



LEINER PAK GELATINE LTD.

**ANNUAL
REPORT**

2023

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**COMPANY INFORMATION
BOARD OF DIRECTORS**

Mr.Ahmed Ali Riaz	Chairman
Khwaja Imtiaz Ahmed	Chief Executive & Managing Director
Ibrar Ahmed Khwaja	Executive Director
Ijaz Ahmed Khwaja	Non-Executive Director
Ayesha Ahmed	Non-Executive Director
Rashid Minhas	Independent Director
Syed Rizwan Haider	Independent Director

AUDIT COMMITTEE

Rashid Minhas (Chairman)
Ijaz Ahmed Khwaja (Member)
Ahmed Ali Riaz (Member)

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Rashid Minhas (Chairman)
Khwaja Imtiaz Ahmed (Member)
Ayesha Ahmed (Member)

COMPANY SECRETARY

Ibrar Ahmed Khwaja

CHIEF FINANCIAL OFFICER

Mr. Muhammad Javaid

AUDITORS

M. Almas & Co.

Chartered Accountants

207-Sadiq Plaza, 2nd Floor, 69-The Mall, Lahore.

LEGAL ADVISOR

Labeeb Zafar Bajwa

Advocate

4-A, Mozang Road, Lahore

REGISTRAR

CORPLINK (PVT) LTD.,
Wings Arcade, 1-K Commercial,
Model Town, Lahore

REGISTERED OFFICE

17-G, Gulberg-2, G/Postmall No. 3529, Lahore-54660

Ph. #: 0092-42-35756953-54

PLANT

19th Kilometer,

Shahrah-e-Pakistan, Kala Shah Kaku,
District Sheikhpura.

Ph. #: 0092-42-37950018 – 37980179

BANKERS

Bank Al Habib Limited

Summit Bank Limited

United Bank Limited

National Bank of Pakistan

Bank Islami Pakistan Limited

MCB Bank Limited-Islamic Banking

Bank Alfalah Limited-Islamic Banking

LEINER PAK GELATINE LIMITED.



**DON'T ONLY ASK FOR GELATINE !
INSIST ON "HALAL"
GELATINE AND ITS PRODUCTS**

NOTICE OF 40TH ANNUAL GENERAL MEETING

Notice is hereby given that the 40th Annual General Meeting of LEINER PAK GELATINE LTD., will be held on Friday, the 27th October, 2023 at 10.00 A.M. at the Registered office of the Company, 17/G, Gulberg-2, Lahore-54660 to transact the following business :

1. Recitation from the Holy Quran.
2. To confirm the minutes of the Annual General Meeting held on Friday, 28th October, 2022.
3. To receive and adopt the Annual Accounts of the Company for the Year ended 30th June, 2023 together with Directors' and Auditors' Report thereon.
4. To appoint the Auditors of the Company for the year ending 30th June, 2024 and to fix their remuneration.

Special Business

5. To approve the circulation of the Annual Report (including the Audited Financial Statements, Auditor's Report, Directors' Report, and Chairman's Review Report to the Members of the Company through QR-enable Code and web link, in accordance with Section 223(6) of the Companies Act, 2017 read with S.R.O. 389(1)/2023 dated March 21, 2023.

"RESOLVED THAT the approval be and is hereby given to allow the company to circulate the annual audited financial statements to its members / shareholders through Quick Response (QR) enabled code and web link instead of through CD/DVD/USB, subject to the requirements of Notification No. S.R.O. 389(1)/2023 of Securities and Exchange Commission of Pakistan dated March 21, 2023".

Statement as required under section 134(3) of the Companies Act, 2017 concerning the special business to be considered at the meeting is being sent to the shareholders with this notice.

BY ORDER OF THE BOARD,

**(IBRAR AHMED KHWAJA),
COMPANY SECRETARY.**

LAHORE:
DATED: 06th October, 2023.
NOTES:

1. The Share Transfer Books of the Company will remain closed from 21nd October, 2023 to 27th October, 2023 (both days inclusive). Shares may be lodged for transfer with our Registrar M/s CORPLINK (PVT) LTD., Wings Arcade, 1-K, Commercial, Model Town, Lahore. Phone Nos: 042-35839182, 35887262, 35916719 Fax No: 042-35869037.
2. The Shareholders are advised to notify the Registrar of any change in their address.
3. A member entitled to attend and vote at this meeting may appoint another member as proxy to attend and vote instead of him. The Proxy Form duly signed and stamped must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
4. Any individual beneficial owner of the share in the Central Depository Company (CDC) entitled to vote at this meeting with him/her to prove him/her identity together with his/her Account number in CDC and in case of proxy, must enclose an attested copy of his/her CNIC. Representative of Corporate Members should bring the usual documents required for such purpose.
5. Pursuant to the directive of the Securities and Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatory required on dividend warrants. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to the Shares Registrar. In case of non-receipt of the copy of a valid CNIC, the company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under SECP order

dated July 13, 2015 to withhold the dispatch of dividend warrants of such shareholders.

6. Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/s Corplink (Pvt) Limited to collect / enquire about their unclaimed dividend or pending shares, if any.
7. As per section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP. The shareholders having physical shareholding are therefore requested to open CDC sub-account with any of the brokers or investor account directly with CDC to place their physical shares into scrip less form.
8. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company received consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 7 days prior date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/We, _____ of _____, being a member of Leiner Pak Gelatine limited, holder of _____ ordinary Share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____."

9. Polling on Special Business:

The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 amended through Notification S.R.O. 2192(1)/2022 dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan ("SECP"), wherein, SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all business classified as special business.

Accordingly, members of Leiner Pak Gelatine Limited (the "Company") will be allowed to exercise their right to vote through the electronic voting facility or voting, by post for the special business in its forthcoming AGM to be held on Friday October 27, 2023 at 10:00 AM, in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

10. Procedure for E-Voting:

- 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 by the close of business on October 20, 2023 by Corplink (Private) Limited, the e-voting service provider.
- The identity of the members intending to cast a vote through e-voting shall be authenticated through electronic signature or authentication for login.
- E-voting lines will start on October 24, 2023, at 10:00 PM and shall close on October 26, 2023 at 05:00 PM. Members can cast their votes at any time during this period. Once a member casts the vote on a resolution, he / she shall not be allowed to change it subsequently.

11. Procedure for Voting Through Postal Ballot

The members shall ensure that duly filled and signed ballot paper along with a copy of the Computerized National Identity Card (CNIC) should reach the chairman of the meeting through post on the company's registered address, 17-G, Gulberg-2, Lahore, or email at info@leinerpakgelatine.com one day before the Annual General Meeting on October 27, 2023. The signature on the ballot paper shall match the signature on CNIC.

For the convenience of the members, ballot paper is annexed to this notice, and the same is also available on the company's website at www.leinerpakgelatine.com for download.

**STATEMENTS AS REQUIRED UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017
IN RESPECT OF THE SPECIAL BUSINESS**

Agenda item 5- Approval of circulation of the Annual Audited Accounts of the company to its members / shareholders through Quick Response (QR) enabled code and web link.

Securities and Exchange Commission of Pakistan (SECP), through its Notification No. S.R.O. 389(1)/2023, dated March 21, 2023, has allowed the companies to circulate the Annual Audited Financial Statements to its Members / Shareholders through Quick Response (QR) enabled code and web link instead of CD/DVD/USB. The notice of the meeting shall be dispatched to Members as per requirements of the Companies Act, 2017 on their Registered Address, containing the QR Code and the web link address to view and download the Annual Audited Financial Statements together with the Reports and documents required to be annexed thereto under the companies Act, 2017.

It is considered to adopt advance technology instead of obsolete technology of CD/DVD/USB for circulation of annual financial statements. Members' approval is being sought for the circulation of the Annual Report (including Annual Audited Financial Statements and other reports contained therein) to the members of the Company through QR enabled code and web link following S.R.O. 389(1)/2023 dated March 21, 2023.

The notice of the meeting shall be dispatched to members as per requirements of the Act, on their registered address, containing the QR code and the web link address, to view and download the annual audited financial statements together with the reports and documents required to be annexed thereto under the Act. The Company shall circulate the annual audited financial statements along with the Auditors' Report, Directors' Report and Chairman's Review Report etc, through email in case the Email address has been provided by the member to the Company and the consent of the member to receive the copies through Email is not required. The Company shall send the complete financial statements with relevant documents in hard copy to the shareholders, at their registered addresses, free of cost, within one week if the member request on the Standard Request Form available on the Company's Website.

LEINER PAK GELATINE LIMITED
BALLOT PAPER FOR VOTING THROUGH POST

For poll at the Annual General Meeting of Leiner Pak Gelatine Limited to be held on Friday October 27, 2023 at 17-G, Gulberg-2, Lahore. Designated and email address of the Chairman at which the duly filled in ballot paper may be sent at info@leinerpakgelatine.com

Name of shareholder / joint shareholders	
Registered Address	
Folio No. / CDC Participant / Investor ID with sub-account No.	
Number of shares held	
CNIC , NICOP / Passport No. (in case of foreigner) (Copy to be attached)	
Additional Information and enclosures (in case of representative of body corporate, corporation and Federal Government)	
Name of Authorized Signatory:	
CNIC , NICOP / Passport No. (in case of foreigner) of Authorised Signatory (Copy to be attached)	

I / we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (✓) mark in the relevant box below or may write "Approved" or "Disapproved"

Special Resolutions
"RESOLVED THAT" the approval be and is hereby given to allow the company to circulate the annual audited financial statements to its members / shareholders through Quick Response (QR) enabled code and web link instead of through CD/DVD/USB, subject to the requirements of Notification No. S.R.O. 389(1)/2023 of Securities and Exchange Commission of Pakistan dated March 21, 2023.

Sr. No.	Nature and Description of resolutions	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/we dissent to the Resolutions (AGAINST)
1	Special resolution as per Agenda # 5			

 Signature of shareholder(s)
 Place & Date

NOTES:

Duly filled postal ballot should be sent to chairman of Leiner Pak Gelatine Limited at 17-G, Gulberg-2, Lahore or through e-mail at info@leinerpakgelatine.com.

Copy of CNIC, NICOP/Passport No. (in case of foreigner) should be enclosed with the postal ballot form.

Postal ballot forms should reach chairman of the meeting till 05:00 PM October 26, 2023. Any postal ballot received after this date, will not be considered for voting.

Signature on postal ballot should match with signature on CNIC, NICOP / Passport (in case of foreigner).

Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.

VISION STATEMENT

Continue to lead the domestic industry in Gelatine manufacturing with technology and quality of the product along with persistent recognition in international market in the line of code of conduct and best practices of corporate governance.

MISSION

The mission of the management of the company is to focus on the vision and its accomplishment by:

- Adoption of advanced technologies in Gelatine manufacturing.
- Investment in human resources to create and strengthen professional environment.
- Developing company's code of conduct and pursuance of best practices of corporate governance.
- Exploring new international markets with the satisfaction of existing customers.
- Continuous improvement of quality system, environmental management system from ISO-9001:2000, ISO 14000 (already obtained) to other achievements of quality management.
- Fetching and delivering healthy returns to all stakeholders.
- Contribution towards economic and social uplift of employees and community in general.

CORPORATE STRATEGY

OBJECTIVES

Our corporate strategy is very much in line with vision and mission statement. Strategic objectives are covering the following areas.

- Sustainable growth.
- Promotion for efficient use of energy.
- Innovation in product line.
- Customer satisfaction.
- Adherence to the code of conduct.
- Safeguard the shareholders interest.
- Continuous improvement of human capital.

STRATEGIC PLANNING

It is planned to innovate the product line with scheduled R&D activities. Energy Conservation through calibration, expert advises and induction of efficient machinery and replacing the old production line which shall lead to sustainable growth. Well equipped quality assurance department is maintained to achieve consistency in quality of the products. Optimal utilization of Company resources to achieve the economy level. Investment in human capital by participating in workshops, conferences, and different technical courses offered by reputed institutions. Formulation of Code of Conduct for better governance and to bring corporate culture in Company.

CHAIRMAN'S REVIEW

I extend a warm welcome to all participants of Annual General Meeting of Leiner Pak Gelatine Limited on behalf of the Board of Directors. I am pleased to present 40th Annual Report.

Fiscal year 2022-23 remained highly challenging from economic point of view. Pakistan economy experienced 0.29 percent GDP growth in this year on account of many challenges emanating from political instability, uncertain external environment and financial turmoil. Economic and financial crises become bad to worse which lead to depletion in country's forex reserves, higher inflation, controlled imports and soaring discounting rates. During the year country also underwent devastating flood which further aggravated perilous economic affairs.

Management's sagacious move to boost exports of our product Gelatine proved to be fruitful and compensatory factor amid all odds. Efficient procurement policy of raw materials also translated in to better production in terms of quantity. Devaluation yielded better pricing for export consignments in terms of Pak rupee and company's top line is registered at Rs. 2.335 billion with growth of 130.64% in terms of revenue. Despite higher cost of production, bottom line of company, due to favorable export prices arrived at Rs. 102.44 million.

Company policies and procedures have been developed and put in to place to ensure adherence to relevant laws and best practices including Code of Corporate Governance Regulations, 2019. The Board operates in accordance with the principles of Code of Corporate Governance, as do its committees (Audit Committee and Human Resource and Remuneration Committee). Board is having two independent and one female Director in total seven Directors. Board held 5 meetings in a year.

In compliance with the provisions of the Code of Corporate Governance, the Company has implemented a system for evaluating Directors. The pending Directors Training Program for three Directors will be accomplished before 30 June, 2024. This evaluation is conducted on annual basis. The company has also implemented a clearly defined CSR policy with a focus on community health and education.

Board of Directors recognizes the contribution of company employees to the success of your company.

LAHORE.
Dated: October 06, 2023.

AHMED ALI RIAZ
Chairman

چیئر مین کی جائزہ رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے سالانہ جنرل میٹنگ کے تمام شرکاء کو خوش آمدید کہتا ہوں۔ مجھے چالیسویں سالانہ رپورٹ کے پیش کرنے پر خوشی محسوس ہو رہی ہے۔

مالی سال ۲۰۲۲-۲۳ء معاشی طور پر بہت زیادہ کٹھن رہا ہے۔ اس سال پاکستان کی G.D.P کی شرح نمو بہت سے مسائل جن میں سیاسی عدم استحکام، غیر یقینی بیرونی ماحول اور مالی بحران شامل ہیں کی وجہ سے ۰.۲۹ فیصد رہی ہے۔ معاشی اور مالی مشکلات خراب سے خراب تر ہو گئیں جس کی وجہ سے ملکی زرمبادلہ کے ذخائر میں کمی واقع ہوئی، مہنگائی میں اضافہ ہوا، درآمدات پر کنٹرول رہا اور ڈسکاؤنٹ ریٹ میں اضافہ ہوا۔ ملک اس سال کے دوران تباہ کن سیلاب کی زد میں بھی رہا جس کی وجہ سے پہلے سے خراب معاشی معاملات مزید خراب ہو گئے۔ انتظامیہ نے ایک بہت اچھا قدم اٹھایا اور جیلائٹین کی برآمد میں اضافہ کیا جو کہ ان تمام مشکلات کے باوجود فائدہ مند اور تلافی کرنے والا ثابت ہوا۔ بنیادی خام مال کی خریداری، مستعد پالیسی کی بنیاد پر کی گئی جس کی وجہ سے پیداوار کی مقدار میں اضافہ ہوا۔ روپے کی شرح تبادلہ میں کمی کی وجہ سے برآمد کیے گئے مال کی روپے کی مد میں بہتر وصولی کی گئی اور کمپنی کی فروخت مبلغ ۲۳۳۵ بلین روپے رہی اور آمدن کی مد میں شرح نمو ۱۳۰.۶۲ فیصد رہی۔ بڑھی ہوئی پیداواری لاگت کے باوجود برآمدات کی مد میں اچھی قیمت کے حصول کی وجہ سے خالص منافع مبلغ ۱۰۲.۲۴ بلین روپے رہا ہے۔

کمپنی کی پالیسیاں اور طریقہ کار اس طرح وضع کیے گئے ہیں تاکہ متعلقہ قوانین، بہتر طریقہ کار بشمول کوڈ آف کارپوریٹ گورننس ریگولیشن ۲۰۱۹ء پر عمل پیرا ہونے کو یقینی بنایا جاسکے۔ بورڈ بھی کوڈ آف کارپوریٹ گورننس کے حصول کے مطابق کام کرتا ہے جیسا کہ اس کی کمیٹیاں، (آڈٹ کمیٹی اور ایومون ریورسز اینڈ ریویویشن کمیٹی) عمل پیرا ہیں۔ بورڈ میں سات میں سے دو خود مختار اور ایک خاتون ڈائریکٹر شامل ہے بورڈ نے اس سال پانچ میٹنگز منعقد کی ہیں۔

کمپنی ہڈانے ڈائریکٹران کی کارکردگی کا جائزہ لینے کے لیے کوڈ آف کارپوریٹ گورننس کی شقوں کے مطابق نظام وضع کر رکھا ہے۔ زیر التواء ڈائریکٹران کی ٹریننگ کا پروگرام ۳۰ جون ۲۰۲۲ء تک مکمل کر لیا جائے گا۔ یہ کارکردگی کا جائزہ سالانہ بنیادوں پر ہے۔ کمپنی نے کارپوریٹ، سماجی ذمہ داری کی بہترین شکل کو اپنایا ہوا ہے جس میں خاص طور پر تعلیم اور لوگوں کی صحت پر زور دیا گیا ہے۔ بورڈ آف ڈائریکٹرز کمپنی کی کامیابی میں اپنے ملازمین کی خدمات کا اعتراف کرتے ہیں۔

احمد علی ریاض

چیئر مین

لاہور

۱۶ اکتوبر ۲۰۲۳ء

DIRECTORS' REPORT

The Directors are pleased to present the 40th Annual Report along with company's financial statements for the year ended 30th June, 2023 together with Auditors' Report thereon.

