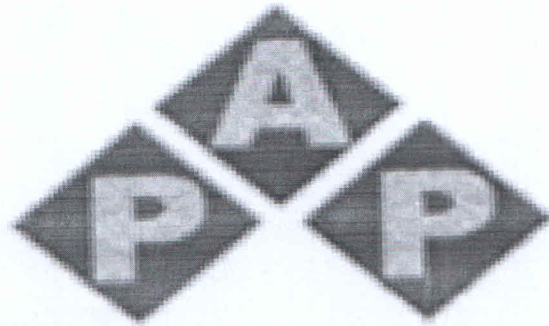


Interim Financial Statements
For the Quarter Ended 31 March 2023
(Un-Audited)



Pak Agro Packaging Limited

COMPANY INFORMATION

Board of Directors:	Mrs Kaisra Jabeen Butt <i>Chairman of the Board / Non-executive Director</i>
	Dr Safdar Ali Butt <i>Executive Director / CEO</i>
	Dr. Tariq Javed <i>Executive Director / CFO & Company Secretary</i>
	Dr. Mubarak Hussain Haider <i>Independent Director</i>
	Mohammad Javed <i>Independent Director</i>
	Mr Iftkhar Mahmood <i>Independent Director</i>
	Mr Nazir Ahmed Shaheen <i>Independent Director</i>
External Auditor	Rafaqat Mansha Mohsin Dossani Masoom & Co. <i>Chartered Accountants</i> 3rd Floor, Sharjah Centre, 62 Shadman Market, Lahore Phone: 042-37552728-9 Fax: 042-37552730
Share Registrar	CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', SMCHS Main Shakra-e-Faisal, Karachi-74400 Phone: +92 21 111 111 500; Fax: +92 21 34326053 Website: www.cddcsrsl.com
Legal Advisor	Mr Abid Hussain Mirza Islamabad
Registered Office & Factory	Plot # 22-23 Phase – IV Hattar Industrial Estate, Hattar KPK. Phone: +92 995 352547
Corporate Head Office	Third Floor, Green Trust Tower Jinnah Avenue, Blue Area, Islamabad. Phone: +92 51 8311645
Contact us:	Phone: +92 51 8311645 www.pakagro.com info@pakagro.com

DIRECTORS' REPORT

Your directors are pleased to present their report on the nine months of the current financial year that ended on 31 March 2023.

Market Outlook

Our main market, namely the agricultural sector of the country, has still not recovered from the impact of recent ravaging floods. This has severely impaired the demand for our products in that sector. Farmers are still struggling to get back on their feet, facing considerable difficulties in preparing their lands for crop plantation. At the same time, the drop in the value of Pak rupee has considerably increased the cost of imported raw materials, making things difficult for farmers. While we hope that things will improve in the near future, it would be unwise to assume any major positive change in the economic landscape of the country. Jan to March follows the off-season quarter for your Company where its sales begin to pick up after recording lowest quarterly revenue in the previous quarter. Our sales revenue for the quarter at Rs 128.1 million was 6.8% higher than in corresponding quarter last year. We are hopeful that our sales will pick up further in the last quarter of the current financial year to give a degree of respectability to our annual results. But with country's forex availability at its lowest ebb, it is becoming increasingly difficult to import the essential raw materials while the drop in Pak Rupee's value continues to increase the prices. These factors will continue to impede our ability to meet the expectations of our stakeholders.

Operating Results

We recorded total sales of Rs 390.7 million and a gross profit of Rs 52.3 million in the nine months ended 31 March 2023. Our costs continue to rise due to exchange rate factor but we are at present unable to fully pass the impact of this increase to our customers due to the generally depressed economic situation of the market, particularly in the agricultural sector. Our gross profit margin, at 13.3% of sales remained below previous year's margin of 13.8%.

Our fish net manufacturing plant has come into operation and is contributing significantly to our sales volumes. With sales to agriculture sector considerably reduced, we were able to sustain the total sales revenue due to fish nets. We hope that as the demands for our products used by farmers rises in coming months for seasonal and economical reasons, our sales target for the year will be met.

During the quarter, a yarn-making machine costing Rs 38.2 million was added to our plant, strengthening our back process for green shades and fish nets manufacturing. This has led us to balancing our plant and it will serve your company well in coming quarters.

Due to constrained forex situation and resultant difficulties in opening letters of credit for import of raw materials, your company took some brave measures to build up adequate stocks to ensure continued production during the coming peak season. This has caused significant increase in both stock levels and current borrowings, leading to higher financial expenses in the quarter ending 31 March 2023.

We recorded a profit before tax of Rs 18.5 million and profit after tax of Rs 12.5 million.

IPO Funds Proceeds

As reported in previous quarter, all of our IPO funds had been expended by the end of Dec 2022.

We wish to thank all our employees and business associates for the cooperation during the nine months ended 31 March 2023.

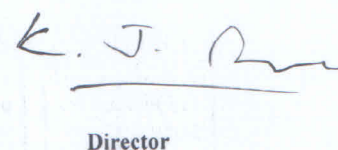
Pak Agro Packaging Limited
Statement of Financial Position for the period March 31, 2023

