,599</u>	<u>146,095,999</u>



	2025 Rupees	2024 Rupees
The aging of gross trade debts at the reporting date is:		
Neither past due nor impaired	-	-
Past due but not impaired	-	-
1-30 days	-	-
31-90 days	-	-
More than 90 days	32,621,186	32,621,186
	<u>32,621,186</u>	<u>32,621,186</u>

All the trade debts at statement of financial position date are domestic parties.

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Sales made to certain customers are secured through letters of credit.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. The ratings of banks ranges from A to AAA.

**b) Concentration of credit risk**

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

**c) Impaired assets**

During the year no assets have been impaired except other receivables.

**46.3 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations 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 stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

*not*

2025	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
----- Rupees -----							
Loan from related parties	118,740,891	118,740,891	-	-	118,740,891	-	-
Gas infrastructure development cess	129,395,113	129,395,113	129,395,113	-	-	-	-
Unclaimed dividend	3,189,224	3,189,224	1,594,612	1,594,612	-	-	-
Due to related parties	1,891,360	1,891,360	1,891,360	-	-	-	-
Trade and other payables	990,594,891	990,594,891	495,297,446	495,297,446	-	-	-
	<u>1,243,811,479</u>	<u>1,243,811,479</u>	<u>628,178,531</u>	<u>496,892,058</u>	<u>118,740,891</u>	<u>-</u>	<u>-</u>
----- Rupees -----							
2024	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
----- Rupees -----							
Long term financing	13,097,821	13,097,821	13,097,821	-	-	-	-
Loan from related parties	533,262,876	533,262,876	-	-	533,262,876	-	-
Gas infrastructure development cess	129,379,479	129,379,479	129,379,479	-	-	-	-
Liability under diminishing Musharaka	8,714,873	8,714,873	4,357,437	4,357,437	-	-	-
Unclaimed dividend	3,189,224	3,189,224	1,594,612	1,594,612	-	-	-
Due to related parties	37,576,325	37,576,325	37,576,325	-	-	-	-
Trade and other payables	622,549,669	622,549,669	311,274,835	311,274,835	-	-	-
	<u>1,347,770,267</u>	<u>1,347,770,267</u>	<u>497,280,509</u>	<u>317,226,884</u>	<u>533,262,876</u>	<u>-</u>	<u>-</u>

*Handwritten signature/initials*

#### 46.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The Company is not exposed to price risk.

##### a) Currency risk

Foreign currency risk is the risk that the value of a financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company believes that it is not exposed to currency risk as there are no foreign currency financial assets or financial liabilities.

##### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term borrowings. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments is:

	2025	2024	2025	2024
	Effective rate		Carrying amount	
	(In percent)		Rupees	
Fixed rate instrument				
Gas infrastructure development cess	7	7	129,395,113	129,379,479
Variable rate instruments				
Long term financing	15.56 to 24.72	21.22 to 25.52	-	13,097,821
Loan from related parties	13.31 to 16.40	18.91 to 25.90	118,740,891	533,262,876
Liability under diminishing Musharaka	14.06 to 25.90	21.22 to 25.29	-	8,714,873
			118,740,891	555,075,570

##### c) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) the profit / (loss) for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for prior year.



	Statement of profit or loss	
	100bp	100bp
	Increase	Decrease
<b>As at June 30, 2025</b>		
Cash flow sensitivity - Variable rate financial liabilities	<u>1,187,409</u>	<u>(1,187,409)</u>
<b>As at June 30, 2024</b>		
Cash flow sensitivity - Variable rate financial liabilities	<u>5,550,756</u>	<u>(5,550,756)</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Company.

## 47 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in arms length transactions.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IFRS 9. The carrying amount of trade debts and payables is assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments, if relevant.

### 47.1 Fair value hierarchy

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

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

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

- 47.2 The Company had revalued its freehold land, buildings, and plant and machinery on October 31, 2023. Fair value of freehold land, buildings, plant and machinery are based on the valuation carried out by an independent valuer M/s Indus Surveyor (Private) Limited. The revaluation surplus / (loss) as per valuation report are as follows:



Description	2024 Rupees
Freehold land	120,000,000
Factory building	217,221,810
Plant and Machinery	(96,621)
	<u>337,125,189</u>

- 47.3 Fair value of land, buildings, and plant and machinery are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation.