PRINCIPAL ACTIVITY

Leiner Pak Gelatine Limited is involved in manufacturing "Halal" Gelatine and Di-calcium Phosphate (by product).

OPERATIONS

In the year 2022-23 Pakistan has been exposed to severe political and financial turmoil. It started with political unrest and later on substantial economic crises were witnessed which has significantly risen the prices of fuel, energy and food items in particular. Depletion in forex reserves aggravated the situation. Adding to the challenges, country faced heavy rain fall and widespread floods which significantly compounded the vulnerable situation.

Despite of these challenges, the company remained unwavering its resolve to grab every opportunity to increase efficiency, revenue and profitability. Management has taken concrete steps to boost export of gelatin and capitalized Pak rupee devaluation in terms of foreign exchange which not only served the national kitty but also fetched favorable pricing for its products in export market.

This year company registered its top line at Rs.2.335 billion as compared to Rs.1.012 billion last year and recorded a growth of 130.64 % in sales revenue. Owing to the demand of our product gelatin in export market and recent devaluation of Pak rupee against dollars, our exports remained major portion of our total revenue (Rs.1.485 billion) and attained growth in terms of revenue at 226.44 %. On the other hand, management pursued efficient procurement policy of raw material and better inventory management which also translated in to increase in production as compared to last year and yielded 55.28 % growth in terms of quantity.

Devaluation of Pak rupee on the one side increased sales revenue of our export consignments but on the other it is registered as one of the major reasons of unprecedented inflation in the country. High priced raw material, energy cost, chemicals and other allied imported industrial inputs caused an unabated increase in cost of production. Continuous increase in discounting rate as monetary step taken by State Bank of Pakistan to control inflation also proved to be major cost element of industry. However, increase in production and gain realized through export proceeds managed to consume highly up surged cost of production and bottom line of company's financials for this year is achieved at Rs.102.44 million.

For the last many years, company's operations were turned in to profits including considerable profitability in current year. Due to incessant profitability company's financial health has posed commendable recovery. Despite continuous profitability company's operating activities have reflected negative cash flow during the year ended June 30, 2023. This event or condition indicate that a material uncertainty exists that may cause significant doubt on company's ability

to continue as going concern and therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business.

This year company's sales revenue reflected a growth of 130.64 % as compared to previous year, due to favourable export proceed realizations and company achieved profit after tax at Rs.66.67 million as compared to previous year profit after tax at Rs.8.27 million. Remarkable increase in top line and continuous profit for the last many years has up lifted financial health of the company. The approved financial projections also show continued improvements and profitability alongwith positive cash flows from operating activities. Keeping in view following, the management forsees that company will continue as going concern:

- There is continued financial support of the Company's sponsors. The sponsor's of the Company have inducted up to June 30, 2023 Rupees 124.139 million (June 30, 2022: Rupees 137.328 million) interest free loans. They are also committed to induct further funds, if the need arises, to address any liquidity issues for smooth operations; and

These financial statements have, therefore, been prepared using going concern basis of accounting and, accordingly, do not include any adjustments relating to realization of its assets and the liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

The auditors' report contains emphasis of matter paragraph to draw attention towards the going concern matter. In this regard management's assessment is detailed in note 2 in the annexed financial statements.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Company is fully compliant with the Code of Corporate Governance and Corporate and Financial Reporting framework of the Securities & Exchange Commission of Pakistan (SECP). Board is pleased to place following statement on record:

1. The financial statements prepared by the management of the company present fairly its state of the affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. The accounting estimates wherever required are based on reasonable and prudent judgment.
4. IFRS and International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. The management has explained their review in detail regarding going concern ability of the company in note 2 to the annexed financial statements.

7. There has been no material departure from the best practices of corporate governance, as detailed in listing regulations.
8. Outstanding taxes, duties and charges have been disclosed in the financial statements.

KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

Years ending on June:	2022	2021	2020	2019	2018	2017
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)
Turnover	1,012,393	941,515	660,888	779,659	752,297	692,372
Profit/(Loss) after Taxation	8,276	5,004	1,928	2,537	(3,956)	(3,009)
Assets	1,611,306	1,145,211	994,892	860,191	715,769	661,874
Dividend	-	-	-	-	-	-
Non-current Liabilities	12,400	23,378	13,423	864	1,043	504

ADEQUACY OF INTERNAL CONTROL

Internal control system of the company is properly designed keeping in view the nature of business and materiality of the transactions involved. Internal control system is periodically reviewed by the audit committee and improvements in the system are made keeping in view recommendations of internal audit department.

STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

The "Statement of Value Addition and its Distribution is annexed to the report.

DIRECTORS' REMUNERATION

Remuneration of the Board of Directors is approved by the Board. Non-executive Directors and independent Directors are entitled for fee for attending the meetings. Remuneration of Directors and Chief Executive Officer are disclosed in Note No. 42 to the financial statements for the year ended June 30, 2023.

DIRECTORS OF THE COMPANY

During the year following Directors served on the Board of the company.

Sr. No.	Name of Directors	Number of Meetings
1.	Ahmed Ali Riaz	5
2.	Khwaja Imtiaz Ahmed	5
3.	Ijaz Ahmed Khwaja	5
4.	Ibrar Ahmed Khwaja	5
5.	Ayesha Ahmed	5
6.	Rashid Minhas (independent)	5
7.	Syed Rizwan Haider (independent)	5

APPROPRIATIONS

Management of the company has made strategic decision to utilize the funds against profits in improving efficiency of the manufacturing facility and it has been decided to omit the dividend for the current year.

EARNING RATIO:

The earning per share after tax works out to Rs.8.89 {last year Rs.1.10 }.

PROVIDENT FUND

The company operates an approved contributory provident fund covering all permanent employees. The value of the fund at the year ended 30th June, 2023 is Rs.163.083 million. The investment values of the respective fund is as follows:

Provident Fund	
Last audited statements	June 30, 2023
Investments at fair value Rs.(000s)	<u>97,200</u>
These funds are invested as given below:	
	Rs.(000s)
Unit Trust Schemes	36,321
Mutual Funds	1,675
Savings Schemes of Banks	2,341

Bank Deposits	32,678
Listed Securities	24,185
	97,200

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility is a self-regulating business model that helps a company be socially accountable to itself, its stake holders, and the public. It is a broad concept that can take many forms depending on the company and industry. Leiner Pak is always extending its support and help to needy people and making donations to hospitals and educational sector.

OUT STANDING STATUTORY PAYMENTS

All outstanding payments are of routine nature.

CODE OF CONDUCT

Company has developed and adopted a comprehensive Code of conduct in accordance with Code of Corporate Governance Regulations, 2019. This code of conduct prescribes rules and regulations to be followed by every employee of the company. Board has also adopted controls for timely identification and redressal of unethical practices performed on the part of employees. Code of conduct is fully disseminated throughout the company.

BOARD COMMITTEES

AUDIT COMMITTEE

Company has formulated Audit Committee in accordance with code of corporate governance. This committee is headed by an independent Director. Names of Audit Committee members are given below:

Name of Directors

Rashid Minhas	(Chairman)
Ijaz Ahmed Khwaja	(Member)
Ahmed Ali Riaz	(Member)

Audit Committee provides assistance to the Board of Directors in discharging their responsibilities in accordance with provisions of code of corporate governance and financial reporting framework. This committee is also entrusted to implement an effective internal control

system and forward recommendations to the Board of Directors for further improve of the systems.

Audit Committee's other responsibilities in the light of code of corporate governance also include the following:

1. Determination of appropriate measures to safeguard the company's assets;
2. Review of annual and interim financial statements of the company, prior to their approval by the board, focusing on;
 - a) major judgmental areas;
 - b) significant adjustments resulting from the audit;
 - c) going concern assumption;
 - d) any changes in accounting policies and practices;
 - e) compliance with applicable accounting standards;
 - f) compliance with the regulations of code of corporate governance and other statutory and regulatory requirements; and
 - g) all related party transactions;
3. Review of the preliminary announcements of results prior to external communication and publication;
4. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
5. Review of management letter issued by external auditors and managements' response thereto;
6. Ensuring coordination between the internal and external auditors of the company;
7. Review of the scope and extent of internal audit, audit plan, reporting frame work and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
8. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
9. Ascertaining the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
10. Review of the company's statement on internal control systems prior to endorsement by the Board and internal audit reports;
11. Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with Chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
12. Determination of compliance with relevant statutory requirements;
13. Monitoring compliance with these regulations (including code of corporate governance) and identification of significant violation thereof;
14. Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

15. Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the regulations. The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;
16. Consideration of any other issue or matter as may be assigned by the board;

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Human resource management is an important faction of management that deals with most valuable assets of an organization which is human resource. Human Resource and Remuneration committee of the company comprises three directors, which include one executive director and one non-executive director being the members and one independent director as chairman of the committee. Following three members are entrusted by the board to form the Human Resource and Remuneration Committee:

Rashid Minhas	(Chairman)
Khwaja Imtiaz Ahmed	(Member)
Ayesha Ahmed	(Member)

In accordance with code of corporate governance, the responsibilities of the committee include:

1. Recommendation to the Board for consideration and approval a policy framework for determining remuneration of Directors (both executive and non-executive Directors and members of senior management). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the chief executive officer level;
2. undertaking annually, a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the Directors' report disclosing therein name and qualification of such consultant and major terms of his/its appointment;
3. recommending human resource management policies to the Board;
4. recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary, and head of internal audit;
5. consideration and approval on recommendation of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
6. where human resource and remuneration consultants are appointed, they shall disclose to the committee their credentials and as to whether they have any other connection with the company.

RISK AND UNCERTANTIES

Company's ability to create value for its shareholders is affected primarily by macroeconomic variables of an economy and some associated risks with respect to its nature of business.

At present company is exposed to following risk areas which can affect the business operations and profitability of the company:

Raw material prices (crushed bone).

Foreign currency exchange rate.

Energy (availability and prices of gas & electricity)

Animal bones are pre requisite to produce high quality Gelatine. Raw material of the company (bovine bone) is being exported to China, Japan and other neighboring countries from Pakistan. Company has to buy animal bones on export parity price for its own consumption. Devaluation of Pak Rupee can further aggravate the situation and procurement of animal bone at feasible prices may become more difficult.

Devaluation of Pak Rupee always stimulates the cost-push inflation. Devaluation of Pak Rupee will increase the prices of our industrial inputs including raw material and it can reduce the intensity of capacity utilization.

Energy crises in the country are still not over. Pakistan is facing multifaceted energy crises. Manufacturing sector is consuming very high priced gas, fuel and electricity. Government is importing LNG to cater the industrial requirement. Escalation in gas prices in furtherance to the existing tariff will further increase the manufacturing cost of the industrial concerns including Gelatine manufacturing which can affect profitability of the company.

IMPACT ON ENVIRONMENT

The business is mindful of its obligation to protect the environment. We work to minimize our influence on the environment. Management is adamant about upholding the highest standards for health, safety, and the environment to guarantee the welfare of both our employees and the communities in which we operate. The business has obtained FSSC and HACCP certifications in order to meet these criteria. Gelatine is produced strictly in accordance with international standards at the factory, and no harmful environmental effects have yet been discovered.

FUTURE PROSPECTS

The financial outlook for Pakistan in 2023-24 is expected to be a year of economic stability and revival after resurgence of its IMF program. In current economic scenario tight monetary policy, high inflation, high energy prices and control over imports are proving to be burdensome for investment climate of the country. Volatile exchange rate of Pak rupee against Dollar and other leading currencies also hampering economic growth of the country. Political stability in the country and substantial increase in foreign direct investment (FDI) can help in building forex reserves that will ultimately stabilize Pak rupee exchange rate against Dollar, Euro and other leading currencies.

Despite of huge demand of our products Gelatine and Di-Calcium Phosphate in local and export markets, Management of the company is avoiding to enter long term sales contracts at any fixed prices due to volatility in exchange rates of Pak rupee.

We hope Government will pursue such economic policies which will bring economic stability in the country and company will follow its growth rate in next financial year.

TRAINING PROGRAMME OF DIRECTORS

The organization has on going process Directors training. The company provides Directors and other executives with refresher courses to improve their capacity. Due to COVID-19 pandemic in the country, orientation programs were disorganized and could not be pursued in normal course of business. Management is fully committed to cope-up any delay in schedule of Directors orientation program. Our three Directors out of seven are exempt for training as provided by the Code of Corporate Governance. One Director had completed his Directors Training Program (DTP).

TRADE IN SHARES OF THE COMPANY

There is no any sale/purchase/transfer of the company shares during this year by Directors, Executives, their spouse and minor children.

AUDITORS

The present auditors, M/s M. Almas & Co. Chartered Accountants, Lahore, has completed their assignment for the year ended June 30, 2023 and shall retire on the conclusion of 39th Annual General Meeting. The retiring auditors M/s M. Almas & Co. Chartered Accountants are eligible for re-appointment.

In accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, the audit committee considered and recommended the re-appointment and remuneration of M/s M. Almas & Co. Chartered Accountants as statutory auditors for the year 2023-2024.

PATTERN OF SHAREHOLDING

It appears on page no:-----75-----

ACKNOWLEDGEMENT

The Board of Directors would like to express their appreciation for the efforts and dedication of all employees which enabled the company management to run the business affairs smoothly.

KH. IMTIAZ AHMED
Chief Executive Officer & Managing Director
Lahore.

IBRAR AHMED KHAWAJA
Director

Dated: October 06, 2023

ڈائریکٹرز رپورٹ

ڈائریکٹرز کو ۴۰ ویں سالانہ رپورٹ جو کہ ۳۰ جون ۲۰۲۳ء کو ختم ہونے والے سال کے لیے کمپنی نے مالیاتی نتائج اور آڈیٹران کی رپورٹ پر مشتمل ہے۔ پیش کرنے پر خوشی محسوس ہو رہی ہے۔

بنیادی کاروبار:-

لائسنر پاک جیلائین لمیٹڈ ”حلال“ جیلائین اور ڈائریکیٹیم فاسفیٹ (بائی پراڈکٹ) کو تیار کرنے کا کام کرتی ہے۔

کاروباری عمل:- (Operations)

سال ۲۳-۲۰۲۲ء میں پاکستان کو شدید سیاسی اور مالی بحران کا سامنا رہا ہے۔ یہ بحران سیاسی افراتفری سے شروع ہوا اور بعد میں شدید معاشی بحران کی شکل اختیار کر گیا جس کی وجہ سے خاص طور پر ایندھن، توانائی اور کھانے پینے کی اشیاء کی قیمت میں بہت زیادہ اضافہ ہوا ہے۔ زرمبادلہ کی کمی نے صورتحال کو مزید خراب کر دیا۔ ملک میں ہونے والی شدید بارشوں کی وجہ سے وسیع پیمانے پر سیلاب آگئے جس کی وجہ سے مسائل میں مزید اضافہ ہوا اور نازک صورتحال میں مزید اضافہ ہو گیا۔

ان تمام مسائل کے باوجود کمپنی ہذا کارکردگی میں اضافہ، آمدن اور منافع کے حاصل کے مواقع کے حصول کے لیے پر عزم رہی۔ انتظامیہ نے جیلائین کی برآمدات میں اضافہ کے لیے مضبوط قدم اٹھایا روپے کی قدر میں ہونے والی کمی سے استفادہ کیا جس کی وجہ سے نہ صرف قومی خزانہ کی بہتری ہوئی بلکہ کمپنی مصنوعات کی برآمدی مارکیٹ میں بہتر قیمت موصول ہوئی۔

اس سال کمپنی کی فروخت پچھلے سال کی فروخت مبلغ ۲۳۳۵ ارب روپے کے مقابلے میں مبلغ ۱۱۰۱۲ ارب روپے رہی اور فروخت کی مد میں آمدن کی بڑھوتری ۶۴.۱۳۰ فیصد رہی ہے۔ ہماری پراڈکٹ جیلائین کی بیرون ملک مانگ اور ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں ہونے والی حالیہ کمی کی وجہ سے ہماری برآمدات (مبلغ ۱۱۰۴۸۵ ارب روپے) کل فروخت کا بڑا حصہ رہی ہے اور برآمدات میں آمدن کی مد میں ۴۴.۲۲۶ فیصد بڑھوتری ہوئی ہے۔ دوسری جانب انتظامیہ نے بنیادی خام مال کی موثر انداز سے خریداری کی اور اس سال کو بہتر انداز سے استعمال کیا جس کی وجہ سے پچھلے سال کے مقابلے میں پیداوار میں ۲۸.۵۵ فیصد اضافہ ہوا ہے۔

روپے کی قدر میں ہونے والی کمی سے ایک طرف فروخت کی مد میں آمدن میں اضافہ ہوا تو دوسری جانب ملک میں ہونے

والی بے مثال مہنگائی کے اسباب میں سب سے بڑا سبب بھی بنا۔ مہنگے خام مال، توانائی کی قیمت، کیمیکلز اور دوسرے درآمدی صنعتی ضروریات کی وجہ سے پیداواری لاگت میں بے پناہ اضافہ ہوا۔ اسٹیٹ بینک آف پاکستان کی طرف سے مہنگائی کو کنٹرول کرنے کے لیے مالیاتی قدم کی وجہ سے ڈسکاؤنٹ ریٹ میں ہونے والا مسلسل اضافہ صنعتی پیداواری لاگت کو بڑھانے کی بڑی وجہ ثابت ہوا۔ تاہم پیداوار میں ہونے والے اضافے اور برآمدات کی مد میں ہونے والی آمدن نے بہت زیادہ بڑھی ہوئی پیداواری لاگت کو برداشت کر لیا اور کمپنی کی مالی دستاویزات میں مبلغ ۲۰۲۳ء ۱۰۲۰۲۳ ملین منافع حاصل ہوا ہے۔