		Un-Audited 31 March 2023 (Rupees)	Audited 30 June 2022 (Rupees)
Equity and liabilities			
	Note		
Share capital and reserves			
Share capital	4	200,000,000	200,000,000
Reserves	5	107,283,257	107,283,257
Revenue reserves			
Unappropriated profit		59,245,775	46,703,047
		366,529,032	353,986,304
Non-current liabilities			
Obligation against assets subject to finance lease	6	38,833,770	7,129,849
Deposit against vehicles	7	-	2,427,789
Deferred taxation	8	16,381,813	16,381,813
Employees' Gratuity Fund	9	2,069,710	2,069,710
		57,285,293	28,009,161
Current liabilities			
Running finance	10	73,874,037	65,759,588
Current maturity of long term liabilities	11	3,764,967	8,808,777
Accrued and other liabilities	12	18,607,610	16,776,016
Taxation - net	13	739,803	3,078,672
		96,986,417	94,423,053
Contingencies and commitments			
	14	-	-
		520,800,742	476,418,517
Property and assets			
Non-current assets			
Operating fixed assets	15	198,635,965	213,183,851
Long term deposits	16	12,974,447	7,104,066
Current assets			
Stock in trade	17	204,358,356	136,053,241
Trade debts	18	41,347,465	17,498,358
Advances and other receivables	19	48,191,190	46,829,213
Prepayments	20	2,906,394	2,169,056
Short term investment	21	-	30,000,000
Cash and bank balances	22	12,386,925	23,580,733
		309,190,330	256,130,601
		520,800,742	476,418,517

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


Chief Financial Officer


Chief Executive


Director

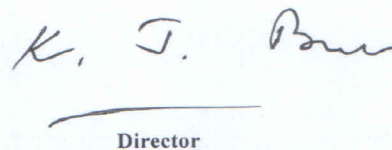
Pak Agro Packaging Limited
Statement of Profit or Loss
For the period March 31, 2023

	Note	9 Months Ended		Quarter Ended	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
		(Rupees)	(Rupees)	(Rupees)	(Rupees)
Sales	23	390,691,388	327,772,669	128,064,847	120,478,629
Cost of sales	24	338,482,135	284,717,588	112,056,741	104,093,535
Gross profit		52,209,253	43,055,081	16,008,106	16,385,094
Operating expenses					
Administrative	25	17,602,805	14,475,166	4,075,300	4,974,632
Selling and distribution	26	1,005,000	37,000	978,500	18,500
		18,607,805	14,512,166	5,053,800	4,993,132
Profit from operations		33,601,448	28,542,914	10,954,306	11,391,961
Financial expenses	27	13,689,231	3,910,405	6,245,479	1,329,538
Other charges	28	2,318,500	1,969,461	759,561	786,045
		16,007,730	5,879,866	7,005,040	2,115,583
		17,593,717	22,663,048	3,949,266	9,276,378
Other income	29	809,382	1,479,452	-	-
Profit for the year before taxation		18,403,099	24,142,500	3,949,266	9,276,378
Taxation	30	5,860,371	9,368,564	1,920,973	3,122,855
Profit for the year		12,542,728	14,773,936	2,028,294	6,153,524
Basic and diluted earnings per share (PKR)		0.59	0.74	0.10	0.31

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


Chief Financial Officer


Chief Executive


Director

Pak Agro Packaging Limited
Statement of Comprehensive Income
For the period March 31, 2023

	9 Months Ended		Quarter Ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Profit for the year after taxation	12,542,728	14,773,936	2,028,294	6,153,524
Other comprehensive income				
Items that will not be classified to profit or loss				
Remeasurement gain on staff retirement benefit plan	-	-	-	-
Total comprehensive income for the year	<u>11,835,452</u>	<u>14,773,936</u>	<u>2,028,294</u>	<u>6,153,524</u>

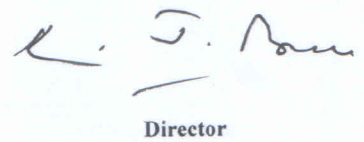
The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

Pak Agro Packaging Limited
Statement of Cash Flows
For the period March 31, 2023

		09 Months Ended	
		31 March 2023 (Rupees)	31 March 2022 (Rupees)
Cash flow from operating activities	Note		
Profit for the year before taxation		18,403,099	14,773,936
Adjustments for:			
Depreciation	(17.2.1)	<u>22,156,149</u>	<u>14,962,506</u>
		<u>22,156,149</u>	<u>14,962,506</u>
		40,559,248	29,736,442
Operating profit before working capital changes			
Increase/(decrease) in:			
Stock in trade		<u>(68,305,115)</u>	<u>(84,810,369)</u>
Trade debtors		<u>(23,849,107)</u>	<u>(33,123,769)</u>
Advances and other receivables		<u>(1,361,977)</u>	<u>(37,267,291)</u>
Pre-payments		<u>(737,338)</u>	<u>(1,794,643)</u>
		<u>(94,253,537)</u>	<u>(156,996,072)</u>
		<u>(53,694,289)</u>	<u>(127,259,630)</u>
Increase/(decrease) in:			
Current liabilities		<u>(3,370,416)</u>	<u>6,522,146</u>
Cash flow from operating activities		<u>(57,064,705)</u>	<u>(120,737,484)</u>
Tax deducted at source		<u>(5,120,568)</u>	<u>(7,333,042)</u>
Net cash flow from operating activities		<u>(62,185,273)</u>	<u>(128,070,526)</u>
Cash flow from investing activities			
Fixed capital expenditures		<u>(7,608,263)</u>	<u>(52,525,693)</u>
Capital work in progress		-	-
Long term deposits		<u>(5,870,381)</u>	<u>(2,770,298)</u>
Short term investment		<u>30,000,000</u>	<u>(30,000,000)</u>
Deposit against vehicles		<u>(2,427,789)</u>	-
Net cash flow from investing activities		<u>14,093,567</u>	<u>(85,295,991)</u>
Cash flow from financing activities			
Asset subject to finance lease		<u>26,660,111</u>	<u>1,516,291</u>
Loan from director		-	<u>(5,625,000)</u>
Share capital		-	<u>200,000,000</u>
Share premium		-	<u>63,462,443</u>
Allotment of bonus shares		-	-
Running finance facility		<u>8,114,449</u>	<u>257,742</u>
Long term loan		<u>(2,616,115)</u>	<u>(1,962,086)</u>
Provision for gratuity		-	-
Net cash flow from financing activities		<u>32,158,445</u>	<u>257,649,389</u>
Net increase/(decrease) in cash and cash equivalents		<u>(15,933,260)</u>	<u>44,282,873</u>
Cash and cash equivalent in the beginning of the year		<u>28,320,186</u>	<u>12,016,778</u>
Cash and cash equivalent at the end of the year	(22)	<u><u>12,386,926</u></u>	<u><u>56,299,651</u></u>