#### Valuation techniques used to derive level 2 fair values - Land and Building

M/s Indus Surveyor (Private) Limited carried out inspection / survey, detail enquiries and verifications from various estate agents, brokers and builders / developers and keeping in view the location of the property, utilisation size, shape, state of infrastructure and current trends in prices of real estate in the vicinity.

#### Valuation techniques used to derive level 2 fair values - Plant and Machinery

For the valuation of machineries installed / available at premises, after taking its available specifications such as make, model capacity, etc., and with the help of photographs, the valuers have enquired present market value of similar machinery in new as well as in similar condition from various local authorised dealers who deal in old and new similar machineries. Replacement value was then ascertained from competitive rates of the machines. Thereafter, an average depreciation factor was applied on the replacement value of the machines.

- 47.4 Had there been no revaluation, the net book value of the specific classes of operating assets has been disclosed in Note 7.4.2.

#### 47.5 Interest rate used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortised cost, since majority of the interest bearing instruments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are of short term in nature, fair value significantly approximates to carrying value.

#### 48 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with reference to disclosure requirements of The Fourth Schedule of the Companies Act, 2017, relating to "All Shares Islamic Index".



Description	Explanation	2025 Rupees	2024 Rupees
Loans	Placed under interest arrangement	-	13,097,821
Ijarah payment	Placed under Shariah permissible arrangements	4,874,621	8,481,656
Long term deposits	Non-interest bearing	5,925,450	5,925,450
All sources of other income	Disclosed in Note 38	5,852,387	38,065,632
		<u>16,652,458</u>	<u>65,570,559</u>

The Company has working relation with First Habib Modaraba under Islamic windows.

There is no other bank balance / investments which carry any interest or markup arrangements.

#### 49 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

**Capital for the reporting periods under review is summarised as follows:**

	2025 Rupees	2024 Rupees
Equity	1,922,525,949	1,775,029,629
Long term financing	118,740,891	546,360,697
Gearing ratio	6%	24%

#### 50 PLANT CAPACITY AND PRODUCTION

During the year, the tile production capacity attained was 6,115,536 sq. meters (2024: 4,708,581 sq. meters) against annual manufacturing capacity of 7,800,000 sq. meters (2024: 7,800,000 sq. meters). Low capacity is mainly due to gas supply shortage and depressed economic conditions in the country for the construction sector.



## 51 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS, AND EXECUTIVES

- a) The aggregate amounts charged in these financial statements in respect of remuneration including all benefits to Chief Executive, Directors and Executives of the Company are given below:

2025				2024			
Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
----- Rupees -----							

Managerial remuneration	4,466,036	1,619,307	4,588,554	10,673,897	4,397,942	1,569,610	5,364,356	11,331,908
Utilities	992,452	359,846	1,019,678	2,371,976	977,320	301,580	1,192,079	2,470,979
House rent	4,466,036	1,619,307	4,588,554	10,673,897	4,397,942	1,569,610	5,364,356	11,331,908
Total	9,924,524	3,598,460	10,196,786	23,719,770	9,773,204	3,440,800	11,920,791	25,134,795

Number of persons	1	7	4	12	1	7	4	12
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- b) The aggregate amounts charged in these financial statements in respect of remuneration including all benefits to Executive Directors and Non Executive Directors of the Company are given below:

2025			2024		
Executive Directors	Non Executive Directors	Total	Executive Directors	Non Executive Directors	Total
----- Rupees -----					

Managerial remuneration	3,012,160	586,300	3,598,460	3,015,800	425,000	3,440,800
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Number of persons	2	5	7	2	5	7
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## 52 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

- 52.1 Related parties include major shareholders, directors, entities with common directorship, key management personnel and entities over which the directors are able to exercise significant influence. All transactions with related parties are carried out at mutually agreed terms as approved by the Board of Directors of the Company.

Name of the related party	Relationship	Transactions during the year	2025 Rupees	2024 Rupees
Toyota Rawal Motors (Private) Limited	Associated company by virtue of common directorship	Interest on long term borrowings	6,070,796	22,555,695
		Long term borrowing received	149,088,969	34,600,000
		Long term borrowing repaid	319,402,448	33,500,000
		Utilities	120,000	120,000
		Rental for building	1,367,104	1,242,820
		Loan from related party	8,843,260	173,085,943
Rawal Industrial Equipment (Private) Limited	Associated company by virtue of common directorship	Interest on long term borrowings	1,806,873	36,566,707
		Long term borrowing received	14,072,182	189,246,060
		Long term borrowing repaid	263,784,180	126,935,191
		Loan from related party	5,651,834	253,556,959
Mr. Nadeem Khalid	Chief Executive	Interest on long term borrowings	309,823	39,544,610
		Long term borrowing received	1,800,000	4,400,000
		Long term borrowing repaid	4,484,000	332,703,146
		Advances for land paid during the year	159,661,000	41,338,175
		Advances for land closing balance	750,836,594	591,175,594
		Loan from related party	104,245,797	106,619,974
Khalid and Khalid Holdings (Private) Limited	Associated company by virtue of common directorship	Interest on short term lending	2,422,964	31,615,088
		Short term lending paid	145,127,502	31,254,746
		Short term lending received	107,634,794	226,689,142
		Due (from) / to related party	(36,469,796)	3,445,876