پچھلے کئی سالوں سے بشمول اس موجودہ سال کے قابل ذکر منافع کے کمپنی کاروبار کے لحاظ سے منافع بخش رہی ہے۔ متواتر منافع کی وجہ سے کمپنی کی مالی حالت میں قابل تعریف بہتری ہوئی ہے۔ متواتر منافع کے باوجود کمپنی کے آپریٹنگ عوامل ۲۰۲۳ء نے منفی ترسیل زر کو ظاہر کیا ہے۔ یہ حالات زیادہ غیر یقینی صورت حال کی طرف اشارہ کرتے ہیں اور اس کی وجہ سے کمپنی کے کاروبار کے مسلسل چلنے کی صلاحیت پر شکوک و شبہات پیدا ہو سکتے ہیں اور شاید معمول کے کاروباری عمل کے نتیجے میں اپنے اثاثہ جات کی فروخت اور واجبات کی ادائیگی نہ کر سکے۔

اس سال کمپنی کی فروخت کی مد میں حاصل ہونے والی آمدن میں پچھلے سال کے مقابلے میں ۶۴.۶۳ فیصد بڑھوتری ہوئی ہے اور اس کی وجہ برآمدات سے حاصل ہونے والی بہتر آمدن ہے اور کمپنی نے پچھلے سال کے بعد از ٹیکس منافع مبلغ ۶۶.۶۷ ملین روپے کے مقابلے میں مبلغ ۸.۲۷ ملین روپے حاصل کیا ہے۔ فروخت میں شاندار اضافہ اور پچھلے کئی سال کے مسلسل منافع نے کمپنی کی مالی حالت کو بہتر بنایا ہے۔ منظور شدہ مالی تخمینے بھی مسلسل بہتری اور منافع کے ساتھ آپریٹنگ عوامل سے حاصل ہونے والی مالی ترسیل مثبت دکھا رہے ہیں۔

درج ذیل کو مد نظر رکھتے ہوئے انتظامیہ کا خیال ہے کہ کمپنی اپنے کاروباری عمل کو مسلسل جاری رکھے گی:

• کمپنی کے مالکان کی طرف سے مالی امداد کی مسلسل فراہمی ہے۔ کمپنی کے مالکان نے اس سال ۳۰ جون ۲۰۲۳ء

تک بلا سود مبلغ ۱۲۳.۱۳۹ ملین روپے قرضہ جات کی مد میں کمپنی کو فراہم کیے ہیں (۳۰ جون ۲۰۲۲ء):

مبلغ ۳۲۸.۳۲۸ ملین روپے)۔ وہ اس بات کا عزم بھی رکھتے ہیں کہ اگر مستقبل میں (Liquidity) کا مسئلہ

درپیش ہوا تو بغیر کاوٹ کے کاروباری عمل کو بڑھاتے ہوئے مزید مالی معاونت بھی کریں گے۔

یہ مالیاتی دستاویزات کمپنی کے مسلسل چلنے کی اکاؤنٹنگ بنیاد پر تیار کی گئی ہیں، اور ان مالیاتی نتائج میں کسی قسم کی

(Adjustment) (اگر کمپنی کاروبار جاری رکھنے کی اہلیت نہ رکھتی ہو) جس کا تعلق اثاثہ جات کی قیمت اور واجبات

کی مالیت سے ہو، موجود نہ ہے۔

آڈیٹران کی رپورٹ میں ”کمپنی کے کاروبار کے چلنے کے معاملات کی طرف توجہ دلانے کے لیے“ ایک پیراگراف میں کمپنی کے کاروبار کے چلنے کے متعلق اہم غیر یقینی صورت حال کا ذکر کیا گیا ہے۔ اس کے جواب میں انتظامیہ کا نقطہ نظر مالیاتی نتائج کے نوٹ نمبر ۲ میں شامل کیا گیا ہے۔

کارپوریٹ اور مالیاتی دستاویز کا ضابطہ:-

کمپنی کوڈ آف کارپوریٹ گورننس اور سیورٹیز اینڈ ایگزیکٹو کمیشن آف پاکستان (SECP) کے کارپوریٹ اور مالیاتی رپورٹنگ کے دائرہ کار پر پوری طرح عمل درآمد کر رہی ہے۔ بورڈ درج ذیل بیانات قلمبند کرنے میں خوشی محسوس کرتے ہیں۔

۱۔ مالی دستاویز، جو کہ کمپنی انتظامیہ کی جانب سے تیار کی گئی ہے جو منصفانہ امور کی نشاندہی، اپنے آپریشنز، نقدی کا بہاؤ اور ایکوٹی میں تبدیلی کا نتیجہ ہے۔

۲۔ کمپنی کے اکاؤنٹ کی مناسب کتابوں کو برقرار رکھا گیا ہے۔

۳۔ مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ مالی اکاؤنٹ کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ اندازے معقول اور دانش مندانہ فیصلے پر مبنی ہیں۔

۴۔ انٹرنیشنل فنانشل رپورٹنگ سٹینڈرز اور انٹرنیشنل اکاؤنٹنگ سٹینڈرز جو پاکستان میں قابل عمل ہیں کی مالی بیانات کی تیاری میں پیروی کی گئی ہے۔

۵۔ اندرونی کنٹرول کے نظام کا ڈیزائن صحیح ہے اور اس پر موثر طریقے سے عملدرآمد اور اس کی نگرانی کی گئی ہے۔

۶۔ کمپنی کی انتظامیہ نے کمپنی کو جاری رکھنے کی صلاحیت کے بارے میں مالیاتی نتائج کے نوٹ نمبر ۲ میں تفصیل سے ذکر کیا گیا ہے۔

۷۔ کارپوریٹ گورننس کے بہترین طریقوں پر بغیر کسی انحراف کے عمل کیا گیا ہے جو کہ لسٹنگ کے ضابطے میں موجود ہے۔

۸۔ واجب الادا ٹیکس، ڈیویڈنڈ اور واجبات مالی دستاویزات میں ظاہر کیے گئے ہیں۔

گزشتہ چھ سالوں میں کلیدی آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ

۲۰۱۷ء	۲۰۱۸ء	۲۰۱۹ء	۲۰۲۰ء	۲۰۲۱ء	۲۰۲۲ء	ماہ جون پر ختم ہونے والے سال
روپے (000)	روپے (000)	روپے (000)	روپے (000)	روپے (000)	روپے (000)	
۶۹۲,۳۷۲	۷۵۲,۲۹۷	۷۷۹,۶۵۹	۶۶۰,۸۸۸	۹۳۱,۵۱۵	۱,۰۱۲,۳۹۳	فروخت (Turnover)
(۳,۰۰۹)	(۳,۹۵۲)	۲,۵۳۷	۱,۹۲۸	۵,۰۰۴	۸,۲۷۶	بعد از ٹیکس خالص منافع (نقصان)
۶۶۱,۸۷۴	۷۱۵,۷۶۹	۸۶۰,۱۹۱	۹۹۴,۸۹۲	۱,۰۱۴,۵۲۱	۱,۰۶۱,۳۰۶	اثاثہ جات
---	---	---	---	---	---	تقسیم شدہ منافع
۵۰۴	۱,۰۴۳	۸۶۴	۱۳,۴۲۳	۲۳,۳۷۸	۱۲,۴۰۰	قرضہ جات (لبے عرصہ کے لئے)

موزوں اندرونی کنٹرول:-

کمپنی کے اندرونی کنٹرول سسٹم کو کاروبار کی نوعیت اور ٹرانزیکشن کی مالیت (materiality) کو مد نظر رکھتے ہوئے پوری طرح ترتیب دیا گیا ہے۔ آڈٹ کمیٹی وقتاً فوقتاً اندرونی کنٹرول سسٹم کا جائزہ لیتی ہے اور انٹرنل آڈٹ شعبہ کی سفارشات کو مد نظر رکھتے ہوئے سسٹم میں بہتری لائی گئی ہے۔

قدر میں اضافہ اور اس کی تقسیم کی دستاویز:-

”قدر میں اضافہ اور اس کی تقسیم کی دستاویز“ رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹران کا معاوضہ:-

ڈائریکٹران کا معاوضہ بورڈ آف ڈائریکٹرز سے منظور کیا گیا ہے۔ نان ایگزیکٹو ڈائریکٹران اور خود مختار ڈائریکٹران میٹنگوں میں شمولیت کی فیس کے اہل ہیں۔ ڈائریکٹران اور چیف ایگزیکٹو آفیسر کا معاوضہ مالیاتی دستاویزات ۳۰ جون ۲۰۲۳ء کے نوٹ نمبر ۴۲ میں دکھایا گیا ہے۔

کمپنی کے ڈائریکٹران:-

دوران سال درج ذیل ڈائریکٹران نے کمپنی کے بورڈ پر اپنی خدمات پیش کیں:-

میشننگز میں شرکت	ڈائریکٹران کے نام	سیریل نمبر
۵	احمد علی ریاض	۱
۵	خواجہ امتیاز احمد	۲
۵	عجاز احمد خواجہ	۳
۵	ابرار احمد خواجہ	۴
۵	عائشہ احمد	۵
۵	انڈیپنڈنٹ	۶
۵	انڈیپنڈنٹ	۷
	سید رضوان حیدر	

منافع کی تقسیم: (Appropriations)

انتظامیہ نے منافع کی مد میں حاصل ہونے والی رقم کو کمپنی اپنی استعداد کار بڑھانے کے لیے استعمال کرنے کی حکمت عملی کا فیصلہ کیا ہے اور اس سال منافع کی تقسیم نہ کرنے کا فیصلہ کیا گیا ہے۔

منافع کا تناسب:

ہر حصے کا بعد از ٹیکس منافع مبلغ ۸.۸۹ روپے ہے۔ (پچھلے سال منافع مبلغ ۱۰.۱۰ روپے)۔

پراویڈنٹ فنڈ:-

کمپنی اپنے تمام مستقل ملازمین کیلئے ایک منظور شدہ شراکتی پراویڈنٹ فنڈ چلا رہی ہے۔ اس سال ۳۰ جون

۲۰۲۳ء تک فنڈ کی قدر مبلغ ۱۶۳.۰۸۳ ملین روپے ہے اس فنڈ کی سرمایہ کاری کی قدر درج ذیل ہے:-

پراویڈنٹ فنڈ

۳۰ جون ۲۰۲۳ء

۹۷,۲۰۰

سرمایہ کاری کی منصفانہ قدر (000) روپے

(000) روپے

فنڈ کی سرمایہ کاری درج ذیل ہے:-

۳۶,۳۲۱

یونٹ ٹرسٹ سکیمز

۱,۶۷۵

میوچل فنڈز

۲,۳۲۱

بینکوں کی بچت سکیم

۳۲,۶۷۸

بینکوں میں جمع شدہ رقم

۲۴،۱۸۵

لسڈ سکیورٹیز

۹۷،۲۰۰

کارپوریٹ سماجی ذمہ داری:

کمپنی کی سماجی ذمہ داری خود کو منظم کرنے والا کام ہے جو کمپنی کے اپنے متعلقین اور عوام کے لیے سماجی طور پر جوابدہ ہونے میں مددگار ہوتا ہے۔ یہ ایک وسیع تصور ہے جس کی کمپنی اور انڈسٹری کے حوالے سے کئی اشکال ہو سکتی ہیں۔ لائینز پاک ہمیشہ ضرور تمند لوگوں کی حمایت اور مدد کرتی ہے اور ہسپتالوں اور تعلیمی شعبوں کے لیے عطیات فراہم کرتی ہے۔

سٹیچوٹری بقایا جات کی ادائیگی:

تمام بقایا جات کی ادائیگی معمول کے مطابق ہے۔

ضابطہ اخلاق:

کمپنی کے کوڈ آف کارپوریٹ گورننس ریگولیشنز۔ ۲۰۱۹ء کے تحت ایک مکمل ضابطہ اخلاق مرتب کیا اور اپنایا ہوا ہے۔ یہ ضابطہ اخلاق ایسے قواعد و ضوابط بتاتا ہے جس پر ہر ملازم کو عمل کرنا ہوتا ہے۔ بورڈ نے ملازمین کی جانب سے غیر اخلاقی حرکات کی بروقت نشاندہی اور تدارک کے لیے کنٹرول بھی اپنائے ہوئے ہیں۔ ضابطہ اخلاق کی ادارہ کی ہر سطح پر آگاہی کر دی گئی ہے۔

بورڈ کمیٹیاں:

آڈٹ کمیٹی:

کمپنی کے کوڈ آف کارپوریٹ گورننس کے مطابق آڈٹ کمیٹی کی تشکیل کی ہے۔ اس کمیٹی کا سربراہ ایک انڈیپنڈنٹ ڈائریکٹر ہے۔ آڈٹ کمیٹی کے ممبران کے نام درج ذیل ہیں:-

راشد منہاس	(چیئر مین)
اعجاز احمد خواجہ	(ممبر)
احمد علی ریاض	(ممبر)

آڈٹ کمیٹی ڈائریکٹران کو کوڈ آف کارپوریٹ گورننس اور مالیاتی دستاویزات کے ضابطوں کے مطابق ان کی ذمہ داریوں کو پورا کرنے میں ان کی مدد کرتی ہے۔ آڈٹ کمیٹی کو یہ ذمہ داری بھی سونپی گئی ہے کہ وہ ایک موثر اندرونی

- کنٹرول کو نافذ کرے اور سسٹم کو مزید بہتر بنانے کیلئے سفارشات ڈائریکٹران تک پہنچائے۔
- آڈٹ کمیٹی کو ڈ آف کارپوریٹ گورننس کی روشنی میں درج ذیل مزید عوامل کی بھی ذمہ دار ہے:-
- (۱) کمپنی کے اثاثہ جات کے تحفظ کیلئے مناسب اقدام لینا۔
- (۲) بورڈ کی منظوری سے پہلے کمپنی کی عبوری اور سالانہ مالیاتی تفصیلات کا درج ذیل کو مد نظر رکھتے ہوئے جائزہ لینا۔
- (i) بڑے Judgemental حصے۔
- (ii) آڈٹ کے باعث ہونے والی اہم ایڈجسٹمنٹس۔
- (iii) کاروبار کے جاری رہنے کا جائزہ۔
- (iv) اکاؤنٹنگ پالیسیوں اور پریکٹس میں ہونے والی کوئی تبدیلی۔
- (v) قابل اطلاق اکاؤنٹنگ اسٹینڈرڈز پر عمل پیرا ہونا۔
- (vi) ان ریگولیٹری اور دوسری قانونی ضروریات پر عمل درآمد کرنا؛ اور۔
- (vii) تمام ریویڈ لوگوں کے ساتھ ہونے والے لین دین۔
- (۳) تفصیلات کی بیرونی ترسیل اور نشر ہونے سے پہلے ان کا ابتدائی جائزہ لینا۔
- (۴) بیرونی آڈٹ میں سہولت فراہم کرنا اور بیرونی آڈیٹران کے ساتھ عبوری اور مکمل آڈٹ کے دوران اٹھنے والے بڑے نقاط اور ایسے تمام معاملات جو آڈیٹران اپنی مرضی سے بھی اٹھانا چاہتے ہوں ان کے ساتھ ان پر بات چیت کرنا۔
- (۵) بیرونی آڈیٹران کی طرف سے جاری کردہ انتظامی خط اور انتظامیہ کے رد عمل کا جائزہ لینا۔
- (۶) اندرونی آڈٹ اور بیرونی آڈیٹران کے درمیان تعاون کو یقینی بنانا۔
- (۷) اندرونی آڈٹ کے دائرہ کار اور حدود، آڈٹ پلان، رپورٹنگ کے طریقہ کار کا جائزہ لینا اور اس بات کو یقینی بنانا کہ اندرونی آڈٹ کے شعبہ کے پاس مناسب ذرائع موجود ہوں اور کمپنی میں ہر جگہ اس پر عمل کیا جاسکے۔
- (۸) فراڈ، کرپشن اور اختیارات سے تجاوز کرنے کے بڑے معاملات کی اندرونی جانچ پڑتال اور انتظامیہ کے رد عمل کا جائزہ لینا۔
- (۹) اندرونی کنٹرول کے نظام جس میں مالیاتی اور آپریشنل کنٹرول شامل ہیں، اکاؤنٹنگ نظام، خرید و فروخت،

وصولیوں اور ادائیگیوں، اثاثہ جات اور واجبات کے صحیح اندراج اور معلومات پہنچانے کے ڈھانچے کا صحیح اور موثر طریقے سے چلنے کو یقینی بنانا۔

(۱۰) کمپنی کی طرف سے اندرونی کنٹرول پر جاری کردہ تفصیلات کا اندرونی آڈٹ کی رپورٹ اور بورڈ کی منظوری سے پہلے جائزہ لینا۔

(۱۱) چیف ایگزیکٹو آفیسر کے مشورہ سے بورڈ کے سفارش کردہ معاملات، نئے منصوبوں کے اجراء، روپے کی قدر کا مطالعہ اور دوسرے معاملات کی جانچ پڑتال کا جائزہ لینا اور کسی اور معاملے کو بیرونی آڈیٹران یا بیرونی ادارے کے ساتھ اٹھانا شامل ہے۔

(۱۲) متعلقہ سٹیپوٹری ضروریات پر عملدرآمد کو یقینی بنانا۔

(۱۳) ان قوانین پر عمل پیرا ہونے کا خیال رکھنا (بشمول کوڈ آف کارپوریٹ گورننس) اور بڑی خلاف ورزیوں کی نشاندہی کرنا۔