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


Chief Financial Officer


Chief Executive


Director

Pak Agro Packaging Limited
Statement of Changes in Equity
For the period March 31, 2023

	Share capital	Capital reserves	Interest free loan from directors	Accumulated profit/(loss)	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2021	120,000,000	-	7,500,000	17,806,329	145,306,329
Interest free loan repaid during the year	-	-	(7,500,000)	-	(7,500,000)
Issued as fully paid shares	80,000,000	-	-	-	80,000,000
Share premium (note 5)	-	107,283,257	-	-	107,283,257
Total comprehensive income for the year	-	-	-	28,896,718	28,896,718
Balance as at June 30, 2022 - Audited	200,000,000	107,283,257	-	46,703,047	353,986,304
Interest free loan repaid during the year	-	-	-	-	-
Issued as fully paid shares	-	-	-	-	-
Share premium (note 5)	-	-	-	-	-
Total comprehensive income for the year	-	-	-	12,542,728	12,542,728
Balance as at March 31, 2023 Un-audited	200,000,000	107,283,257	-	59,245,775	366,529,032

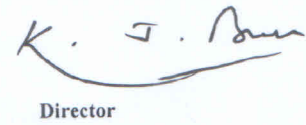
The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

Pak Agro Packaging Limited
Notes to the Financial Statements
For the period March 31, 2023

1. Company and its operations

The company was incorporated initially with the name and style 'Kohsar Tyres (Private) Limited' under the Companies Ordinance, 1984 (now repealed the Companies Act, 2017) on February 18, 1989. The name of the company was thereafter changed to Mian & Khan Industries (Private) Limited on December 31, 1999 and again changed as 'Pak Agro Packaging (Private) Limited' on August 24, 2000. The status of company was converted from private limited to public limited company on June 19, 2021 and is listed at gem board of the Pakistan Stock Exchange. The main object of the company is manufacturing of net bags and green shades for green houses and to provide services to manufacture the same. The company owns a manufacturing unit in Industrial Estate, Hattar. The registered office of the company is situated at Plot No. 23, Phase IV, Haripur, Khyber Pakhtunkhwa, Hattar Industrial Estate, Hattar.

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

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

2. Statement of compliance and significant accounting estimates

2.1) Statement of compliance

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

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

Provisions of and directives issued under the Companies Act, 2017.

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

2.2) Functional and presentation currency

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

2.3) Significant accounting estimates

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

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

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

2.4) **Property, plant and equipment**

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

2.5) **Impairment**

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

2.6) **New and revised standards and interpretations**

2.6.1) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company:

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2023
IAS 8	Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 16	Property, plant and equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 3	Business combinations (Amendments)	January 1, 2022
IFRS 7	Financial instruments: Disclosures (Amendments)	January 1, 2021
IFRS 9	Financial instruments (Amendments)	January 1, 2021
IFRS 16	Leases (Amendments)	January 1, 2021

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentations/ disclosures.

Further, the following new standards and interpretations have been issued by the international Accounting Standards Boards (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan.

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

The following interpretation issued by the IASB has been waived off by SECP:
IFRIC 12 Service concession arrangements

3. **Significant accounting policies**

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

3.1) **Accounting convention**

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

3.2) **Property, plant and equipment**

- These are stated at cost less accumulated depreciation and impairment losses, if any, except lease hold land;
- Depreciation is charged on the reducing balance method;
- A full month's depreciation is charged in the month of addition and no depreciation is charged in the month of disposal;
- Gain or loss on disposal of fixed assets, if any, is included in current year's income;
- Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

Leased assets

The company is the lessee.

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

From July 01, 2022, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

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

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

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

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

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

3.3) Staff retirement benefits

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

3.4) Impairment

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

3.5) Stock and spares

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

3.6) Stock in trade

These have been valued as under:

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

3.7) Bad debts

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

3.8) Taxation

3.8.1) Current tax

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

3.8.2) Deferred tax

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

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

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

3.9) Revenue recognition

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

3.10) Dividend and appropriation to reserves

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

3.11) Financial instruments

Financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument and de-recognized when the company loses control of the contractual rights that comprise the financial assets and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item as shown below:

a) 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 goods and services received.

b) Provisions

Provisions are recognized when a company has a legal or constructive obligation as a result of past event if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

c) Trade and other receivables

Trade receivables and other receivables are recognized and carried at original invoice amount/cost less an allowance for any uncollectible amounts.

d) Cash and cash equivalents

Cash in hand and at banks are carried at fair value. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand and balances at banks.

	31 March 2023 (Rupees)	30 June 2022 (Rupees)
4. Share capital		
Authorized capital		
40,000,000 ordinary shares of Rs. 10/= each	<u>400,000,000</u>	<u>400,000,000</u>
Issued, subscribed and paid-up capital		
Shares issued for cash		
17,350,000 ordinary shares of Rs. 10/= each in cash	173,500,000	173,500,000
Issued as fully paid bonus shares		
2,650,000 ordinary shares of Rs. 10/= each	<u>26,500,000</u>	<u>26,500,000</u>
	<u>200,000,000</u>	<u>200,000,000</u>
5. Reserves		
Composition of reserves is as follows:		
Premium on issuance of shares	118,000,000	118,000,000
Less: IPO charges	8,479,343	8,479,343
Brokerage commission paid on issuance of shares	<u>2,237,400</u>	<u>2,237,400</u>
	<u>107,283,257</u>	<u>107,283,257</u>

This reserve can be utilised by the Company only for the purposes specified in Section 81 of The Companies Act, 2017.