### 52.2 Compensation to key management personnel

The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executives (Note 51)". There are no transactions with key management personnel other than under their terms of employment.



53 NUMBER OF EMPLOYEES

2025

2024

Total number of employees at the year end

732

765

Average number of employees during the period

745

787

54 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation.

The following figures have been rearranged / reclassified to enhance the understanding of disclosure:

From

To

2024

Cost of sales - Depreciation

Administrative expenses - Depreciation

27,133

55 DATE OF AUTHORISATION

These financial statements are authorised for issue by the Board of Directors of the Company on 07 OCT 2025.

56 GENERAL

Figures have been rounded off to the nearest rupee.

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

# FRONTIER CERAMICS LIMITED

## Pattern of Shareholding

As of June 30, 2025

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
MR. JAVED KHALID	2	1,957,500	5.17
MR. OMER KHALID	2	6,750,739	17.82
MR. NADEEM KHALID	2	7,237,768	19.11
SANAH KHALID	2	6,915,174	18.26
MS. SHABINA ANJUM	1	200	0.00
MR. MUHAMMAD RIAZ KHAN	1	200	0.00
MR. MUHAMMAD NEHMATULLAH TOOR	1	100	0.00
SHAZIA KHALID	1	2,446	0.01
ZIA KHALID	1	2,446	0.01
AMERA KHALID	1	6,750,739	17.82
NUMRAH KHALID	1	6,750,739	17.82
<b>Associated Companies, undertakings and related parties</b>	-	-	-
<b>NIT &amp; ICP</b>	1	39,700	0.10
<b>Banks Development Financial Institutions, Non Banking Financial Financial Institutions.</b>	2	106,200	0.28
<b>Insurance Companies</b>	2	142,500	0.38
<b>Modarabas and Mutual Funds</b>	1	14,500	0.04
<b>General Public</b>			
a. Local	946	1,193,793	3.15
<b>Foreign Individuals</b>	8	6,375	0.02
<b>OTHERS</b>	5	2,702	0.01
<b>Total</b>	<b>980</b>	<b>37,873,821</b>	<b>100.00</b>

Share holders holding 10% or more	Shares Held	Percentage
MR. OMER KHALID	6,750,739	17.82
MR. NADEEM KHALID	7,237,768	19.11
SANAH KHALID	6,915,174	18.26
AMERA KHALID	6,750,739	17.82
NUMRAH KHALID	6,750,739	17.82

**FRONTIER CERAMICS LIMITED****Pattern of Shareholdings****as at June 30, 2025**

<b># Of Shareholders</b>	<b>Shareholdings'Slab</b>			<b>Total Shares Held</b>
185	1	to	100	8,751
629	101	to	500	278,203
78	501	to	1000	74,088
93	1001	to	5000	231,865
18	5001	to	10000	127,454
5	10001	to	15000	68,100
6	15001	to	20000	108,446
1	20001	to	25000	20,800
4	35001	to	40000	148,855
4	40001	to	45000	177,000
1	45001	to	50000	49,700
1	65001	to	70000	68,600
2	95001	to	100000	199,500
1	160001	to	165000	164,435
1	1955001	to	1960000	1,957,000
1	2315001	to	2320000	2,320,000
1	4430001	to	4435000	4,430,739
3	6750001	to	6755000	20,252,217
1	7185001	to	7190000	7,188,068
<b>1035</b>				<b>37,873,821</b>

## **PROXY FORM**

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member(s) of FRONTIER CERAMICS LIMITED and a holder of \_\_\_\_\_  
ordinary Shares as per share Register Folio No. \_\_\_\_\_  
herby appoint Mr. \_\_\_\_\_  
of \_\_\_\_\_ of failing him  
Mr. \_\_\_\_\_  
of \_\_\_\_\_ who is also  
a member of FRONTIER CERAMICS LIMITED Vide Folio No. \_\_\_\_\_ as my proxy in my/our absence to attend  
and vote for me/us and on my /our behalf at the Fortieth Annual General Meeting of the Company to be held on Monday  
October 28, 2025 at 9:00 am Company's Registered Office situated at 29-Industrial Estate, Jamrud Road, Peshawar.