(۱۴) آڈٹ کمیٹی کو بااعتماد رپورٹنگ، کسی بھی تشویش، حقیقی اور مالیاتی اور دوسرے معاملات میں ہونے والی غلطیوں اور ان کے حل اور اثرات کو ختم کرنے کی تجاویز کے لیے ملازمین اور انتظامیہ کے انتظامات کا جائزہ لینا۔

(۱۵) بورڈ کو بیرونی آڈیٹران کے مقرر کرنے، ان کا ہٹانا، آڈٹ کی فیس، بیرونی آڈیٹران کی جانب سے مالی دستاویزات کے آڈٹ کے علاوہ کسی بھی اور جائز خدمات کو کمپنی کی فراہمی کی تجاویز دینا۔ بورڈ کو آڈٹ کمیٹی کی تجاویز کا بغور جائزہ لینا چاہیے اور خلاف ورزی کی صورت میں وجوہات کا اندراج کرنا۔

(۱۶) بورڈ کی جانب سے تفویض کردہ دوسرے معاملات پر توجہ دینا۔

انسانی وسائل اور اجرتی کمیٹی:-

انسانی وسائل کا انتظام انتظامیہ کے لیے ایک بہت اہم حصہ ہے جس کا تعلق ادارے کے بہت قیمتی اثاثہ جات سے ہے جو کہ انسانی وسائل ہیں۔ کمپنی کی انسانی وسائل اور اجرتی کمیٹی تین ڈائریکٹران پر مشتمل ہے جو ایک ایگزیکٹو ڈائریکٹر اور ایک نان ایگزیکٹو ڈائریکٹر بحیثیت ممبران اور ایک خود مختار ڈائریکٹر بحیثیت کمیٹی چیئرمین پر مشتمل ہے۔ انسانی وسائل اور اجرتی کمیٹی میں درج ذیل تین ڈائریکٹران شامل ہیں:-

راشد منہاس (چیئرمین)

خواجه امتیاز احمد (ممبر)

عائشہ احمد (ممبر)

کوڈ آف کارپوریٹ گورننس کے مطابق کمیٹی کی ذمہ داریوں میں شامل ہے:-

- (i) ڈائریکٹران (ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹران اور سینئر انتظامیہ کے ممبران) کی اجرت کو متعین کرنے کے لیے ضابطہ کار بنانے پر غور اور اس کی منظوری دینے کے لیے بورڈ کو سفارشات پیش کرنا۔ سینئر انتظامیہ کی تعریف بورڈ متعین کرے گا جن میں چیف ایگزیکٹو کے بعد کی انتظامیہ کی پہلی تہہ ہوتی ہے۔
 - (ii) حسب ضابطہ، مکمل بورڈ اور اس کی کمیٹیوں کا بذات خود یا کسی خود مختار مشیر کے ذریعے ان کی کارکردگی کا جائزہ لینا اور اگر ایسا مشیر مقرر کیا گیا ہو تو اس کے متعلق ڈائریکٹر رپورٹ میں بتایا جائے اور رپورٹ میں اس کا نام، تعلیم اور اسے مقرر کرنے کی بڑی شرائط بھی ہوں۔
 - (iii) بورڈ کو انسانی وسائل کے انتظام کی پالیسیوں کے بارے میں سفارشات پیش کرنا۔
 - (iv) بورڈ کو چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری اور اندرونی آڈٹ کے سربراہ کے انتخاب، جانچ اور معاوضہ (بشمول ریٹائرمنٹ بینیفٹ) کے بارے میں سفارشات پیش کرنا۔
 - (v) ایسے تمام معاملات جن کا تعلق کلیدی عہدوں کی انتظامیہ سے ہو اور وہ چیف ایگزیکٹو آفیسر یا چیف آپریٹنگ آفیسر کو ڈائریکٹ جوابدہ ہوں کا جائزہ لینا اور منظوری دینا۔
 - (vi) جہاں انسانی وسائل اور اجرتی مشیر مقرر کیے جائیں، ان کے بارے میں کمیٹی کو مکمل تفصیلات معلوم ہونی چاہئیں اور اس بارے میں بھی بتائیں اگر کمپنی کے ساتھ ان کا کوئی اور تعلق ہے۔
- خطرات اور غیر یقینی صورتحال:-

کمپنی کی اپنے حصہ داران کی قدر میں اضافہ کی صلاحیت بنیادی طور پر اس جگہ کی معیشت کے میکرو اکنامک متغیرات اور کچھ اس کے کاروبار سے منسلک خطرات کی وجہ سے متاثر ہوتی ہے۔

موجودہ صورتحال میں کمپنی کو درج ذیل چیزوں میں خطرات کا سامنا ہے جو کہ کاروبار اور کمپنی کے منافع پر اثر انداز ہو سکتے ہیں۔

خام مال کی قیمتیں (کرش بون)

غیر ملکی کرنسی کے ساتھ تبادلے کی شرح

توانائی (بجلی اور گیس کا مہیا ہونا اور ان کی قیمتیں)

بہترین کوالٹی کی جیلاٹین کو تیار کرنے کیلئے بڑے مویشیوں کی ہڈیوں کی دستیابی اولین شرط ہے۔ کمپنی کا خام مال (جانوروں کی ہڈیاں) چین، جاپان اور دوسرے ہمسایہ ممالک کو پاکستان سے برآمد کیا جا رہا ہے۔ کمپنی کو اپنے ضرورت کے لیے جانوروں کی ہڈیاں ایکسپورٹ کی قیمت کے تناسب سے خریدنی پڑتی ہیں۔ روپے کی قدر میں کمی صورت حال کو مزید خراب کر سکتی ہے اور پیداواری لاگت بھی مزید بڑھ سکتی ہے۔

پاکستانی روپے کی قدر میں کمی کرنے سے قیمتوں میں اضافہ ہوتا ہے۔ روپے کی قدر میں کمی سے صنعتوں میں استعمال ہونے والی مصنوعات بشمول خام مال کی قیمتوں میں اضافہ ہو جائے گا اور اس کی وجہ سے پیداواری صلاحیت میں کمی ہو سکتی ہے۔

ملک میں توانائی کا بحران ابھی ختم نہیں ہوا ہے۔ پاکستان اس وقت توانائی کے کثیر جہتی بحران کا شکار ہے۔ پیداواری طبقہ مہنگی گیس، ایندھن اور بجلی کا استعمال کر رہا ہے۔ حکومت صنعتی ضروریات کو پورا کرنے کے لیے (LNG) درآمد کر رہی ہے۔ گیس کی موجودہ قیمتوں میں اضافہ صنعتوں بشمول جیلاٹین بنانے والوں کی پیداواری لاگت میں اضافہ کرے گا جس سے کمپنی کا منافع متاثر ہو سکتا ہے۔

ماحول پر اثر:-

ہمارے کاروبار میں ماحول کو محفوظ بنانے کی ذمہ داری کا پورا احساس ہے۔ ہم ماحول پر اپنے ہونے والے اثرات کو کم سے کم کرنے پر کام کرتے ہیں۔ انتظامیہ اپنے ملازمین اور دیگر لوگوں، جہاں پر کاروباری عمل کرتے ہیں، کی صحت، حفاظت اور ماحول کے اعلیٰ معیار کو قائم کرنے پر پوری طرح قائم ہے تاکہ ان کی فلاح و بہبود کو یقینی بنایا جاسکے۔ ہم نے اپنے کاروبار میں اس معیار کو قائم رکھنے کے لیے FSSC اور HACCP سرٹیفیکیٹ حاصل کر رکھے ہیں۔ فیکٹری میں جیلاٹین سختی سے بین الاقوامی معیار کے مطابق تیار کی جاتی ہے اور اب تک ماحول پر اس کے منفی اثرات مرتب نہیں ہوئے۔

مستقبل کے امکانات:-

آئی ایم ایف پروگرام کی دوبارہ بحالی کے بعد اس بات کی توقع ہے کہ پاکستان مالیاتی تناظر میں سال ۲۰۲۳-۲۰۲۳ء میں معاشی استحکام اور بحالی حاصل کر لے گا۔ موجودہ معاشی تناظر میں سخت مالیاتی پالیسی، زیادہ مہنگائی، توانائی کی زیادہ قیمتیں اور درآمدات پر کنٹرول ملک میں سرمایہ کاری کے ماحول کے لیے دشواری کا باعث ہیں۔ روپے کا ڈالر اور دوسری موثر کرنسی کے مقابلے میں غیر مستحکم شرح تبادلہ ملک کی معاشی بڑھوتری کے لیے رکاوٹ کا باعث ہے۔

ملک میں سیاسی استحکام اور بیرونی سرمایہ کاری (FDI) زر مبادلہ کو بہتر بنانے میں مددگار ہو سکتے ہیں۔ جس سے بالآخر پاکستانی روپے کو ڈالر، یورو اور دوسری موثر کرنسی کے شرح تبادلہ میں استحکام حاصل ہوگا۔

جیلائین اور ڈائی کیلشیم فاسفیٹ کی ملکی اور برآمدی مارکیٹ میں بہت زیادہ مانگ کے باوجود کمپنی کی انتظامیہ روپے کی غیر مستحکم شرح تبادلہ کی وجہ سے فکسڈ (Fixed) قیمتوں پر لمبے عرصہ کے فروخت کے معاہدوں سے اجتناب کر رہی ہے۔ ہم امید کرتے ہیں کہ گورنمنٹ ایسی معاشی پالیسیاں لاگو کرے گی جس کی وجہ سے ملک میں معاشی استحکام حاصل ہوگا اور کمپنی اگلے مالی سال میں اپنے بڑھوتری کی رفتار پر عمل پیرا ہوگی۔

ڈائریکٹران کا ٹریڈنگ پروگرام:

ادارہ ہذا میں ڈائریکٹران کی ٹریڈنگ ایک جاری رہنے والا عمل ہے۔ کمپنی اپنے ڈائریکٹران اور دوسرے ایگزیکٹوز کی صلاحیت کو بڑھانے کیلئے جدید کورسز کی پیشکش کرتی ہے۔ کووڈ-۱۹ کی وباء کی وجہ سے ٹریڈنگ کا عمل بد نظمی کا شکار ہو گیا اور اس کام پر نارمل حالات کی طرح عمل پیرا نہ ہو جاسکا۔ انتظامیہ ڈائریکٹران کی ٹریڈنگ کے عمل میں کسی قسم کی تاخیر کو پورا کرنے کے لیے پوری طرح پر عزم ہے۔ ہمارے سات میں سے تین ڈائریکٹران کو ڈ آف کارپوریٹ گورننس کے تحت ٹریڈنگ سے مستثنیٰ ہیں۔ ایک ڈائریکٹران نے اپنا ٹریڈنگ پروگرام (DTP) مکمل کر لیا ہے۔

کمپنی کے حصص میں خرید و فروخت:

اس سال ڈائریکٹران، ایگزیکٹوز، ان کی بیویوں اور نابالغ بچوں میں سے کسی نے بھی کمپنی کے حصص میں فروخت/خریداری اثرانفہ نہیں کی گئی ہے۔

آڈیٹرز:

موجودہ آڈیٹرز، ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، لاہور نے ۳۰ جون ۲۰۲۳ء کو ختم ہونے والے سال سے متعلق اپنا کام مکمل کر لیا ہے اور ۴۰ ویں سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے۔ ریٹائر ہونے والے آڈیٹرز، ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس دوبارہ منتخب ہونے کے اہل ہیں۔

لسٹڈ کمپنیز کو ڈ آف کارپوریٹ گورننس ریگولیشنز ۲۰۱۹ء کی رو سے آڈٹ کمیٹی نے ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کا جائزہ لیتے ہوئے ان کی سال ۲۰۲۳-۲۰۲۳ء کیلئے سٹیچوٹری آڈیٹرز کی حیثیت سے تقرری اور معاوضہ کی سفارشات پیش کی ہیں۔

حصہ داران کی تفصیل:

حصہ داران کی تفصیل صفحہ نمبر 75 پر موجود ہے۔

اعتراف:

بورڈ آف ڈائریکٹرز اپنے تمام ملازمین کی کاوشوں اور لگن کی تعریف کرتا ہے جس نے کمپنی کی انتظامیہ کو کاروباری معاملات احسن طریقے سے چلانے میں مدد کی۔

ابراہیم احمد خواجہ

ڈائریکٹر

خواجہ امتیاز احمد

چیف ایگزیکٹو آفیسر اینڈ

مینیجنگ ڈائریکٹر

لاہور

۶ اکتوبر ۲۰۲۳ء

**STATEMENT OF VALUE ADDITION & WEALTH DISTRIBUTION
FOR THE YEAR ENDED JUNE 30, 2023**

	2023	%age	2022	%age
	(Rs. '000')		(Rs. '000')	
Value addition				
Total revenue	2,483,552		1,080,919	
Bought in materials & services	(2,023,654)		(821,256)	
	<u>459,898</u>	<u>100.0%</u>	<u>259,663</u>	<u>100.0%</u>
Value distribution				
To employees				
Salaries, wages and benefits	147,377	32.05%	127,715	49.18%
To Government				
Income taxes and Sales Tax	176,013	38.27%	76,058	29.29%
To providers of capital/funds				
Interest/Mark up on borrowed funds	47,607	10.35%	25,735	9.91%
Retained for reinvestment and growth				
Depreciation & retained profits	88,901	19.33%	30,155	11.61%
	<u>459,898</u>	<u>100%</u>	<u>259,663</u>	<u>100%</u>

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of the Company: Leiner Pak Gelatine Limited

Year ended: June 30, 2023

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

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

a	Male director	6
b	Female director	1

2. The composition of the Board is as follows:

Categories	Name of Directors
Independent Directors*	Rashid Minhas Syed Rizwan Haider
Non-Executive Directors	Ahmed Ali Riaz Ijaz Ahmed Khwaja Ayesha Ahmed
Executive Directors	Khwaja Imtiaz Ahmed Ibrar Ahmed Khwaja

* In order to comply with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019, two independent directors were elected on the Board of Directors upon maturity of existing term, whereas the code requires to appoint at least two or one-third of the Board members (whichever is higher). The fraction of 0.33 was not rounded up as the Board feels that two appointed independent directors are sufficient to maintain independence at the present Board level and the requisite skill is diverse enough to provide the necessary strategic direction to the Company to accomplish its determined goals.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies alongwith their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training program for the following:

Sr. No.	Name of Directors	Remarks
1	Khwaja Imtiaz Ahmed	Exempt under CCG.
2	Ijaz Ahmed Khwaja	Exempt under CCG.
3	Ibrar Ahmed Khwaja	Exempt under CCG.
4	Ahmed Ali Riaz	Completed Directors' Training Program.

10. The Board has approved appointment of chief financial officer, 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:
 - a) **Audit Committee**
 1. Rashid Minhas (Chairman)
 2. Ijaz Ahmed Khwaja (Member)
 3. Ahmed Ali Riaz (Member)
 - b) **HR and Remuneration Committee**
 1. Rashid Minhas (Chairman)
 2. Khwaja Imtiaz Ahmed (Member)
 3. Ayesha Ahmed (Member)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings of the committee were as per following:
- Audit Committee; _____ (4 quarterly meetings)
 - HR and Remuneration Committee _____ (yearly)
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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanations for non-compliance with 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	Directors' Training Program (DTP) It is encouraged that by June 30, 2022, all directors on the Board 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.	Four directors of the Company have either acquired Directors' Training Program certification or are exempted under CCG. The remaining three directors namely, Rashid Minhas, Ayesha Ahmed and Syed Rizwan Haider will Complete the Directors' Training Program upto June 30, 2024.	19(1)
2	Directors' Training Program (DTP) Companies are encouraged to arrange training every year under the Directors' Training Program for: -at least one female executive; and -at least one head of department.	The Company has planned to arrange Directors' Training Program certification for female executives and departmental heads over the next few years.	19(3)

3	<p>Nomination Committee The Board may constitute a separate committee, designated as the Nomination Committee, of such number and class of directors, as it may deem appropriate in its circumstances.</p>	<p>The responsibilities as prescribed for the Nomination Committee are being addressed at Board level, with the help of Human Resource and Remuneration Committee, as and when needed so a separate committee is not considered to be necessary.</p>	29
4	<p>Risk Management Committee The Board may constitute the Risk Management Committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.</p>	<p>Currently, the Board has not constituted a Risk Management Committee and senior officers of the Company along with the Audit Committee perform the requisite functions and apprise the Board accordingly.</p>	30

Khwaja Imtiaz Ahmed
Chief Executive Officer

Ahmed Ali Riaz
Chairman

LAHORE
Dated: October 06, 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Leiner Pak Gelatine Limited

Review Report on the Statement of Compliance contained in 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 **Leiner Pak Gelatine Limited** for the year ended **June 30, 2023** 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. 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.

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, 2023.