6. Obligation under finance lease		
Value of assets	7,129,849	3,089,167
Add: Addition during the year	<u>35,427,181</u>	<u>12,277,601</u>
	42,557,030	15,366,768
Less: Payments made upto the year	<u>3,723,260</u>	<u>2,184,133</u>
Present value of minimum lease payment	38,833,770	13,182,635
Less: Current maturity	-	6,052,786
	<u>38,833,770</u>	<u>7,129,849</u>

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

June 30, 2021	-	-
June 30, 2022	-	-
June 30, 2023	5,354,938	6,930,215
June 30, 2024	18,724,652	3,813,000
June 30, 2025	<u>17,664,784</u>	<u>3,704,900</u>
	41,744,374	14,448,115
Less: Lease financial charges allocable for future periods	<u>2,910,604</u>	<u>1,265,480</u>
	38,833,770	13,182,635
Less: Current maturity of finance lease	-	6,052,786
	<u>38,833,770</u>	<u>7,129,849</u>

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

7. Deposit against vehicles		
This represents the amount received from employees against the vehicles owned by company to be transferred to the them after successful completion of five years of service under employee participation scheme.		
8. Deferred taxation		
The balance of deferred tax is in respect of following temporary differences:		
Accelerated depreciation on property plant and equipment	<u>16,381,813</u>	<u>16,381,813</u>
	<u>16,381,813</u>	<u>16,381,813</u>
9. Employees' gratuity fund		
Balance at beginning of the year	2,069,710	1,246,150
Add: Provision for the year	-	823,560
	<u>2,069,710</u>	<u>2,069,710</u>
Less: Paid to outgoing members	-	-
	<u>2,069,710</u>	<u>2,069,710</u>

10. Running finance
The Bank of Khyber

(12.1)	<u>73,874,037</u>	<u>65,759,588</u>
	<u>73,874,037</u>	<u>65,759,588</u>

10.1) The Bank of Khyber has renewed and enhanced the running finance facility limit from Rs. 70 million to Rs. 80 million on November 25, 2022 to meet working capital requirements of the company at mark up rate to be recovered on quarterly basis as follows:

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

The Letter of Credit- DA(Usance LC) - Import facility of 40 million at a cash margin of 20% or as prescribed by SBP whichever is higher (profit free) at a markup rate of three months KIBOR plus 500 bps with no floor and no cap.

These facilities are secured by way of:

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

Common Securities against all credit facilities:

- Token registered mortgaged for Rs. 150,000/= & remaining equitable mortgage to cover DP Note amount over Company's present & future fixed assets (land, building, plant & machinery) (existing & new) located at Plot No. 22 & 23, Phase 04, measuring 02 Acres, Situated at Industrial Estate, District Hattar, KPK.
- 1st exclusive charge of Rs. 167 million by way of Memorandum of Deposit of Title (MODTD) & letter of hypothecation over Company's present & future fixed assets (land, building, plant & machinery)(existing & new) located at Plot No. 22 & 23, Phase 04, measuring 02 Acres, Situated at Industrial Estate, District Hattar, Khyber Pakhtunkhwa.
- Personal guarantees of all the directors of the company.

These facilities are valid up to November 31, 2023.

	31 March 2023 (Rupees)	30 June 2022 (Rupees)
11. <u>Current maturity of long term liabilities</u>		
This represents current maturity of followings		
- Finance lease	(6) 3,764,967	6,192,662
- Salary Refinance Facility	-	2,616,115
	<u>3,764,967</u>	<u>8,808,777</u>
12. <u>Accrued and other liabilities</u>		
Salaries payable	8,167,927	7,786,053
Workers' profit participation fund	7,529,283	5,849,211
Workers' welfare fund	1,542,022	903,594
Sales tax payable	823,915	652,270
Postal life insurance	458,104	202,398
WHT Payable	76,999	500,000
Other liabilities	9,360	630,000
Payable to supplier	-	252,490
	<u>18,607,610</u>	<u>16,776,016</u>
13. <u>Taxation - net</u>		
Provision for taxation	5,860,371	12,856,061
Tax deducted at source	<u>(5,120,568)</u>	<u>(9,777,389)</u>
	<u>739,803</u>	<u>3,078,672</u>
14. <u>Contingencies and commitments</u>		
a) Contingencies		
Currently there are no contingencies against the company in foreseeable future.		
b) Commitments		
There are no commitments made by the company.		

15. Operating fixed assets

		31 March 2023 (Rupees)	30 June 2022 (Rupees)
Property, plant and equipment	(15.1)	160,216,793	174,764,679
Capital work in progress	(15.2)	38,419,172	38,419,172
		<u>198,635,965</u>	<u>213,183,851</u>