Signed by said \_\_\_\_\_

Witness: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC No: \_\_\_\_\_

Witness \_\_\_\_\_  
(Signature)

Name \_\_\_\_\_

Address: \_\_\_\_\_

CNIC No: \_\_\_\_\_

**Please affix  
Rs. 5/- (Revenue Stamp)**

Signature of member(s) \_\_\_\_\_

### **Note:**

1. Duly completed forms of proxy must be deposited with the Company Secretary at the Frontier ceramics Limited Registered Office situated at 29-Industrial Estate, Jamrud Road, Peshawar.no later than 48 hours before the time fixed for the meeting.
2. Proxy must be given to a person who is a member of the Company, except in the case of Companies where the proxy may be given to any of its employee for which certified true copy of Power of Attorney and / or Board Resolution with regard to appointment of proxy should be attached.
3. In case the proxy is the beneficial owner of CDC, an attested copy of his / her CNIC or Passport must be enclosed.
4. The proxy shall produce his / her valid original CNIC or original passport at the time of the meeting.
5. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid





## پراکسی فارم

میں/ہم \_\_\_\_\_ بطور ممبر فرانٹیر سرائکس لمیٹڈ اور عارضی شیئرز \_\_\_\_\_ رجسٹرڈ فلیو نمبر \_\_\_\_\_ اپنی جانب سے جناب \_\_\_\_\_ کے تحت ممبر ہیں اور میرے نمائندے کے طور پر کمیٹی کی 41 ویں سالانہ جنرل میٹنگ میں شرکت کر کے ووٹ دے سکتے ہیں جس کا انعقاد بروز پیر 28 اکتوبر 2025ء کو صبح 09:00 بجے فرانٹیر سرائکس لمیٹڈ فیکٹری 29-انڈسٹریل اسٹیٹ جہد روڈ پشاور میں ہوگا۔

(پانچ روپے والے ریونیو اسٹیپ پر  
دستخط)

1- نام: \_\_\_\_\_

دستخط: \_\_\_\_\_

پتہ: \_\_\_\_\_

شناختی کارڈ/پاسپورٹ نمبر: \_\_\_\_\_

1- نام: \_\_\_\_\_

دستخط: \_\_\_\_\_

پتہ: \_\_\_\_\_

شناختی کارڈ/پاسپورٹ نمبر: \_\_\_\_\_

مورخہ: \_\_\_\_\_

نوٹ:

- 1- پراکسی فارم مکمل کر کے کمپنی کے رجسٹرڈ آفس واقع (فرانٹیر سرائکس لمیٹڈ فیکٹری 29-انڈسٹریل اسٹیٹ جہد روڈ پشاور) میں میٹنگ سے کم از کم 48 گھنٹے قبل جمع کروائیں۔
- 2- پروکسی لازمی طور پر اس شخص کو مقرر کیا جائے گا جو کہ اس کمپنی کا ممبر ہو سوائے کمپنیز کی صورت میں کہ جہاں یہ پروکسی اس کے کسی ملازم کو بھی نامزد کیا جاسکتا ہے جس کے لئے تصدیق شدہ مختار نامے یا بورڈ کی قرارداد کی نقل پر کسی (نائب) کی تقرری کے سلسلے میں لازمی منسلک کی جائے گی۔
- 3- اگر پروکسی سی ڈی سی کا سینیفشری اور نہ تو اس کے قومی شناختی کارڈ نمبر یا پاسپورٹ کی تصدیق شدہ نقل لازمی طور پر منسلک کی جائے گی۔
- 4- یہ پروکسی (نائب) اجلاس عام کے وقت اپنا اصل جائز العمل قومی شناختی کارڈ یا پاسپورٹ لازمی پیش کرے گا۔
- 5- اگر کوئی ممبر ایک سے زیادہ پروکسی اور ایک سے زیادہ انسٹرومنٹس آف پروکسی کمپنی کے پاس کسی ممبر کی جانب سے جمع کرواتا ہے تو ایسے تمام انسٹرومنٹس آف پروکسی عمل درآمد کے لئے ناجائز قرار دے دیئے جائیں گے۔