Lahore

Dated: October 06, 2023

UDIN: CR202310145JjViTyqGb

M. Almas & Co.

Chartered Accountants

Audit Engagement Partner

Mohammad Ijaz

INDEPENDENT AUDITOR'S REPORT

To the members of Leiner Pak Gelatine Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Leiner Pak Gelatine Limited** (the Company), which comprise the statement of financial position as at **June 30, 2023**, and 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 a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, 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, 2023, and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Material Uncertainty relating to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company has negative cash flow from operating activities during the year ended June 30, 2023. As stated in note 2, these events or conditions, along with other matters as set forth in Note 2 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How the matter was addressed in our audit
<p>1. Valuation of stock in trade</p> <p>(Refer notes 5.4, 20 and 28 of the financial statements.)</p> <p>Stock in trade as at year ended June 30, 2023 having carrying value of Rs. 815.020 million constitutes 44.31% of total assets.</p> <p>We identified the valuation of stock in trade as key audit matter as it directly affects the profitability of the Company.</p>	<p>Our audit procedures to assess the valuation of stock in trade, amongst others, included the following:</p> <ul style="list-style-type: none"> - Obtaining an understanding of internal controls over purchases and valuation of stock in trade and testing, on a sample basis, their design, implementation, and operating effectiveness; - Comparing on as sample basis specific purchases with underlying supporting documents / agreements, if any; - Comparing calculations of the allocation of directly attributable costs and allocation of factory overhead costs with the underlying supporting documents; - Physical observation of stock in trade inventory count at the year end; - Test of valuation methods and their appropriateness in accordance with applicable accounting standards; - Obtaining an understanding of management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work in process and costs necessary to make the sales and their basis; and - Comparing the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stock in trade in accordance with applicable accounting and reporting standards.
<p>2. Revenue recognition</p> <p>(Refer note 5.10 and 27 in the financial statements)</p> <p>The Company generates revenue from sale of goods to domestic as well as export customers. During the year, the revenue of the Company has increased significantly (130.64%) as compared to the last year. Since revenue represents one of the key performance indicators and due to increase in revenue in the current year, we identified recognition of revenue (against the sale of goods) as a key audit matter. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.</p>	<p>Our audit procedures to assess the recognition of revenue recognized from the sale of products included but were not limited to the following:</p> <ul style="list-style-type: none"> - Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period; - Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; - Comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challan and other relevant underlying documents to assess whether the related revenue was recognized in accordance with the Company's revenue recognition accounting policies; - Comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period; and - Assessed the adequacy of disclosures made in the financial statements related to revenue.

Information Other than the Financial Statements and Auditor's 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 auditor's 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 are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, 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 auditor's report is Mohammad Ijaz.

Lahore
Date: October 06, 2023

M. Almas & Co.
Chartered Accountants

UDIN: AR202310145R50xrS8WT

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	30 June 2023	30 June 2022
-----Rupees in thousand-----			
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	6	75,000	75,000
Revenue Reserve:			
Unappropriated profit		76,681	10,008
Capital Reserve:			
Surplus on revaluation of property, plant and equipment	7	565,654	565,654
Sponsor's Loan – Related Party	8	82,500	82,500
		<u>799,835</u>	<u>733,162</u>
Non-current liabilities			
Deferred taxation	11	8,472	671
Long term finance	9	-	-
Lease liabilities	10	13,615	11,729
		<u>22,087</u>	<u>12,400</u>
Current liabilities			
Trade and other payables	12	649,075	577,727
Unclaimed dividend		771	771
Mark-up accrued	13	10,966	4,865
Short term borrowings	14	351,606	264,072
Current portion of long term finance	9	-	15,611
Current portion of lease liabilities	10	5,010	2,698
		<u>1,017,428</u>	<u>865,744</u>
Contingencies and commitments	15	-	-
		<u>1,839,350</u>	<u>1,611,306</u>
ASSETS			
Non-current assets			
Property, plant and equipment	16	761,161	749,756
Intangible assets	17	-	-
Long term deposits	18	3,105	3,105
		<u>764,266</u>	<u>752,861</u>
Current assets			
Stores, spare parts and loose tools	19	28,759	106,909
Stock-in-trade	20	815,020	650,226
Trade debts	21	26,601	22,309
Advances	22	149,576	2,128
Trade deposits and short term prepayments	23	1,348	1,408
Other receivables	24	8,061	28,980
Advance income tax-net	25	43,896	44,214
Cash and bank balances	26	1,823	2,271
		<u>1,075,084</u>	<u>858,445</u>
		<u>1,839,350</u>	<u>1,611,306</u>

The annexed notes 1 to 48 form an integral part of these financial statements.

LAHORE
Dated: October 06, 2023

KH. IMTIAZ AHMED
Chief Executive Officer
& Managing Director

IBRAR AHMED KH.
Director

MUHAMMAD JAVAI
Chief Financial Officer

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	30 June 2023	30 June 2022
		-----Rupees in thousand-----	
Sales-net	27	2,335,021	1,012,393
Cost of sales	28	<u>1,965,458</u>	<u>867,460</u>
Gross profit		369,563	144,933
Other income	29	<u>487</u>	<u>4,643</u>
		370,050	149,576
Distribution cost	30	65,503	30,220
Administrative expenses	31	88,971	66,820
Other operating expenses	32	56,095	2,138
Finance cost	33	<u>57,038</u>	<u>29,276</u>
Profit before taxation		102,443	21,122
Taxation	34	<u>35,770</u>	<u>12,846</u>
Profit after taxation		<u>66,673</u>	<u>8,276</u>
Earnings per share-basic and diluted (Rupees)	35	<u>8.89</u>	<u>1.10</u>

The annexed notes 1 to 48 form an integral part of these financial statements.

LAHORE
Dated: October 06, 2023

KH. IMTIAZ AHMED
Chief Executive Officer
& Managing Director

IBRAR AHMED KH.
Director

MUHAMMAD JAVAID
Chief Financial Officer

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023**

	30 June 2023	30 June 2022
	-----Rupees in thousand-----	
Profit after taxation	66,673	8,276
Other comprehensive income		
Items that will not be subsequently reclassified to profit or loss:		
Surplus on Revaluation of property, plant and equipment during the year	-	229,392
	<u>-</u>	<u>229,392</u>
Total comprehensive income for the year	<u><u>66,673</u></u>	<u><u>237,668</u></u>

The annexed notes 1 to 48 form an integral part of these financial statements.

LAHORE
Dated: October 06, 2023

KH. IMTIAZ AHMED
Chief Executive Officer
& Managing Director

IBRAR AHMED KH.
Director

MUHAMMAD JAVAID
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Share Capital	Reserves		Sponsor's Loan	Total
		Revenue Reserve	Capital Reserve		
	Issued, subscribed and paid up share capital	Unappropriated profit	Surplus on revaluation of property, plant and equipment		
----- Rupees in thousand -----					
Balance as at June 30, 2021	75,000	1,732	336,262	-	412,994
Sponsor's Loan – received during the year	-	-	-	82,500	82,500
Profit for the year	-	8,276	-	-	8,276
Other comprehensive income	-	-	229,392	-	229,392
	-	8,276	229,392	82,500	320,168
Balance as at June 30, 2022	75,000	10,008	565,654	82,500	733,162
Profit for the year	-	66,673	-	-	66,673
Other comprehensive income	-	-	-	-	-
	-	66,673	-	-	66,673
Balance as at June 30, 2023	75,000	76,681	565,654	82,500	799,835

The annexed notes 1 to 48 form an integral part of these financial statements.

LAHORE
Dated: October 06, 2023

KH. IMTIAZ AHMED
Chief Executive Officer
& Managing Director

IBRAR AHMED KH.
Director

MUHAMMAD JAVAID
Chief Financial Officer

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	30 June 2023	30 June 2022
-----Rupees in thousand-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	36	38,951	6,791
Finance cost paid		(50,384)	(26,287)
Payments to provident fund		(3,368)	(3,499)
Taxes paid		(27,650)	(16,060)
Sales tax paid		-	(2,243)
Workers' Profit Participation Fund paid	12.3	(1,167)	(1,189)
Net cash used in operating activities		(43,618)	(42,487)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(24,751)	(14,098)
Proceeds from disposal of property, plant and equipment		500	2,667
Decrease in long term deposits		254	(1,560)
Net cash used in investing activities		(23,997)	(12,991)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(4,755)	(1,583)
Sponsor's loan received – equity		-	82,500
Long-term finance from banking companies – repaid - net		(15,611)	(22,014)
Short-term borrowings – received/paid - net		87,533	(5,755)
Net cash generated from financing activities		67,167	53,148
Net decrease in cash and cash equivalents		(448)	(2,330)
Cash and cash equivalents at the beginning of the year		2,271	4,601
Cash and cash equivalents at the end of the year	37	1,823	2,271

The annexed notes 1 to 48 form an integral part of these financial statements.

LAHORE
Dated: October 06, 2023

KH. IMTIAZ AHMED
Chief Executive Officer
& Managing Director

IBRAR AHMED KH.
Director

MUHAMMAD JAVAID
Chief Financial Officer

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1 THE COMPANY AND ITS OPERATIONS

Leiner Pak Gelatine Limited ("the Company") was incorporated in Pakistan as a public limited Company on 14 February 1983 under the Companies Ordinance 1984 (Now the Companies Act 2017) and is listed on the Pakistan Stock Exchange (PSX). The registered office of the Company is situated at 17-G, Gulberg II, Lahore and manufacturing facility is located at 19 Kilometer, Shahrah-e-Pakistan, Kala Shah Kaku, District Sheikhpura. The principal activity of the Company is manufacturing and sale of gelatine and di-calcium phosphate etc., produced from animal bones and animal hides.

2 GOING CONCERN BASIS OF ACCOUNTING

The Company has negative cash flow from operating activities during the year ended June 30, 2023. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

There has been tremendous increase in production and sales during the year whereby total sales have increased by 130.64% resulting into increase in net profit after taxation of Rupees 66.67 million. The approved financial projections also show continued improvements and profitability alongwith positive cash flows from operating activities. Further, keeping in view the following, the management foresees that the Company will continue to be a going concern.

- There is continued financial support of the Company's sponsors. The sponsor's of the Company have inducted up to June 30, 2023 Rupees 41.639 million (June 30, 2022: Rupees 54.828 million) interest free loans in addition to Sponsor's loan of Rupees 82.5 million (June 30, 2022: Rupees 82.5 million). They are also committed to induct further funds, if the need arises, to address any liquidity issue(s) for smooth operations.

These financial statements have, therefore, been prepared using going concern basis of accounting and, accordingly, do not include any adjustment(s) relating to realization of its assets and the liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE APPROVED ACCOUNTING STANDARDS

- 3.1 There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 01, 2022. However, these do not have any significant impact on the Company's financial statements.
- 3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been been early adopted by the Company.

		Effective date (Annual reporting periods beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	January 01, 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2023
IAS 12	Income Taxes (Amendments)	January 01, 2023
IFRS 4	Insurance Contracts (Amendments)	January 01, 2023
IAS 7	Statement of Cash Flows (Amendments)	January 01, 2023
IFRS 7	Financial Instruments	January 01, 2023
IFRS 16	Leases (Amendments)	January 01, 2024

- 3.3 The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.

- 3.4 Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2023;

IFRS 1 First Time Adoption of International Financial Reporting Standards

IFRS 17 Insurance Contracts

IFRIC 12 Service Concession Arrangement

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4 BASIS OF PREPARATION

4.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) 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 IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

4.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for freehold land at revalued amount. In these financial statements, except for the statement of cash flows, all transactions have been accounted for on accrual basis.

4.3 Judgements, estimates and assumptions

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgements 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 subsequent years are discussed in the note - 38.

4.4 Functional and presentation currency

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

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

Recognition and measurement

Property, plant and equipment are tangible items that are held for use in production or supply of goods or services, for rentals to others or for administrative purposes and are expected to be used during more than one year. An item of property, plant and equipment is recognized when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. On initial recognition, items of property, plant and equipment are measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the item.

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses with the exception of freehold land which is measured at revalued amount.

Parts of an item of property, plant and equipment having different useful lives are recognized as separate items.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Increase in the carrying amounts arising on revaluation of land are recognized, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decrease that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. The revaluation surplus is not available for distribution to the Company's shareholders.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

Depreciation

Depreciation is recognized in profit or loss by applying reducing balance method over the useful life of each item of property, plant and equipment using the rates specified in note 16.1 to the financial statements.

Depreciation on additions to property, plant and equipment is charged from the date on which the item becomes available for use. Depreciation is discontinued from the date on which the item is disposed or classified as held for disposal.

The depreciation method, useful lives and residual values are reviewed and adjusted, if appropriate, at each reporting date.

De-recognition

An item of property, plant and equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss on disposal of property, plant and equipment is recognized in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

5.2 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognized when it is probable that the expected future benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Cost associated with maintaining computer software are recognized as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset as specified in note 17 on a systematic basis applying the straight line method.

Useful lives of intangible operating assets are reviewed, at each reporting date and adjusted if the impact of amortization is significant.

5.3 Stores, spare parts and loose tools

These are generally held for internal use and, except for items in transit which are valued at invoice price plus related expenses incurred up to the reporting date, are valued at lower of cost and net realizable value. Cost is determined on the basis of weighted average. Provision for obsolete and slow moving items is made based on management's best estimate regarding their future usability.

5.4 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined using the following basis:

Raw material	Weighted average cost
Work-in-process	Average manufacturing cost
Finished goods	Average manufacturing cost
Raw material in transit	Invoice price plus related expenses incurred up to the reporting date.

Average manufacturing cost in relation to work-in-process and finished goods consists of direct material, labor and a proportion of appropriate manufacturing overheads.

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

For items which are slow moving, a provision is made for excess of carrying amount over estimated net realizable value.

5.5 Financial instruments

5.5.1 Financial assets

The Company classifies its financial assets at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

a) Financial assets at amortized cost

Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit or loss.

b) Financial assets at fair value through other comprehensive income

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

c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023****5.5.2 Financial liabilities**

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit or loss.

5.5.3 Off-setting of financial assets and financial liabilities

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

5.6 Right-of-use assets and Lease liabilities**5.6.1 Right-of-use assets**

Right of use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged on straight line basis over the shorter of the lease term or the useful life of the asset. Where the ownership of the asset transfers to the Company at the end of the lease term or if the cost of the asset reflects that the Company will exercise the purchase option, depreciation is charged over the useful life of asset. Depreciation is charged to profit or loss account at rates given in note 16.1.

5.6.2 Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently, these are increased by interest, reduced by lease payments and remeasured for lease modifications, if any. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

Liabilities in respect of short term and low value leases are not recognized and payments against such leases are recognized as expense in profit or loss. 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 a consideration and uses hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

5.7 Employee benefits

A defined contribution plan is a post-employment benefit under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligation for contribution to a defined contribution plan is recognized as an employee service benefit expense in the statement of profit or loss when it is due.

The Company operates a recognized provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Company and employees at the rate of 8.5% of the basic salary. The fund is administrated by the Trustees.

5.8 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost.

5.9 Trade debts and other receivables

Trade debts and other receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognized at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortized cost using the effective interest method. Impairment of trade debts and other receivables is described in note 5.16.

5.10 Revenue Recognition

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

Revenue from sale of goods is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and the control transfers at a point in time, i.e. at the time the goods are dispatched / shipped to customer. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, returns rebates and government levies.

5.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale or added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the profit or loss as incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

5.12 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case it is recognized in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credits, rebates and exemptions available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalized during the year. The amount of unpaid income tax in respect of current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or the prior periods is recognized as an asset.

Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release-27" of The Institute of Chartered Accountants of Pakistan.

Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which deductible temporary differences 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.

5.13 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

5.14 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows comprise cash and bank balances. Cash and cash equivalents are carried at cost.

5.15 Foreign currency transactions

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to the functional currency at exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate at the date that fair value was determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to the functional currency at exchange rate at the date of transaction. Any gain or loss arising on transaction is recognized in profit or loss.

5.16 Impairment

Financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized 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. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023****Non-Financial Assets**

The carrying amounts of the non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss. An impairment loss is recognized in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.17 Provisions

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events, and it is probable that 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 reviewed at each reporting date and adjusted to reflect the correct best estimate.

5.18 Dividend to shareholders

Dividend paid to shareholders is recognized in the year in which it is declared.

5.19 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment, however, certain information, as required by the approved accounting standards, is presented in note 41 to these financial statements.

5.20 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present 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.

5.21 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy.