15.1) Property, plant and equipment

Description	Land leasehold	Factory building on	Motor vehicles	Plant and machinery	Electric Installation	Tools and equipment	Furniture and fixtures	Office equipment	Electrical equipment	Motor cycle	Computers	Right of use asset		Total
												Motor vehicle	Machinery	
As at July 01, 2021														
Cost	1,565,250	44,987,155	11,921,440	243,643,772	5,009,037	876,818	818,264	75,222	1,103,590	175,192	342,920	11,054,234	-	322,249,894
Accumulated depreciation	-	(14,178,481)	(1,960,244)	(162,313,324)	(3,807,706)	(745,085)	(592,889)	(621,972)	(966,328)	(151,369)	(332,846)	(4,437,117)	-	(190,113,360)
Net book value	<u>1,565,250</u>	<u>30,808,675</u>	<u>9,961,196</u>	<u>81,330,448</u>	<u>1,201,331</u>	<u>131,733</u>	<u>225,375</u>	<u>130,250</u>	<u>137,262</u>	<u>17,823</u>	<u>10,074</u>	<u>6,617,117</u>	-	<u>132,136,535</u>
Year ended June 30, 2022														
Opening net book value	1,565,250	30,808,675	9,961,196	81,330,448	1,201,331	131,733	225,375	130,250	137,262	17,823	10,074	6,617,117	-	132,136,535
Additions	-	10,917,090	3,201,700	34,657,959	-	641,760	340,000	747,000	-	-	-	-	12,072,643	62,578,152
Disposals/adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment Dt/(Cr)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(1,593,188)	(1,694,286)	(13,983,421)	(180,200)	(27,782)	(46,556)	(47,550)	(20,289)	(2,673)	(3,022)	(992,567)	(1,338,172)	(19,950,008)
Closing net book value	<u>1,565,250</u>	<u>40,132,576</u>	<u>11,468,610</u>	<u>102,004,986</u>	<u>1,021,132</u>	<u>745,711</u>	<u>518,818</u>	<u>829,700</u>	<u>116,673</u>	<u>15,150</u>	<u>7,052</u>	<u>5,624,550</u>	<u>10,714,471</u>	<u>174,764,679</u>
As at July 01, 2022														
Cost	1,565,250	55,904,245	15,123,140	278,301,731	5,009,037	1,518,578	1,158,264	1,499,222	1,103,590	175,192	342,920	11,054,234	12,072,643	384,828,046
Accumulated depreciation	-	(15,771,669)	(3,654,530)	(176,296,745)	(3,987,905)	(772,867)	(639,446)	(669,522)	(986,917)	(160,047)	(335,888)	(5,429,684)	(1,338,172)	(210,063,367)
Net book value	<u>1,565,250</u>	<u>40,132,576</u>	<u>11,468,610</u>	<u>102,004,986</u>	<u>1,021,132</u>	<u>745,711</u>	<u>518,818</u>	<u>829,700</u>	<u>116,673</u>	<u>15,150</u>	<u>7,052</u>	<u>5,624,550</u>	<u>10,714,471</u>	<u>174,764,679</u>
Annual rate of depreciation (%)	-	5	15	15	15	15	15	15	15	15	30	15	15	-
Year ended June 30, 2023														
Opening net book value	1,565,250	40,132,576	11,468,610	102,004,986	1,021,132	745,711	518,818	829,700	116,673	15,150	7,052	5,624,550	10,714,471	174,764,679
Additions	-	1,021,000	-	2,461,765	260,000	411,198	-	176,300	35,000	-	293,000	2,950,000	-	7,608,263
Disposals/adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment Dt/(Cr)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(2,006,629)	(1,720,292)	(17,084,602)	(153,120)	(116,997)	(77,823)	(131,066)	(7,501)	(2,272)	(2,116)	(843,682)	-	(22,156,149)
Closing net book value	<u>1,565,250</u>	<u>39,146,948</u>	<u>9,748,319</u>	<u>87,382,149</u>	<u>1,127,962</u>	<u>1,039,913</u>	<u>440,996</u>	<u>874,934</u>	<u>134,772</u>	<u>12,877</u>	<u>297,936</u>	<u>7,770,867</u>	<u>10,714,471</u>	<u>160,216,793</u>
As at July 01, 2023														
Cost	1,565,250	56,925,245	15,123,140	280,763,496	5,269,037	1,929,776	1,138,264	1,675,222	1,138,590	175,192	635,920	14,004,234	12,072,643	392,436,309
Accumulated depreciation	-	(17,778,298)	(5,374,821)	(193,381,347)	(4,141,075)	(889,863)	(717,268)	(800,588)	(1,004,418)	(162,315)	(337,984)	(6,273,367)	(1,338,172)	(232,219,516)
Net book value	<u>1,565,250</u>	<u>39,146,948</u>	<u>9,748,319</u>	<u>87,382,149</u>	<u>1,127,962</u>	<u>1,039,913</u>	<u>440,996</u>	<u>874,934</u>	<u>134,172</u>	<u>12,877</u>	<u>297,936</u>	<u>7,770,867</u>	<u>10,714,471</u>	<u>160,216,793</u>
Annual rate of depreciation (%)	-	5	15	15	15	15	15	15	15	15	30	15	15	-

15.1.1) The charge of depreciation for the year has been allocated as follows:

		31 March 2023 (Rupees)	30 June 2022 (Rupees)
Cost of sales	(24.4)	21,312,466	18,957,440
Administrative expenses	(25)	843,682	992,567
		<u>22,156,149</u>	<u>19,950,008</u>

15.2) <u>Capital work in progress</u>	Factory building	Plant and machinery	Total
Balance as at July 01, 2021	-	-	-
Additions during the year	10,917,090	85,149,774	96,066,864
Transfers during the year	(10,917,090)	(46,730,602)	(57,647,692)
Balance as at June 30, 2022	-	38,419,172	38,419,172
Balance as at July 01, 2022	-	38,419,172	38,419,172
Additions during the year	-	-	-
Transfers during the year	-	-	-
Balance as at June 30, 2023	-	38,419,172	38,419,172