The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international. The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants. Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

6	SHARE CAPITAL	30 June 2023	30 June 2022
		-----Rupees in thousand-----	
	Authorised share capital		
	10,000,000 (June 30, 2022: 10,000,000) ordinary shares of Rupees 10 each	100,000	100,000
	Issued, subscribed and paid up share capital		
	7,500,000 (June 30, 2022: 7,500,000) ordinary shares of Rupees 10 each issued as fully paid in cash	75,000	75,000
		<u>75,000</u>	<u>75,000</u>
6.1	Ordinary shares of the Company held by associated undertaking as at year end are as follows:		
		30 June 2023	30 June 2022
		(Number of shares)	
	INA Securities (Private) Limited	405,700	403,628
		<u>405,700</u>	<u>403,628</u>
7	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	30 June 2023	30 June 2022
		-----Rupees in thousand-----	
	Revaluation surplus -note- 7.1	565,654	565,654
7.1	Revaluation surplus		
	Revaluation surplus relating to revaluation carried out at June 30, 1990	8,873	8,873
	Revaluation surplus relating to revaluation carried out at June 09, 2008	69,325	69,325
	Revaluation surplus relating to revaluation carried out at April 05, 2012	85,936	85,936
	Revaluation surplus relating to revaluation carried out at April 26, 2016	114,780	114,780
	Revaluation surplus relating to revaluation carried out at May 15, 2019	57,348	57,348
	Revaluation surplus relating to revaluation carried out at May 12, 2022	229,392	229,392
		<u>565,654</u>	<u>565,654</u>
7.2	The Company had revalued its freehold land on June 30, 1990, June 09, 2008, April 05, 2012, April 26, 2016, May 15, 2019 and May 12, 2022. The revaluation was carried out by independent valuers Mr. Anwar ul Haq in 1990 and M/S Hamid Mukhtar & Co. in 2008, 2012, 2016, 2019 and 2022 respectively to replace the carrying amount of land with local market values. The following aggregated net appraisal surplus arisen on the revaluation on June 30, 1990, June 09, 2008, April 05, 2012, April 26, 2016, May 15, 2019 and May 12, 2022 was credited to surplus on revaluation of property, plant and equipment.		
		Book value	Re-valued amount
		-----Rupees in thousand-----	
	Freehold land	7,826	573,480
		<u>7,826</u>	<u>573,480</u>
7.3	Since the revaluation relate to freehold land which is a non-depreciable asset, no deferred tax liability arises on revaluation. In the absence of depreciable amount no incremental depreciation net off deferred tax transferred to unappropriated profit nor any disclosure regarding these have been made in the above note.		
		30 June 2023	30 June 2022
		-----Rupees in thousand-----	
8	SPONSOR'S LOAN – RELATED PARTY	82,500	82,500
	This represents a loan received from the Chief Executive of the Company to meet the working capital requirements. This loan is unsecured, interest free and repayable at the discretion of the Company. In the light of guidance provided in the Technical Release – 32 (Accounting Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan, this loan has been classified as part of equity.		
9	LONG TERM FINANCE – SECURED	30 June 2023	30 June 2022
		-----Rupees in thousand-----	
	Bank Al Habib Limited -note- 9.1	-	5,994
	Summit Bank Limited -note- 9.2	-	9,561
	Current portion shown under current liabilities	-	(15,555)
		-	-
	Deferred Income-Government Grant	-	56
	Current portion shown under current liabilities	-	(56)
		-	-
		<u>-</u>	<u>-</u>
9.1	The long-term finances had been obtained from Bank Al Habib Limited under Refinancing Scheme of the State Bank of Pakistan specifically for paying salaries and wages to Company's employees. These finances were repayable in 8 equal quarterly installments during the period from January 2021 to December 2022 alongwith fixed mark up at the rate of 3% per annum. These have been fully repaid in the current period.		
9.2	The long-term finance obtained from Summit Bank Limited was payable in nineteen unequal installments during the period from 15 March 2021 to 25 January 2023. It carried mark up at the rate of three months KIBOR Plus 1.75 percent payable quarterly. It has been fully repaid in the current period.		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

		30 June 2023	30 June 2022
-----Rupees in thousand-----			
10	Lease liabilities		
	Present value of minimum lease payments	18,625	14,427
	Less: current portion presented under current liabilities	-note- 10.3 5,010	2,698
		<u>13,615</u>	<u>11,729</u>
10.1	Reconciliation of lease liabilities		
	Opening Balance	14,427	11,193
	Add:		
	Additions during the year	8,953	7,798
	Interest on lease liabilities for the year	3,233	1,189
		<u>12,186</u>	<u>8,987</u>
	Less:		
	payments / adjustments during the year	7,988	5,753
		<u>7,988</u>	<u>5,753</u>
	Closing balance	<u>18,625</u>	<u>14,427</u>

10.2 Where the implicit rate is available in the lease contract, that has been used which is 3 months KIBOR plus 1.75 % per annum in case of vehicle leased from Bank Al-Habib Limited. In case of Right-of use asset for the office building, the Company's incremental borrowing rate 18.07% is used.

10.3 Future minimum payments and their present values are regrouped as under:

	-----Rupees in thousand-----			
	2023		2022	
	Over one year	More than one year but less than five years	Over one year	More than one year but less than five years
Total minimum lease payments	7,987	15,971	4,365	13,972
Less : Finance charges	(2,977)	(2,356)	(1,667)	(2,243)
Present value of minimum lease payments	<u>5,010</u>	<u>13,615</u>	<u>2,698</u>	<u>11,729</u>

		30 June 2023	30 June 2022
-----Rupees in thousand-----			
11	DEFERRED TAXATION		
	Deferred tax on temporary differences comprises of :		
	Taxable temporary differences		
	Accelerated tax depreciation	8,793	10,964
	Right-of-use assets	2,172	2,426
		<u>10,965</u>	<u>13,390</u>
	Deductible temporary differences		
	Minimum tax credits	-	10,097
	Lease liabilities	2,493	2,622
		<u>8,472</u>	<u>671</u>
	Opening Balance as at July 1	671	-
	Add: Charged to profit or loss	-note- 34 7,801	671
	Closing Balance as at June 30	<u>8,472</u>	<u>671</u>

		30 June 2023	30 June 2022
-----Rupees in thousand-----			
12	TRADE AND OTHER PAYABLES		
	Creditors	205,569	231,695
	Accrued liabilities	-note- 12.1 95,918	63,266
	Contract liabilities	-note- 12.2 333,588	276,521
	Payable to provident fund	-note- 43.3 687	688
	Other payable	150	71
	Income tax withheld payable	26	26
	Workers' Profit Participation Fund	-note- 12.3 8,747	3,853
	Workers' Welfare Fund	4,390	1,607
		<u>649,075</u>	<u>577,727</u>

12.1 This includes salaries payable to Kh. Irtiaz Ahmed- Chief Executive and Ibrar Ahmad Kh. Executive director as at June 30, 2023 of Rs. 9.0 millions (June 30, 2022: Rs. 8.4 millions) and Rs.8.1 million (June 30, 2022: Rs. 6.8 millions) respectively.

12.2 Contract liabilities represent unsecured advances from customers for the supply of goods by the Company during the period of one year from the reporting date. Such advances as at June 30, 2022 amounting to Rs. 276.521 million have been recognized as revenue for the year ended June 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	30 June 2023	30 June 2022
	Rupees in thousand	
12.3 Workers' Profit Participation Fund (WPPF)		
Balance at beginning of the year	3,853	3,375
Interest on funds utilized in Company's business	-note- 33 497	488
Allocation/expense for the year	-note- 32 5,564	1,179
	<u>9,914</u>	<u>5,042</u>
Less: paid to the fund during the year	1,167	1,189
	<u>8,747</u>	<u>3,853</u>

Interest is paid at prescribed rate under the Companies Profits (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

	30 June 2023	30 June 2022
	Rupees in thousand	
13 MARK-UP ACCRUED		
<i>On borrowings from banking companies-secured</i>		
Lease liabilities	237	199
Long term finance – secured	-	56
Short term borrowings	10,729	4,610
	<u>10,966</u>	<u>4,865</u>

	30 June 2023	30 June 2022
14 SHORT TERM BORROWINGS		
<i>From banking companies-secured</i>		
Export Refinance		
Bank Al-Habib Limited	-note- 14.1, 14.5 249,990	75,000
SBP Export Finance	-note- 14.2, 14.5 -	49,401
Bank Al-Habib Limited		
Short Term Finance against IBP receivables		
Bank Al-Habib Limited	-note- 14.3, 14.5 25,000	25,000
Running finance		
Bank Al-Habib Limited	-note- 14.4, 14.5 34,977	59,843
	<u>309,967</u>	<u>209,244</u>
<i>From related parties-unsecured</i>		
Loans from director and close relative thereof	-note- 14.8 41,639	54,828
	<u>351,606</u>	<u>264,072</u>

14.1 The finance against packing credit (FAPC) facility having sanctioned limit of Rupees 250 million (June 30, 2022: Rupees 75 million) including one-off FAPC facility Rupees 50 million (June 30, 2022: Rupees 25 million) has been obtained from Bank Al-Habib Limited. The rate of mark-up on this facility is three months KIBOR plus 1.75% (June 30, 2022: three months KIBOR plus 1.75%) per annum .The principal is to be repaid upon realization of exports proceeds as per the tenor of respective bill but not later than 120 days from the draw down date or on demand while mark-up is to be serviced upon adjustment of loan or at the end of each calendar quarter whichever is earlier. The facility is valid till February 07, 2024 with credit review on annual basis.

14.2 The finance against SBP export finance scheme-EFS facility having sanctioned limit of Rupees 100 million (June 30, 2022: Rupees 50 million) has been obtained from Bank Al-Habib Limited under SBP IH&SMEFD Circular No. 03 of 2022. It is the sub limit of FAPC Facility mentioned at note 14.1 above. The rate of mark-up on this facility is State Bank of Pakistan ("SBP") refinance rate ("RR") under the scheme, SBP Refinance Rate applicable time to time (as per tenor of the bill) plus bank spread, combinedly called the ("Applicable Rate"). The principal is to be repaid upon realization of exports proceeds within maximum 150 days from the draw down date or on demand.The facility is valid till February 07, 2024 with credit review on annual basis.

14.3 The IBP receivable finance facility having sanctioned limit of Rupees 25 million (June 30, 2022: Rupees 25 million) has been obtained from Bank Al-Habib Limited for financing of receivables. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2022: three months KIBOR plus 1.75%) per annum. The principal amount is to be repaid upon realization of export proceeds as per tenor of respective bill but not later than 90 days from draw down date or on demand while mark-up is to be serviced upon adjustment of each loan or at the end of each calendar quarter whichever is earlier. The facility is valid till February 07, 2024 with credit review on annual basis.

14.4 The running finance facility having sanctioned limit of Rupees 35 million (June 30, 2022: Rupees 60 million) has been obtained from Bank Al-Habib Limited for working capital requirements. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2022: three months KIBOR plus 1.75%) per annum payable quarterly. The facility is valid till February 07, 2024 with credit review on annual basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

- 14.5** The facilities mentioned in 14.1, 14.2, 14.3 and 14.4 are commonly secured against first charge of Rupees 350 million (June 2022: Rupees 280 million) over current assets of the Company registered with SECP (charge upto Rs. 180 million ranks as first charge, charge from Rs. 180 million to 350 million registered on ranking basis). Equitable mortgage supported by first pari passu charge on fixed assets of Rupees 400 million (June 30, 2022: Rupees 250 million) (Charge upto Rs.250 million registered as pari passu whereas enhancement from Rs. 250 million to 400 million registered on ranking basis) comprising land, building, plant and machinery situated at 19 KM G.T. Road Kala Shah Kaku. Lien over export documents under letter of credit and contract, shipping documents, accepted drafts, counter guarantee of the Company and personal guarantees of three Directors / Shareholders amounting to Rupees 300 million each (June 30, 2022: Rupees 250 million). The running finance facility at note 14.4 in addition to securities aforesaid is also secured against pro note amounting to Rs. 59.5 million (June 2022 : Rupees 59.5 million).
- 14.6** As at June 30, 2023, the Company has facilities from Bank Al-Habib Limited relating to import letters of credit (sight/ usance) amounting to Rupees 7 million (June 30, 2022: Rupees 17.5 million). The Company has also obtained letter of credit facility (one off) amounting to Rupees 21.417 million during the year. Additionally, Company has letter of guarantee facility amounting to Rupees 15 million (June 30, 2022: Rupees 15 million) from Bank Al-Habib Limited.
- 14.7** The net aggregate short term borrowing facilities unavailed at end of June 30, 2023 amount to Rupees 0.03311 million (June 30, 2022: Rupees 25.76 million) and for letters of credit and bank guarantees amount to Rupees 10.744 million (June 30, 2022: Rupees 7.361 million).
- 14.8** The loans from Chief Executive / director (Khwaja Imtiaz Ahmed) and his close relative (Khwaja Ahmed Hassan) amounting to Rs. 13.162 million (June 30, 2022: 15.750 million) and Rs. 28.477 million (June 30, 2022: 39.078 million) respectively, are for working capital requirements. These loans are re-payable on demand and non-interest bearing.

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

- 15.1.1** The Pakistan Environmental Protection Agency has filed a complaint against the Company before the Environmental Protection Tribunal on March 25, 2005 on account of Company's failure to properly dispose effluent water discharge during the production. The agency regards this to be a criminal offence. The Company has filed a writ petition against the Agency's claim before the Honourable Lahore High Court ("LHC") on April 8, 2005. The Company has not recognized any liability in this regard since it awaits the decision of LHC which is pending. As per Legal Counsel of the Company, it is anticipated that the Company has a fair chance of success. In this context, therefore, no adverse results can be contemplated.
- 15.1.2** Guarantees issued by bank on behalf of Company as at June 30, 2023 amounting to Rupees 11.256 million (June 30, 2022: Rupees 11.256 million).

15.2 Commitments

Letters of Credit outstanding for other than capital expenditure from Bank-al-Habib Limited as at June 30, 2023 Rupees 20.945 million (June 30, 2022: Rupees 13.833 million)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

14 PROPERTY, PLANT AND EQUIPMENT

	30 June 2023	30 June 2022
	Rupees in thousand	
Operating fixed assets	16.1	744,284
Capital work in progress	- none -	5,492
	16.8	749,756

14.1 Operating fixed assets - for the year ended June 30, 2023

PARTICULARS	COST/REVALUED AMOUNT				DEPRECIATION				Net book value at 30 June 2023			
	As at 30 June 2022	Additions / Revaluation	Disposals	Transfers	As at 30 June 2023	Annual rates	As at 30 June 2022	Disposals		Transfers	For the year	As at 30 June 2023
	Rupees in thousand											
Assets owned by the Company												
Tangible Assets												
Freehold land	573,480	-	-	-	573,480	-	-	-	-	-	-	573,480
Factory building- on free hold land	130,630	-	-	-	130,630	10%	75,113	-	-	5,552	80,665	49,965
Office building- on free hold land	817	-	-	-	817	5%	735	-	-	4	739	78
Plant and machinery	300,029	20,013	-	-	320,042	10%	210,765	-	-	9,408	220,173	99,869
Electric installation and equipment	28,994	2,490	-	-	31,484	10%	21,303	-	-	871	22,174	9,310
Fire lighting equipment	78	-	-	-	78	10%	59	-	-	2	61	17
Services and other equipment	590	-	-	-	590	10%	554	-	-	3	557	23
Office equipment	7,853	655	-	-	8,508	10%	5,047	-	-	317	5,384	3,144
Laboratory equipment	3,958	-	-	-	3,958	10%	3,351	-	-	41	3,592	366
Premises and special equipment	261	-	-	-	261	10%	251	-	-	1	252	9
Furniture, fixtures and fittings	1,529	-	-	-	1,529	10%	1,224	-	-	30	1,254	275
Vehicles	9,388	1,800	338	1,309	12,199	20%	8,165	269	668	363	9,127	3,022
Railway siding	417	-	-	-	417	10%	414	-	-	0	414	3
Cycles and scooters	77	-	-	-	77	20%	71	-	-	1	72	5
Arms and ammunition	141	-	-	-	141	10%	85	-	-	6	91	50
Furnace	197	-	-	-	197	10%	178	-	-	2	178	19
30 June 2023	1,058,429	24,958	338	1,309	1,084,358		327,513	269	668	16,601	344,713	739,645
Right-of use assets												
Vehicles	16,955	-	-	(1,309)	15,646	20%	3,607	-	(868)	2,644	5,363	10,283
Office building	-	8,533	-	-	8,533	33.10 %*	-	-	-	2,984	2,984	5,569
As at 30-06-2023	1,075,384	33,911	338	-	1,108,957		331,120	269	-	22,229	353,000	755,977

* Lease term is 3 years and Right-of use asset depreciated on straight-line method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

16.2 Operating fixed assets - for the year ended June 30, 2022

PARTICULARS	COST/REVALUED AMOUNT				DEPRECIATION				Net book value as at 30 June 2022			
	As at 30 June 2021	Additions / Revaluation	Disposals	Transfers	As at 30 June 2022	Annual rates	As at 30 June 2021	Disposals		Transfers	For the year	As at 30 June 2022
	Rupees in thousand											
Assets owned by the Company												
Tangible Assets												
Free hold land	344,098	229,392	-	-	573,490	-	-	-	-	-	-	573,490
Factory building-on free hold land	127,808	2,822	-	-	130,630	10%	68,153	-	-	5,960	-	75,113
Office building-on free hold land	817	-	-	-	817	5%	731	-	-	4	-	735
Plant and machinery	292,980	7,049	-	-	300,029	10%	201,271	-	-	9,494	-	210,785
Electric retillation and equipment	28,994	-	-	-	28,994	10%	20,449	-	-	854	-	21,303
Fire lighting equipment	78	-	-	-	78	10%	57	-	-	2	-	59
Service and other equipment	580	-	-	-	580	10%	551	-	-	3	-	554
Office equipment	7,139	714	-	-	7,853	10%	4,770	-	-	277	-	5,047
Laboratory equipment	3,958	-	-	-	3,958	10%	3,506	-	-	45	-	3,551
Permanent and special equipment	261	-	-	-	261	10%	250	-	-	1	-	251
Furniture, fixtures and fittings	1,529	-	-	-	1,529	10%	1,190	-	-	34	-	1,224
Vehicles	15,163	419	6,194	-	9,388	20%	13,646	-	-	285	-	8,165
Railway siding	417	-	-	-	417	10%	413	-	-	1	-	414
Cycles and scooters	77	-	-	-	77	20%	70	-	-	1	-	71
Arms and ammunition	141	-	-	-	141	10%	79	-	-	6	-	85
Furniture	197	-	-	-	197	10%	174	-	-	2	-	176
30 June 2022	824,227	240,396	6,194	-	1,058,429		316,310	5,766	-	16,969	-	327,513
Right-of use assets												
Vehicles	9,157	7,798	-	-	16,955	20%	920	-	-	2,687	-	3,607
Office building	6,667	-	-	(6,667)**	-	33.10 %	4,444	-	(6,667)**	2,223	-	-
As at 30-06-2022	840,051	248,194	6,194	(6,667)	1,075,384		321,674	5,766	(6,667)	21,879	-	331,120
												744,264

* Lessee term is 3 years and Right-of use asset depreciated on straight-line method.

** On completion of lease term Right of use asset and accumulated depreciation thereon are adjusted.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

16.3 The depreciation charged for the year has been allocated as follows:

	30 June 2023	30 June 2022
Cost of sales		
Administrative expenses		
	15,878	16,300
	6,336	5,519
	22,214	21,819

16.4 The Company has revalued its freehold land on June 30, 1990, June 9, 2006, April 05, 2012, April 26, 2016, May 15, 2019 and May 12, 2022. The revaluation was carried out by independent valuers Mr. Anwar ul Haq in 1990 and M/S Hamid Mubtar & Co. in 2006, 2012, 2016, 2019 and 2022 respectively to replace the carrying amount of land with local market values. The following aggregated net appraisal surplus arises on the revaluation on June 30, 1990, June 09, 2006, April 05, 2012, April 26, 2016, May 15, 2019 and May 12, 2022 was credited to surplus on revaluation of property, plant and equipment. The revaluation has resulted in aggregate increase in value of freehold land by Rupees 565,054 million as at June 30, 2022 which is included in book value of freehold land.

Had there been no revaluation, the cost of freehold land would have been as follows:

Cost	Accumulated depreciation	Net book value as at June 30, 2022
	7,620	7,620

Freehold land

16.5 Forced Sale Value of the Freehold land based on valuation conducted on May 12, 2022 was Rs. 458,784,000

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

Location	Usage of immovable property	Total Area (in acres)	Covered Area (in sq.ft)
19 Kilmeeck, Shahrah-e-Fakhair, Kala Shah Kaku, District	Manufacturing facility	14.337	159,391

16.7 Particulars of property, plant and equipment disposed of during the year are as follows.

	Cost	Accumulated depreciation	30 June 2023			Particulars of purchaser
			Net book value	Sale price	Gain	
Vehicle	338	269	69	500	431	MIR-GUL HABIB S/O BUZARG AHMED BANK STOP, HOUSE NO ECL, ST-01 GULSHAN ESTATE, WALTON ROAD, LAHORE CANTT
Total	338	269	69	500	431	

	Cost	Accumulated depreciation	30 June 2022			Particulars of purchaser
			Net book value	Sale price	Gain	
Vehicle	2,450	2,312	138	625	387	Mr. Jahanzab Khan House No. E/705, Street No. 3, Khan colony, Lahore
Vehicle	548	481	67	500	433	Mr. Jahanzab Khan House No. E/705, Street No. 3, Khan colony, Lahore
Vehicle	173	149	24	300	276	Mr. Naseem Abbas Dak Khana Khans Pakiana, Lahore Cantt
Vehicle	1,669	1,560	109	750	641	Mr. Muhammad Ruff G.T Road Quabara Lahore
Vehicle	1,354	1,204	90	592	502	Mr. Kabeem Ullah Tola Mangi, Kala Singh, 1 Era, East Park, Mirwal
Total	6,194	5,766	428	2,667	2,239	

The above mentioned purchasers have no relationship with the Company or any of its directors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

16.3 Capital work in progress

	30 June 2023	30 June 2022
	Rupees in thousand	
	Plant and Machinery	Building and Civil Works
As at 01 July	2,514	2,978
Additions	14,170	-
Transfer to operating fixed assets	16,884	2,978
As at 30 June	(14,378)	-
	2,306	2,978
	5,462	2,368
	14,170	8,808
	19,862	11,207
	(14,378)	(5,715)
	5,284	5,492

17 INTANGIBLE ASSETS

PARTICULAR	COST		AMORTISATION		Net book value as at 30 June 2023	Annual Rate
	As at 30 June 2022	As at 30 June 2023	As at 30 June 2022	For the year 2023		
	Rupees in thousand					
Computer software	70	70	70	-	70	20%
30 June 2023	70	70	70	-	70	-
30 June 2022	70	70	70	-	70	-

17.1 The intangible asset has been fully amortized.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

18	LONG TERM DEPOSITS	30 June 2023	30 June 2022
		-----Rupees in thousand-----	
	Security deposits	3,105	3,359
	Less: Current portion shown under current assets	-	254
		<u>3,105</u>	<u>3,105</u>
19	STORES, SPARE PARTS AND LOOSE TOOLS		
	Stores, spare parts and loose tools	26,867	105,968
	Packing material	1,892	941
		<u>28,759</u>	<u>106,909</u>
19.1	It is impracticable to distinguish stores, spare parts and loose tools, each from the other.		
19.2	Stores, spare parts and loose tools are generally held for internal use only.		
19.3	No item of stores, spare parts and loose tools is pledged as security as at the reporting date.		
20	STOCK-IN-TRADE		
	Raw material	654,634	584,617
	Raw material-in-transit	108	15
	Work in process	131,013	51,386
	Finished goods:		
	Gelatine	23,329	13,889
	Ossein dried	-	-
	By-product Di-calcium Phosphate (DCP)	5,936	319
		<u>29,265</u>	<u>14,208</u>
		<u>815,020</u>	<u>650,226</u>
20.1	The entire stock of by-product di-calcium phosphate is carried at net realizable value.		
20.2	No item of stock-in-trade is pledged as security as at the reporting date.		
21	TRADE DEBTS		
	<i>Considered good:</i>		
	Unsecured -Local	26,601	8,055
	Unsecured -Foreign	-	14,254
		<u>26,601</u>	<u>22,309</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

22	ADVANCES		30 June 2023	30 June 2022
			-----Rupees in thousand-----	
	<i>Considered good:</i>			
	Advances:			
	To staff - secured	-note- 22.1	1,214	1,118
	To suppliers - unsecured		<u>148,362</u>	<u>1,010</u>
			<u>149,576</u>	<u>2,128</u>
22.1	These are amounts advanced to staff against future salaries and retirement benefits and are in accordance with the Company's policy and are interest-free. None of the advances related to executives and directors.			
23	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		30 June 2023	30 June 2022
			-----Rupees in thousand-----	
	Current portion of long term deposits	-note- 18	-	254
	Prepayments		<u>1,348</u>	<u>1,154</u>
			<u>1,348</u>	<u>1,408</u>
24	OTHER RECEIVABLES			
	Sales tax refundable	-note- 24.1	<u>8,061</u>	<u>28,980</u>
			<u>8,061</u>	<u>28,980</u>
24.1	This represents excess of input tax on purchases over sales tax payable.			
25	ADVANCE INCOME TAX-NET			
	Advance income tax		71,159	55,586
	Less: Adjustment for provision for taxation	-note- 34	<u>(27,263)</u>	<u>(11,372)</u>
	Advance income tax at the end of the year		<u>43,896</u>	<u>44,214</u>
26	CASH AND BANK BALANCES			
	With banks:			
	in current accounts:			
	Local currency		1,007	112
	Cash in hand		<u>816</u>	<u>2,159</u>
			<u>1,823</u>	<u>2,271</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

		30 June 2023	30 June 2022
		-----Rupees in thousand-----	
27 SALES - NET			
Export sales	-note- 27.1	1,485,969	455,209
Local sales	-note- 27.2	849,052	557,184
		<u>2,335,021</u>	<u>1,012,393</u>
27.1 Export sales			
Gelatine		1,485,969	389,887
Ossein dried		-	65,322
		<u>1,485,969</u>	<u>455,209</u>
27.2 Local sales			
Gelatine		443,830	347,096
Di-Calcium Phosphate, by-product		553,266	273,971
		<u>997,096</u>	<u>621,067</u>
Less: sales tax		148,044	63,883
trade discounts		-	-
		<u>148,044</u>	<u>63,883</u>
		<u>849,052</u>	<u>557,184</u>
28 COST OF SALES			
Raw material consumed	-note- 28.1	1,265,681	426,351
Semi - finished product purchased		-	17,995
Stores, spare parts and loose tools consumed		153,248	40,638
Packing material consumed		12,148	6,326
Salaries, wages and benefits	-note- 28.2	91,520	82,030
Fuel and power		457,746	219,878
Factory overheads	-note- 28.3	79,799	63,806
		<u>2,060,142</u>	<u>857,024</u>
Add: opening work in process		51,386	-
Less: closing work in process		131,013	51,386
		<u>(79,627)</u>	<u>(51,386)</u>
Cost of goods manufactured		1,980,515	805,638
Add: opening stock of finished goods		14,208	76,030
Less: closing stock of finished goods		29,265	14,208
		<u>(15,057)</u>	<u>61,822</u>
		<u>1,965,458</u>	<u>867,460</u>
28.1 Raw material consumed			
Opening stock		584,617	355,090
Purchases		1,335,698	655,878
		<u>1,920,315</u>	<u>1,010,968</u>
Less: closing stock		654,634	584,617
		<u>1,265,681</u>	<u>426,351</u>
28.2 Salaries, wages and benefits include employer's contribution to recognised provident fund amounting to Rupees 2,237,247 (June 30, 2022: Rupees 2,349,241).			
28.3 Factory overheads			
		30 June 2023	30 June 2022
		-----Rupees in thousand-----	
Indirect labour wages		12,075	11,816
Insurance		1,074	1,136
Medical expenses		25	32
Repair and maintenance		40,699	22,929
Depreciation	-note- 16.3	15,878	16,360
Loading and unloading		6,134	3,975
Apportionment of sales tax	-note- 28.4	-	5,320
Miscellaneous expenses		3,914	2,238
		<u>79,799</u>	<u>63,806</u>

28.4 This represents related input tax on supplies exempt under sixth schedule of the Sales Tax Act, 1990.

NOTES TO THE FINANCIAL STATEMENTS
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29 OTHER INCOME		30 June 2023	30 June 2022
		-----Rupees in thousand-----	
Income from financial instruments:			
Foreign exchange gain - net		-	1,638
Amortization of government grant		56	766
Income from non-financial assets:			
Gain on disposal of fixed asset	-note- 16.7	431	2,239
		<u>487</u>	<u>4,643</u>
30 DISTRIBUTION COST			
Shipping expenses		55,184	22,215
Commission on exports		1,601	720
Other expenses		8,718	7,285
		<u>65,503</u>	<u>30,220</u>
31 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	-note- 31.1	43,782	33,869
Insurance		663	911
Vehicle running and maintenance		11,808	9,845
Rent, rates and taxes		1,087	2,444
Travelling and conveyance		3,566	543
Legal and professional charges		443	302
Printing and stationery		1,999	931
Fees and subscription		2,568	2,490
Telephone and postage		1,287	992
Repair and maintenance		1,580	472
Auditors' remuneration	-note- 31.2	1,202	967
Entertainment		5,916	2,873
Utilities		1,225	1,133
Depreciation	-note- 16.3	6,350	5,519
Amortisation	-note- 17	-	-
Security expenses		3,002	2,785
Miscellaneous expenses		2,493	744
		<u>88,971</u>	<u>66,820</u>

31.1 Salaries, wages and benefits include employer's contribution to recognised provident fund amounting to Rupees 1,129,648 (June 30, 2022; Rupees 1,026,997).

31.2 Auditors' remuneration		30 June 2023	30 June 2022
		-----Rupees in thousand-----	
Audit fee		900	730
Fee for half yearly limited review of financial information		200	154
Special reports and certifications		75	66
Out of pocket expenses		27	17
		<u>1,202</u>	<u>967</u>

32 OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund	-note- 12.3	5,564	1,179
Workers' Welfare Fund -Current Year		2,783	783
Sales tax written off	-note- 32.2	24,893	-
Donations	-note- 32.1	1,285	176
Foreign exchange loss - net		21,570	-
		<u>56,095</u>	<u>2,138</u>

32.1 Donations

Details of donations given to a single party exceeding Rs. 1,000,000/- or 10 percent of the Company's total amount of donations, whichever is higher, during the year are as follows:

	30 June 2023	30 June 2022
	-----Rupees in thousand-----	
Shaukat Khanum Memorial Trust	935	-
Hijaz Hospital	300	-

32.1.1 None of the directors or their spouses had any interest in the donees in respect of donations made by the Company.

32.2 It includes Rs. 18.820 million sales tax refundable, which, based on legal advice, management has determined that sales tax authorities will not refund these claims.

NOTES TO THE FINANCIAL STATEMENTS
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33 FINANCE COST	30 June 2023	30 June 2022
	-----Rupees in thousand-----	
Mark-up/interest on:		
Short term borrowings	42,808	20,822
Long term finance	831	3,036
Workers' Profit Participation Fund	497	488
Lease liabilities	3,470	1,388
Bank charges and commission	9,432	3,542
	<u>57,038</u>	<u>29,276</u>

34 TAXATION	30 June 2023	30 June 2022
Current-for the year	27,263	11,372
-for prior years	706	803
	<u>27,969</u>	<u>12,175</u>
Deferred-current year	7,801	671
- effect of change in tax rate	-	-
	<u>7,801</u>	<u>671</u>
	<u>35,770</u>	<u>12,846</u>

34.1 Relationship between tax expense and accounting profit for the year is as follows:

Profit before taxation	<u>102,443</u>
Tax at the applicable rate of 29%	29,709
Tax effect of:	
-expense not deductible for tax purposes	10,992
-expenses deductible for tax purposes but not taken to profit and loss account	(3,185)
-income not subject to tax/ income subject to final	217
Adjustment in respect of prior years	706
Adjustment in respect of minimum tax credits/ Tax credit for donation	(10,470)
Deferred taxation	7,801
Tax charge	<u>35,770</u>

34.2 The provision for current taxation has been made on taxable income of local sale @ 29 and Section 154 for income from export sales under fixed tax regime of Income Tax Ordinance, 2001. The numeric tax reconciliation has not been presented for last year as local sale of the Company attracted minimum tax under section 113 and exports under section 154 of the Income Tax Ordinance, 2001.

34.3 The Income Tax assessments of the Company are complete upto tax year 2021, as deemed assessments in terms of Section 120(1) of the Income Tax Ordinance, 2001 (The Ordinance) as per income tax returns of the Company.

34.4 Finance Act, 2019 has fixed the corporate tax rate for Companies at 29% for current as well as future tax years. Deferred tax has been measured at the rates that are expected to be applied to the temporary differences when those are expected to reverse based on the rates enacted or substantively enacted by the reporting date.

Income from export sales of the Company is subject to final tax regime while income from local sales are subject to taxation under normal

35 EARNINGS PER SHARE - BASIC AND DILUTED	30 June 2023	30 June 2022
	-----Rupees in thousand-----	
There was no dilutive effect on basic earnings per share of the Company which is based on:		
Profit after taxation attributable to ordinary shareholders of the Company	<u>66,673</u>	<u>8,276</u>
Weighted average number of ordinary shares outstanding during the year	No. of shares <u>7,500</u>	<u>7,500</u>
Earnings per share	Rupees <u>8.89</u>	<u>1.10</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

36 CASH GENERATED FROM OPERATIONS	30 June 2023		30 June 2022	
	-----Rupees in thousand-----			
Profit before taxation		102,443		21,122
Adjustments for:				
Depreciation	-note- 16.3	22,228		21,879
Provision for employee retirement benefits		3,367		3,376
Finance cost	-note- 33	57,038		29,276
Provision for Workers' Profit Participation Fund	-note- 32	5,564		1,179
Provision for Workers' Welfare Fund	-note- 32	2,783		783
Government grant recognised as income		(56)		(766)
Gain on disposal of property, plant and equipment	-note- 29	(431)		(2,239)
		<u>90,493</u>		<u>53,488</u>
Operating profit before changes in working capital		192,936		74,610
Changes in working capital				
(Increase)/decrease in current assets:				
Stores, spare parts and loose tools		78,150		1,302
Stock-in-trade		(164,794)		(219,106)
Trade debts		(4,292)		(13,687)
Advances		(147,447)		203
Trade deposits and short term prepayments		(193)		(468)
Other receivables		20,919		-
Increase/(decrease) in current liabilities:				
Trade and other payables		63,672		163,937
		<u>38,951</u>		<u>6,791</u>

36.1 Reconciliation of movement of liabilities to cashflows arising from financing activities

	June 30, 2022	Net (decrease) / Increase due	June 30, 2023
	-----Rupees in thousand-----		
Long term finance – secured			
Bank Al Habib Limited	5,994	(5,994)	-
Term Loan - Summit Bank Limited	9,561	(9,561)	-
Deferred Income-Govt. Grant	56	(56)	-
	<u>15,611</u>	<u>(15,611)</u>	<u>-</u>
Running Finance			
Bank-al-Habib Limited	59,843	(24,866)	34,977
Short Term Finance against IBP receivables	25,000	-	25,000
Bank-al-Habib Limited			
Export Refinance	75,000	174,990	249,990
Bank-al-Habib Limited			
SBP Export Finance	49,401	(49,401)	-
Bank-al-Habib Limited			
	<u>209,244</u>	<u>100,723</u>	<u>309,967</u>
From related parties-unsecured			
Loans from director and close relative thereof	54,828	(13,189)	41,639
	<u>264,072</u>	<u>87,534</u>	<u>351,606</u>
Sponsor's Loan – Related Party	82,500	-	82,500
	<u>362,183</u>	<u>71,923</u>	<u>434,106</u>

NOTES TO THE FINANCIAL STATEMENTS
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		30 June 2023	30 June 2022
		-----Rupees in thousand-----	
37 CASH AND CASH EQUIVALENTS			
Cash and bank balances	-note- 26	<u>1,823</u>	<u>2,271</u>

38 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**38.1 Depreciation / amortisation methods, rates and useful lives**

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment and intangible assets annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

38.2 Recoverable amounts of assets / cash generating units

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amounts if there is any such indication.

38.3 Taxation

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

38.4 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

38.5 Revaluation of freehold land

Revaluation of freehold land is carried out by independent professional valuers. Revalued amounts are determined by the reference to local market values.

38.6 Stock in trade/ Stores, spare parts & Loose tools

Management has made estimates for realizable amount of slow moving and obsolete stocks, stores, spare parts & Loose tools items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stocks, stores, spare parts & Loose tools with corresponding effect on amounts recognized in statement of profit or loss as provision / reversal.

38.7 Impairment of financial assets

The management makes judgments for estimating the allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost.