		31 March 2023 (Rupees)	30 June 2022 (Rupees)
16. <u>Long term deposits</u>			
Security deposits against:			
Leased assets		11,167,281	5,296,900
Utilities		1,152,836	1,152,836
Office building		654,330	654,330
		12,974,447	7,104,066
17. <u>Stock in trade</u>			
Raw material	(17.1)	88,856,880	74,552,746
Finished goods		92,318,614	55,043,600
Raw material in transit		4,918,050	-
Work-in-process		18,264,812	6,456,895
		204,358,356	136,053,241
17.1) <u>Raw material</u>			
Raw material		76,906,740	66,004,420
Colors		11,618,400	7,443,360
Chemical		331,740	1,104,966
		88,856,880	74,552,746
18. <u>Trade debts</u>			
This are unsecured and considered good by the management.			
19. <u>Advances, deposits and other receivables</u>			
Advances to:	(19.1)		
Staff against salaries		1,581,703	1,814,000
Parties against supplies		36,354,418	28,988,672
Parties against services		107,912	107,812
		38,044,033	30,910,484
Deposits:			
Margin deposit on letters of credit		-	11,511,220
		-	11,511,220
Other receivables			
Sales tax refundable		10,147,157	4,407,509
		48,191,190	46,829,213
19.1) These are unsecured and considered good by the management.			

		31 March 2023 (Rupees)	30 June 2022 (Rupees)
20. <u>Prepayments</u>			
Insurance		795,254	1,285,711
Office rent		2,111,140	883,345
		2,906,394	2,169,056

21. Short term investment

This represents investments made by the fund in Silk Bank Limited as follows:

<u>Instrument</u>	<u>Date of deposit</u>	<u>Date of maturity</u>	<u>Amount</u>	<u>Mark-up rate</u>
Term Deposit Receipts	14-04-2022	27-07-2022	Rs. 30,000,000/=	10% p.a.

22. Cash and bank balances

Cash in hand	650,000	788,481
Cash at bank - current account	11,736,925	22,792,252
	<u>12,386,925</u>	<u>23,580,733</u>

23. Sales-net

Gross sales	450,442,027	566,662,884
Sales tax	(59,750,639)	(63,762,502)
	<u>390,691,388</u>	<u>502,900,382</u>

24. Cost of sales

Raw material consumed	(24.1)	239,551,638	291,718,359
Colors consumed	(24.2)	5,659,579	9,285,328
Chemical consumed	(24.3)	4,000,191	3,413,918
Packing material consumed		5,864,617	9,114,691
Production overhead	(24.4)	132,489,040	153,724,090
		387,565,066	467,256,386
Work in process			
- Opening balance as on July 01,		6,456,895	5,289,642
- Closing balance as at June 30,		(18,264,812)	(6,456,895)
		(11,807,917)	(1,167,253)
Cost of goods manufactured		375,757,149	466,089,133
Finished stocks			
- Opening balance as on July 01,		55,043,600	22,542,525
- Closing balance as at June 30,		(92,318,614)	(55,043,600)
		(37,275,014)	(32,501,075)
		<u>338,482,135</u>	<u>433,588,058</u>

24.1) Raw material consumed

Opening stock as on July 01,	66,004,420	32,146,490
Add: Raw material imported	250,453,958	325,576,289
	316,458,378	357,722,779
Closing stock as at June 30,	(76,906,740)	(66,004,420)
	<u>239,551,638</u>	<u>291,718,359</u>

31 March 2023 (Rupees)	30 June 2022 (Rupees)
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24.2) Colors consumed

Opening stock as on July 01	7,443,360	3,700,980
Color purchased	9,834,619	13,027,708
	17,277,979	16,728,688
(Less): Closing stock as at June 30,	(11,618,400)	(7,443,360)
	<u>5,659,579</u>	<u>9,285,328</u>

24.3) Chemical consumed

Opening stock as on July 01	1,104,966	1,148,160
Add: Purchases - local	3,226,965	3,370,724
	4,331,931	4,518,884
(Less): Closing stock as at June 30	(331,740)	(1,104,966)
	<u>4,000,191</u>	<u>3,413,918</u>

24.4) <u>Production overhead</u>			
Salaries and benefits	(24.4.1)	62,694,725	77,231,826
Fuel and power		37,754,088	46,109,185
Repair and maintenance		2,832,069	3,681,615
Insurance		2,554,686	1,217,471
Sui gas		1,697,690	1,833,624
Vehicle running and maintenance		926,763	800,354
Lubricants		701,000	1,041,430
Entertainment		630,500	639,384
Miscellaneous		601,711	1,206,740
Printing and stationary		191,860	166,832
Travelling and conveyance		159,895	196,760
Telephone and internet		144,822	440,398
Donation		119,500	-
Rent, rates and taxes		74,800	131,363
Security charges		67,494	28,868
Postage and courier		18,211	23,620
Newspaper and periodicals		6,760	17,180
Depreciation	(15.1.1)	21,312,466	18,957,440
		<u>132,489,040</u>	<u>153,724,090</u>

24.4.1) Salaries and benefits

Salaries to staff		51,927,389	61,617,287
Overtime		7,942,152	7,196,010
Gratuity		1,116,998	1,210,500
Social security		972,780	928,920
E.O.B.I		674,637	668,293
Medical		31,369	26,463
Leave encashment		29,400	-
Bonus		-	5,307,353
Financial assistance		-	277,000
		<u>62,694,725</u>	<u>77,231,826</u>

31 March	30 June
<u>2023</u>	<u>2022</u>
(Rupees)	(Rupees)

25. Administrative expenses

Director's remuneration		7,550,000	12,450,000
Salaries and benefits	(25.1)	3,501,815	2,880,733
Training Expense		1,037,592	-
Rent, rates and taxes		835,345	1,909,640
Professional Charges		778,975	110,740
Fees and subscriptions		744,166	437,180
Miscellaneous		492,466	365,729
Telephone, mobile and internet		359,638	500,000
Printing and stationary		301,212	182,820
Entertainment		285,923	247,219
Director's meeting		245,000	100,000
Utilities		191,616	372,180
Repair and maintenance		173,988	252,811
Travelling and conveyance		142,230	532,194
Postage and courier		102,867	312,216
News papers and periodicals		16,290	16,192
Legal and professional		-	15,000
Depreciation	(15.1.1)	843,682	992,567
		<u>17,602,805</u>	<u>21,677,221</u>