38.8 Leases

The management uses judgments for recognition of leases under IFRS 16 and the related practical expedients thereunder.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

39 FINANCIAL RISK MANAGEMENT

39.1 Financial instruments

30 June 2023 30 June 2022
-----Rupees in thousand -----

The following are financial instruments by category:

Financial assets at amortized cost

Security deposits	1	1
Trade debts	26,601	22,309
Advances	1,214	1,118
Cash and bank balances	1,823	2,271
	<u>29,639</u>	<u>25,699</u>

Financial liabilities at amortized cost

Lease liabilities	18,625	14,427
Long term finance	-	15,611
Short term borrowings	351,606	264,072
Mark up accrued	10,966	4,865
Trade and other payables	301,663	295,058
Unclaimed dividend	771	771
	<u>683,631</u>	<u>594,804</u>

The Company's activities expose it to a variety of financial risks including effects of changes in foreign exchange rates, market interest rates, credit and liquidity risks associated with various financial assets and liabilities. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

39.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amounts of the financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as under:

	30 June 2023	30 June 2022
	-----Rupees in thousand -----	
Security deposits	1	1
Trade debts	26,601	22,309
Advances	1,214	1,118
Bank balances	1,007	112
	<u>28,823</u>	<u>23,540</u>

The maximum exposure to credit risk for trade debts amounting to Rupees 26.601 million (June 30, 2022: Rupees 22.309 million) at the reporting date by geographic region is as under:

	30 June 2023	30 June 2022
	-----Rupees in thousand -----	
Domestic	26,601	8,055
Export	-	14,254
	<u>26,601</u>	<u>22,309</u>

The export debtor of the Company is situated in Malaysia.

The maximum exposure to credit risk for trade debts amounting to Rupees 26.601 million (June 30, 2022: Rupees 22.309 million) at the reporting date by type of customer is as under:

	30 June 2023	30 June 2022
	-----Rupees in thousand -----	
Wholesaler / distributor	-	-
End user customers	26,601	22,309
	<u>26,601</u>	<u>22,309</u>

**NOTES TO THE FINANCIAL STATEMENTS
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The aging of trade debts at the reporting date is as under:

	30 June 2023	30 June 2022
	-----Rupees in thousand -----	
Not past due	16,410	14,414
Past due 1-30 days	438	80
Past due 31-120 days	1,720	185
Past due 121-365 days	8,033	-
More than one year	-	7,630
	<u>26,601</u>	<u>22,309</u>

The Company continuously monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery. The Company manages credit risk by limiting significant exposure to individual customers and obtaining advances against sales. Based on (i) historic record (ii) subsequent recoveries and (iii) confirmation of balance /acceptance of liability by customer, the Company believes that no impairment allowance is necessary in respect of trade debts past due amounts. Further, bank balances are held only with reputable banks with high quality credit ratings. The short term and long term credit ratings as determined by PACRA and JCR-VIS are as follows:

	Rating			30 June 2023	30 June 2022
	Short term	Long term	Agency	-----Rupees in thousand -----	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	2	2
Bank Alfalah Limited	A1+	AA+	PACRA	5	8
Bank Al - Habib Limited	A1+	AAA	PACRA	956	90
MCB Bank Limited	A1+	AAA	PACRA	9	8
Summit Bank Limited	A-3	BBB-	JCR - VIS	14	-
United Bank Limited	A-1+	AAA	JCR - VIS	19	2
Bank Islami Pakistan Limited	A1	AA-	PACRA	2	2
				<u>1,007</u>	<u>112</u>

39.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company closely monitors its liquidity and cash flow position. This includes maintenance of financial position, liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The following are contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amounts	Contractual cash flows	6 months or less	6 to 12 months	2 to 5 years	More than 5 years
Lease liabilities	18,625	23,958	3,992	3,995	15,971	-
Short term borrowings	351,606	364,424	364,424	-	-	-
Mark up accrued	10,966	10,966	10,966	-	-	-
Trade and other payables	301,663	301,663	301,663	-	-	-
Unclaimed dividend	771	771	771	-	-	-
Rupees in thousand 2023	<u>683,631</u>	<u>701,782</u>	<u>681,816</u>	<u>3,995</u>	<u>15,971</u>	<u>-</u>
Lease liabilities	14,427	18,337	2,297	2,068	13,972	-
Long term finance	15,611	16,137	14,821	1,316	-	-
Short term borrowings	264,072	269,948	269,948	-	-	-
Mark up accrued	4,865	4,865	4,865	-	-	-
Trade and other payables	295,058	295,058	295,058	-	-	-
Unclaimed dividend	771	771	771	-	-	-
Rupees in thousand 2022	<u>594,804</u>	<u>605,116</u>	<u>587,760</u>	<u>3,384</u>	<u>13,972</u>	<u>-</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at 30 June. The rates of mark up have been disclosed in notes 9.1,10.2,14.1,14.2,14.3 & 14.4 to these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

39.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and the liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

39.4.1 Currency risk

The Company is not exposed to any currency risk on trade debts and contract liabilities as at June 30, 2023 (June 30, 2022: Rupees 14.254 million and Rupees 0.376 million respectively) that are denominated in a currency other than the functional currency of the Company. The Aggregate exposure of statement of financial position to currency risk works out to be Rupees nil as at June 30, 2023 (June 30, 2022: Rupees 13.877 million). The currency in which these transactions primarily denominated is US Dollar.

Average rates		Reporting date rate	
2023	2022	2023	2022

Significant exchange rates applied during the year:

US Dollar	-	177.80	-	204.16
-----------	---	--------	---	--------

Sensitivity analysis

A 10 percent strengthening of the Rupee against above mentioned currency as at 30 June 2022 would have decreased profit by Rupees 1.387 million mainly as a result of net foreign exchange difference on translation of foreign currency net assets. The analysis assumes that all other variables remain constant. A 10 percent weakening of the Rupee against above currencies at 30 June 2022 would have had the equal but opposite effect on the profit or loss, on the basis that all other variables remain constant.

39.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or the 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 from banks. At the reporting date, the interest rate profile of the Company's variable interest bearing financial instruments is given below:

The variable rate financial liabilities as at June 30, 2023 aggregated to Rupees 328.592 million (June 30, 2022: 233.233 million) and fixed rate liabilities aggregated to Rupees nil (June 30, 2022: 6.050 million). The Company does not account for fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the statement of profit or loss and the equity of the Company. A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased the loss / profit for the year by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit & loss	
	100 bp increase	100 bp decrease
-----Rupees in thousand -----		
As at June 30, 2023		
Cash flow sensitivity - variable rate instruments	(803)	803
As at June 30, 2022		
Cash flow sensitivity - variable rate instruments	(316)	316

39.5 Fair Value of Financial Instruments

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

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

The Company classifies fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value. Fair value hierarchy has the following levels:

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

39.6 Fair value measurement – non-financial assets

(i) Fair value hierarchy

Judgments and estimates are made for non-financial assets that are measured at fair value in these financial statements. To provide an indication of the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into following three levels:

	Level 1	Level 2	Level 3	Total
	Rupees (000)	Rupees (000)	Rupees (000)	Rupees (000)
As at June 30, 2023				
Freehold land	-	573,480	-	573,480
As at June 30, 2022				
Freehold land	-	573,480	-	573,480

(ii) Valuation techniques used in determining level 2 fair value

The Company obtains independent valuations of its freehold land at revalued amounts every three to five years. The best evidence of fair value of freehold land is current prices in an active market for similar lands.

(iii) Valuation process

The Company engages external, independent and qualified valuers to determine the fair value as detailed in note 7.2 of the financial statements.

40 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 maintain or adjust capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

Consistent with others in industry, the Company monitors capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt represents total of long term financing, lease liabilities and short term borrowings less cash and bank balances. Total capital is calculated as equity shown in statement of financial position plus net debt. There were no major changes in the Company's management during the year and the Company is not subject to externally imposed capital requirement.

	30 June 2023	30 June 2022
	-----Rupees in thousand -----	
Total borrowing	370,231	294,110
Less: Cash and bank balances	1,823	2,271
Net debt	368,408	291,839
Total equity	799,835	733,162
Total capital	1,168,243	1,025,001
Gearing ratio	31.54%	28.47%

41 OPERATING SEGMENTS

41.1 These financial statements have been prepared on the basis of a single reportable segment.

41.2 Sales revenue from gelatine products, Ossein Dried, and di-calcium phosphate (by-product) represent 79.83%, nil and 20.17% (June 30, 2022: 69.70%, 6.45% and 23.84%) of the total revenue of the Company respectively.

41.3 All non-current assets of the Company as at June 30, 2023 are located in Pakistan.

41.4 Sales to external customers Martin Dow Marker Limited, Pakistan is around 6.48% (2022: 17.19%), Cocoaland Industries Malaysia is around 57.91% (2022: 36.59%) and Nestle Pakistan Limited is around 5.54% (2022: 6.78%) during the year ended June 30, 2023.

41.5 The sales percentage by geographic region is as follows:

	30 June 2023	30 June 2022
	%	%
Pakistan	36.36	55.04
Malaysia	63.64	38.51
China	-	6.45
	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executive Director		Executives	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	-----Rupees in thousand -----		-----Rupees in thousand -----		-----Rupees in thousand -----	
Managerial remuneration	2,568	2,782	1,860	1,860	16,451	20,344
Medical Expense	1,500	252	225	153	-	-
Contribution to provident fund	121	131	88	88	662	786
	<u>4,189</u>	<u>3,165</u>	<u>2,173</u>	<u>2,101</u>	<u>17,113</u>	<u>21,130</u>
Number of Persons	1	1	1	1	9	12

42.1 In addition to above the chief executive and the executive director are provided with free use of company maintained cars.

42.2 In addition to the above, aggregate amount charged in these financial statements in respect of directors' fee and reimbursement of expenses to Non-Executive Directors amounted to Rs. 1.539 million (2022: Rs. 0.5 million).

43 TRANSACTION WITH RELATED PARTIES

The related parties comprise of associated company, directors of the Company and their close relatives, key management personnel and post employment contribution plan. Detail of transactions with related parties with whom the Company had entered into transactions or have arrangements / agreements in place are as follows:

Nature of relation	Nature of transaction	30 June 2023	30 June 2022
		-----Rupees in thousand -----	
43.1 Key management personnel			
	Short-term loan obtained from chief executive - Khwaja Imtiaz Ahmed	14,300	27,580
	Short-term loan repaid to chief executive - Khwaja Imtiaz Ahmed	16,888	91,145
	Sponsor's loan obtained from chief executive - Khwaja Imtiaz Ahmed	-	82,500
	Short-term loan obtained from close relative - Khwaja Ahmed Hassan	6,265	29,920
	Short-term loan repaid to close relative - Khwaja Ahmed Hassan	16,866	22,693
	Managerial remuneration	See note - 42	
43.2 Contribution to provident fund	Contribution to provident fund trust	3,367	3,376
43.3	The outstanding balances with above related parties are included in Equity (note 8) Sponsor's loan as at June 30, 2023 82,500,000 (June 30, 2022: Rs. 82,500,000). Trade and other payables (note 12) 'Payable to Provident fund' and 'Accrued liabilities' as at June 30, 2023 Rs. 687,281 (June 30, 2022: Rs. 688,172) and Rs. 17,166,720 (June 30, 2022: Rs.15,318,033) respectively. Short term borrowings (note 14.8 'Short term borrowings from related parties' as at June 30, 2023 Rs. 41.639 million (June 30, 2022: Rs. 54,827 million).		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

44 PROVIDENT FUND

	30 June 2023	30 June 2022
	-----Rupees in thousand -----	
Size of the fund - total assets	163,083	165,562
Percentage of investment made	59.61%	59.63%
Fair value of investments	97,200	98,748
Cost of investments made	53,872	53,872

44.1 Break up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2023		2022	
	Investments	Investment as % of size of the fund	Investments	Investment as % of size of the fund
	Rupees in thousand	Rupees in thousand	Rupees in thousand	Rupees in thousand
Unit Trust Schemes	36,321	22.27%	44,700	27.00%
Mutual Funds	1,675	1.03%	1,664	1.01%
Savings Schemes of Banks	2,341	1.44%	3,285	1.98%
Bank Deposits	32,678	20.04%	27,522	16.62%
Listed Securities	24,185	14.83%	21,577	13.03%
	<u>97,200</u>	<u>59.61%</u>	<u>98,748</u>	<u>59.63%</u>

44.2 Based on the audited financial statements of the provident fund ('the Fund') as at June 30, 2023, investments in collective investment schemes, listed equity and listed debt securities out of the Funds have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

45 PLANT CAPACITY AND ACTUAL PRODUCTION

Estimated plant capacity in metric tons

	30 June 2023	30 June 2022
Gelatine (Blended / Unblended)	2,000	2,000
Di-calcium Phosphate	9,000	9,000

Actual production in metric tons

Gelatine (Blended / Unblended)	1,070	689
Ossein Dried	-	59
Di-calcium Phosphate	3,864	3,006

The actual production was as per market demand. Under utilization is due to boom and bust of economy, energy crisis, and export of crushed bone out of Pakistan which has created difficulties in procurement of raw materials.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

46 NUMBER OF EMPLOYEES

Number of employees at June 30

	30 June 2023	30 June 2022
	163	180
	28	4
	<u>191</u>	<u>184</u>

Average number of employees during the year

	169	209
	17	8
	<u>186</u>	<u>217</u>

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 06, 2023 by the Board of Directors of the Company.

74 48 GENERAL

48.1 Figures have been rounded off to the nearest rupees, unless otherwise stated.

48.2 Corresponding figures have been re-classified, wherever necessary, for purpose of comparison.

LAHORE
Dated: October 06, 2023

KH. IMTIAZ AHMED
Chief Executive Officer
& Managing Director

IBRAR AHMED KH.
Director

MUHAMMAD JAVAID
Chief Financial Officer

FORM 34

**THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING**

1.1 Name of the Company **LEINER PAK GELATINE LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at **30-06-2023**

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
153	1	100	6,881
228	101	500	52,300
43	501	1,000	40,835
121	1,001	5,000	395,843
5	5,001	10,000	36,556
2	10,001	15,000	27,000
3	20,001	25,000	66,000
4	30,001	35,000	130,140
1	35,001	40,000	38,300
4	45,001	50,000	194,680
1	50,001	55,000	52,960
1	55,001	60,000	59,800
1	70,001	75,000	74,000
1	75,001	80,000	75,480
2	80,001	85,000	164,930
1	105,001	110,000	105,680
1	150,001	155,000	150,680
3	155,001	160,000	479,500
2	170,001	175,000	340,600
1	200,001	205,000	202,500
2	210,001	215,000	429,200
1	270,001	275,000	270,300
1	285,001	290,000	286,000
1	300,001	305,000	304,550
1	315,001	320,000	320,000
1	330,001	335,000	330,020
1	335,001	340,000	337,900
1	400,001	405,000	404,700
1	415,001	420,000	419,800
1	750,001	755,000	751,765
1	950,001	955,000	951,100
590			7,500,000

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	3,385,815	45.1442%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	405,700	5.4093%
2.3.3 NIT and ICP	25	0.0003%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	15	0.0002%
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	1,702,865	22.7049%
2.3.8 General Public		
a. Local	3,674,687	48.9958%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
- Joint Stock Companies	31,076	0.4143%
- Pension Funds	2,494	0.0333%
- Other Companies	188	0.0025%

LEINER PAK GELATINE LIMITED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2023

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	INA SECURITIES (PVT) LIMITED. (CDC)	405,700	5.4093%
Mutual Funds (Name Wise Detail)			
		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	KH. IMTIAZ AHMED	751,765	10.0235%
2	MRS. AYESHA QASIM	172,200	2.2960%
3	MR. IJAZ AHMED KHAWAJA	304,550	4.0607%
4	MR. RASHID MINHAS	1,000	0.0133%
5	KH. IBRAR AHMED	951,100	12.6813%
6	MR. AHMED ALI RIAZ	74,000	0.9867%
7	SYED RIZWAN HAIDER	500	0.0067%
8	MRS. NAVIDA IMTIAZ W/O KH. IMTIAZ AHMED	657,900	8.7720%
9	MRS. NEELUM NAZ W/O KH. IJAZ AHMED	202,500	2.7000%
10	MRS. NAUSHEEN IBRAR W/O KH. IBRAR AHMED	270,300	3.6040%
Executives:		657,900	8.7720%
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		2,509	0.0335%
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)			
1	KH. IBRAR AHMED	951,100	12.6813%
2	KH. IMTIAZ AHMED	751,765	10.0235%
3	KH. AHMED HASSAN	749,820	9.9976%
4	MRS. NAVIDA IMTIAZ W/O KH. IMTIAZ AHMED	657,900	8.7720%
5	INA SECURITIES (PVT) LIMITED. (CDC)	405,700	5.4093%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No.	NAME	SALE	PURCHASE
		NIL	

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Form of Proxy

The Company Secretary,
 Leiner Pak Gelatine Ltd.
 17-G, Gulberg2,
 Lahore-54660

ANNUAL GENERAL MEETING

I/ We _____
 of _____ being a member of LEINER PAK GELATINE LIMITED,
 holder of _____ Ordinary Shares as per Share Register Folio No.
 (No. of Shares)

_____ and/or CDC Participant I.D. No. _____
 and Sub Account No. _____ hereby appoint _____
 Of _____
 Or failing him _____ of _____
 as my/our proxy to vote for me /us and on my / our behalf at the Annual General Meeting of the Company to be held on 27th day of October, 2023 and at any adjournment thereof.

Signed this _____ day of _____ 2023

WITNESSES

1. **Signature** _____

Name _____

Address _____

NIC or _____

Passport No. _____

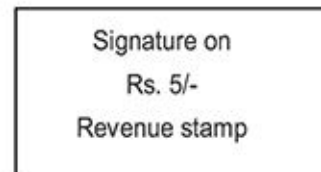
2. **Signature** _____

Name _____

Address _____

NIC or _____

Passport No. _____



(Signature should agree with the specimen signature registered with the Company)

Note:

1. A member entitled to be present and vote at the Meeting may appoint a proxy to attend and vote for him / her. A proxy need be a member of the Company.
2. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.
3. **CDC Shareholders and there Proxies** must each attach an attested photocopy of there National Identity Card of Passport with this proxy form.

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District Sheikhupura.