25.1) Salaries and benefits

Salaries to staff		2,224,969	2,277,500
Medical		617,995	154,032
Bonus		575,000	128,938
Insurance		83,851	126,605
Gratuity		-	193,658
		<u>3,501,815</u>	<u>2,880,733</u>

26. <u>Selling and distribution expenses</u>		
Carriage outward	1,005,000	77,510
	<u>1,005,000</u>	<u>77,510</u>
27. <u>Financial expenses</u>		
Mark-up	8,361,665	3,391,304
Lease financial charges	4,436,062	1,187,561
Bank charges	678,908	460,291
Share Registrar Services	212,596	302,163
	<u>13,689,231</u>	<u>5,341,319</u>
28. <u>Other charges</u>		
Workers' profit participation fund	1,680,072	2,377,880
Workers' welfare fund	638,428	903,594
	<u>2,318,500</u>	<u>3,281,474</u>
	31 March	30 June
	2023	2022
	(Rupees)	(Rupees)
29. <u>Other income</u>		
Profit on TDR	809,382	1,872,740
	<u>809,382</u>	<u>1,872,740</u>
30. <u>Taxation</u>		
Current year		
- Normal tax	5,860,371	12,856,061
- Deferred taxation	-	1,696,328
Prior year	-	(2,060,970)
	<u>5,860,371</u>	<u>12,491,419</u>
30.1) <u>Reconciliation of tax charge for the year</u>		
Accounting profit - before taxation	-	41,711,134
Inadmissible expenditure for tax purposes	-	21,137,567
Admissible expenditure for tax purposes	-	(18,517,457)
	-	44,331,244
Tax charge at applicable tax rate of 29% (2022: 29%)	-	<u>12,856,061</u>

31. Remuneration of Chief Executive, Directors and Executives

Description	March 2023			June 2022		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
Managerial remuneration	3,800,000	4,400,000	1,535,250	5,400,000	7,050,000	2,366,150
	<u>3,800,000</u>	<u>4,400,000</u>	<u>1,535,250</u>	<u>5,400,000</u>	<u>7,050,000</u>	<u>2,366,150</u>
Number of persons	1	2	1	1	2	1

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

The aggregate amount charged in these financial statements in respect of fee to 4 non-executive directors was Rs 245,000/- (2022: 100,000/-).

32. Earnings per share - Basic and Diluted

Profit after tax	12,542,728	28,316,120
Weighted average number of ordinary shares at the end of the year (Numbers)	<u>20,000,000</u>	<u>20,000,000</u>
Basic and diluted earnings per share (Rupee)	<u>0.63</u>	<u>1.42</u>

33. Related party transaction

The related party comprises of subsidiary, associated companies, director of the company and key management personals, details of transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements.

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

34. Financial instruments and related disclosures

34.1) Financial assets and liabilities

	Un-Audited			Audited		
	31 March 2023			30 June 2022		
	Amortized Cost	FVTPL	Total	Amortized Cost	FVTPL	Total
	(Rupees)			(Rupees)		
Financial assets						
Maturity up to one year						
Stock in trade	-	204,358,356	204,358,356	-	136,053,241	136,053,241
Trade debts	41,347,465	-	41,347,465	17,498,358	-	17,498,358
Advances and other receivables	48,191,190	-	48,191,190	46,829,213	-	46,829,213
Short term investment	-	-	-	30,000,000	-	30,000,000
Cash and bank balances	12,386,925	-	12,386,925	23,580,733	-	23,580,733
Maturity after more than one year						
Long term deposits	12,974,447	-	12,974,447	7,104,066	-	7,104,066
	<u>114,900,027</u>	<u>204,358,356</u>	<u>319,258,383</u>	<u>125,012,370</u>	<u>136,053,241</u>	<u>261,065,611</u>
Financial liabilities						
Recognized						
Maturity up to one year						
Running finance	73,874,037	-	73,874,037	65,759,588	-	65,759,588
Current maturity of long term liabilities	3,764,967	-	3,764,967	8,808,777	-	8,808,777
Accrued and other liabilities	18,607,610	-	18,607,610	16,776,016	-	16,776,016
Maturity after more than one year						
Obligation against assets subject to finance lease	38,833,770	-	38,833,770	7,129,849	-	7,129,849
Deposits against vehicles	-	-	-	2,427,789	-	2,427,789
	<u>135,080,384</u>	<u>-</u>	<u>135,080,384</u>	<u>100,902,019</u>	<u>-</u>	<u>100,902,019</u>

34.2) Financial Risk management

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

Risk management framework

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

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and

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

As of March 31, 2023, trade debts of Rs. 40,574,414/= (2022: Rs 17,498,358) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	31 March 2023 (Rupees)	30 June 2022 (Rupees)
Up to 3 months	<u>41,347,465</u>	<u>17,498,358</u>
	<u>41,347,465</u>	<u>17,498,358</u>

b) **Liquidity risk**

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

The Company manages liquidity risk by maintaining sufficient cash/financial assets. At March 31, 2023, the Company had financial assets of Rs 114,126,976/- (2022: Rs. 124,523,889/-).

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

	Less than 1 year	Between 1 to 5 years	Over 5 years
At March 31, 2023-Un Audited			
Maturity up to one year			
Running finance	73,874,037	-	-
Current maturity of long term liabilities	3,764,967	-	-
Accrued and other liabilities	18,607,610	-	-
Maturity after more than one year			
Obligation against assets subject to	-	38,833,770	-
Deposits against vehicles	-	-	-
At June 30, 2022-Audited			
Maturity up to one year			
Running finance	65,759,588	-	-
Current maturity of long term liabilities	8,808,777	-	-
Accrued and other liabilities	16,776,016	-	-
Maturity after more than one year			
Obligation against assets subject to	-	7,129,849	-
Deposits against vehicles	-	2,427,789	-

c) **Market risk**

i) **Currency risk**

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

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

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

The Company has no significant long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates. Financial assets include "Nil" (2022 : 30,000,000/-) that is invested in TDR at fixed interest rate. Applicable interest rates for financial assets have been indicated in respective note.

iii) **Price risk**

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

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

d) **Capital risk management**

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

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

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

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

35. **Staff retirement benefits**

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

	31 March 2023 (Rupees)	30 June 2022 (Rupees)
35.1) The amounts recognized in the statement of financial position are as follows:		
Present value of defined benefit obligations	2,069,710	2,069,710
Fair value of plan assets	-	-
Payables	-	-
	<u>2,069,710</u>	<u>2,069,710</u>

	31 March 2023 (Rupees)	30 June 2022 (Rupees)
35.2) Changes in the present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	2,069,710	1,246,150
Service Cost		
Current service cost	-	1,279,543
Past service cost	-	-
Interest expense	-	124,615
Cash Flows		
Benefit payments from Plan	-	-
Benefit payments from employer	-	-
Payables	-	-
Re-measurements		
Effect of changes in Demographic assumptions	-	-
Effect of changes in Financial assumptions	-	-
Effect of Experience adjustments	-	(580,598)
Closing defined benefit obligation	2,069,710	2,069,710

35.3) Components of defined benefit cost are as follows:

Service Cost		
Current Service Cost	-	1,279,543
Reimbursement Service Cost	-	-
Past Service Cost	-	-
(Gain) / loss on settlements	-	-
Net Interest Cost		
Interest Expense on Defined Benefit Obligation	-	124,615
Interest (income) on Plan Assets	-	-
Re-measurement of Other Long Term Benefits	-	-
Defined benefit cost included in P&L	-	1,404,158

Re-measurement (recognized in other comprehensive income)		
Effect of changes in Demographic assumptions	-	-
Effect of changes in Financial assumptions	-	-
Effect of Experience adjustments	-	(580,598)
(Return) on Plan Assets (excluding interest income)	-	-
Total re-measurements included in OCI	-	(580,598)
Total Defined Benefit Cost recognized in P&L and OCI	-	823,560

35.4)	Net Defined Benefit Liability (Asset) reconciliation	FP ending	FY ending
		March 31, 2023	June 30, 2022
	Net Defined Benefit Liability (Asset) at end of previous year	-	1,246,150
	Defined Benefit Cost included in P&L	-	1,404,158
	Total Re-measurements included in OCI	-	(580,598)
	Employer Direct Benefit payments	-	-
	Net Defined Benefit Liability (Asset) as of end of year	-	2,069,710

35.5)	Assumptions used to determine Defined Benefit Obligation	FP ending	FY ending
		March 31, 2023	June 30, 2022
	Discount Rate	-	13.25%
	Rate of Salary increase (Long Term)	-	12.25%

35.6)	Assumptions used to determine Defined Benefit Cost	FP ending	FY ending
		March 31, 2023	June 30, 2022
	Discount Rate	-	10.00%
	Rate of Salary increase (Long Term)	-	9.00%

35.7)	Expected Defined Benefit Cost recognized in P&L	FY ending	FY ending
		June 30, 2024	June 30, 2023
	Service cost	-	1,449,083
	Current Service Cost	-	-
	Past Service Cost	-	-
	(Gain) / loss on settlements	-	-
	Net interest cost	-	-
	Interest expense on Defined Benefit Obligation	-	244,922
	Interest (income) on Plan Assets	-	-
	Total Defined Benefit Cost recognized in P&L as at 30.06.2023	-	1,694,005

35.8)	Principal actuarial assumptions		
	The principal assumptions used in the actuarial valuation are as follows:	March	June
		2023	2022
		%	%
	Discount rate	-	13.50%
	Expected rate of salary increase	-	12.50%

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

35.10) Sensitivity analysis

	FY ending June 30, 2022	Percentage Change in DBO
Defined Benefit Obligation (DBO)	2,069,710	-
1% Increase in Discount rate	1,908,348	-7.80%
1% Decrease in Discount rate	2,270,989	9.72%
1% Increase in Salary Increase rate	2,277,392	10.03%
1% Decrease in Salary Increase rate	1,899,155	-8.24%

	March 2023	June 2022
36. <u>Number of employees</u>		
Number of employees as on June 30,		
Factory	249	217
Other	7	5
	<u>256</u>	<u>222</u>
Average number of employees during the year		
Factory	176	180
Other	6	5
	<u>182</u>	<u>185</u>

37. Production capacity

Plant has a maximum production capacity of 1,450,000 kgs. Actual production during the period was 1,078,137 Kgs (2022: 1,078,137 Kgs).

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

38. General

38.1) Payments out of IPO Funds

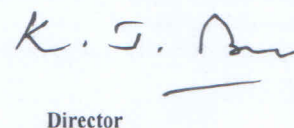
	March 2023 (Rupees)
Purchase of Machinery, installation and commissioning thereof	73,971,557
Construction of production hall and storage	10,200,000
Purchase of delivery truck	3,111,700
IPO related expenses	10,716,743
Investment in stocks / Repayment of Current Liabilities	100,000,000
Total Payments	<u>198,000,000</u>
Held in TDR	-
Total	-
IPO proceeds	<u>198,000,000</u>

39. Date of authorization for issue

These financial statements have been authorized for issue on _____ by the board of directors of the company.


Chief Financial Officer


Chief Executive


Director