

Interim Financial Statements  
For the Quarter Ended 30 September 2023  
(Un-Audited)



Pak Agro Packaging Limited

## COMPANY INFORMATION

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### Board of Directors:

**Mrs Kaisra Jabeen Butt**  
*Chairperson of the Board / Non-executive Director*

**Dr Safdar Ali Butt**  
*Chief Executive / Director*

**Dr. Tariq Javed**  
*Chief Financial Officer / Director*

**Dr. Mubarak Hussain Haider**  
*Independent Director*

**Mohammad Javed**  
*Independent Director*

**Mr Iftkhar Mahmood**  
*Independent Director*

**Mr Nazir Ahmed Shaheen**  
*Independent Director*

### External Auditor

**Masoom Akhtar & Co.**  
*Chartered Accountants*  
6th Floor, ISE Tower, Blue Area, Islamabad  
Phone: 051-2894652  
Fax: 051-2894651

### Share Registrar

**CDC Share Registrar Services Limited,**  
CDC House, 99-B, Block 'B',  
SMCHS Main Shahra-e-Faisal, Karachi-74400  
Phone: +92 21 111 111 500; Fax: +92 21 34326053  
Website: [www.cddcsrsl.com](http://www.cddcsrsl.com)

### Legal Advisor

**Mr Abid Hussain Mirza**  
Islamabad

### Registered Office & Factory

Plot # 22-23 Phase – IV  
Hattar Industrial Estate, Hattar KPK.  
Phone: +92 995 352547

### Corporate Head Office

Third Floor, Green Trust Tower  
Jinnah Avenue, Blue Area, Islamabad.  
Phone: +92 51 8311645

### Contact us:

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## Directors Review Report

On behalf of the board of directors of Pak Agro Packaging Limited (the Company), we are pleased to present the directors review report for the first quarter ended 30 September 2023, as follows:

### Financial Performance

Despite a challenging business environment, the company succeeded in posting a 62% increase in sales revenue over sales in comparative quarter last year. A big part of this increase is attributable to increase in production capacity and inflation.

Similarly the gross profit for the quarter was also higher by 67% than the gross profit in the comparable quarter last year.

The operating profit, was 91% higher than comparable quarter of last year, principally due to control in relative terms on administrative, selling and distribution overheads.

Profit before tax was 131% higher than in similar quarter last year. The main reason is increase in turnover. The profit after tax also showed an increase of 114% over the quarter ended 30 September 2022.

The increase in the volume of business is a result of additional machinery that became operational in the quarter under review. It is expected to continue to contribute to the company's revenue and profitability over coming periods.

Description	Quarter ended 30 September 2023 PKR'000	Quarter ended 30 September 2022 PKR, 000
Sales	215,539	132,521
Gross Profit	29,473	176,66
Operating Profit	22,581	117,92
Profit before Tax	15,755	6,809
Profit after Tax	10,367	4,835

### Outlook

The management believes that the economy, in terms of the extent of inflation and forex, is heading towards stabilization. We hope that in the remaining quarters of the current financial year we will be able to draw and implement meaningful sales programs. The company has already invested heavily in working capital to ensure protection against price increases and exchange losses. However, high borrowing costs continue to remain an area of concern.

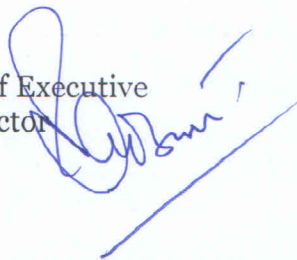
The company's management is dedicated to mitigating adverse effects, adding lasting value and bolstering relationships within current supply chain while ensuring cost efficiency.

Our principal customers' i.e the agricultural sector remain under significant financial strain which may impact our sales but the company is confident that we will be able to meet the challenges through improving internal economies and efficiency.

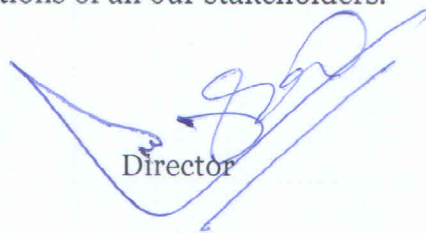
**Acknowledgement**

The board acknowledges and thanks our staff, suppliers and customers for their commitment and dedication to the cause of company's development. We look forward to their continued support in order to meet the expectations of all our stakeholders.

Chief Executive  
Director



Director



**Pak Agro Packaging Limited**  
**Statement of Financial Position for the period September 30, 2023**

		Un-Audited 30 September 2023 (Rupees)	Audited 30 June 2023 (Rupees)
<b>Equity and liabilities</b>			
	<u>Note</u>		
<b>Share capital and reserves</b>			
Share capital	4	200,000,000	200,000,000
Reserves	5	107,283,257	107,283,257
<b>Revenue reserves</b>			
Unappropriated profit		75,514,354	65,147,370
		<u>382,797,611</u>	<u>372,430,627</u>
<b>Non-current liabilities</b>			
Obligation against assets subject to finance lease	6	28,781,146	30,793,518
Deferred taxation	7	24,285,667	24,285,667
Employees' Gratuity Fund	8	1,148,003	2,735,478
		54,214,816	57,814,663
<b>Current liabilities</b>			
Running finance	9	74,221,108	60,531,204
Current maturity of long term liabilities	10	7,893,008	8,320,043
Accrued and other liabilities	11	37,961,546	18,426,137
Taxation - net	12	4,730,588	2,512,923
		124,806,250	89,790,307
<b>Contingencies and commitments</b>			
	13	-	-
		<u>561,818,677</u>	<u>520,035,597</u>
<b>Property and assets</b>			
<b>Non-current assets</b>			
Operating fixed assets	14	222,814,795	209,891,646
Long term deposits	15	11,162,947	11,162,947
<b>Current assets</b>			
Stock in trade	16	199,798,334	186,335,863
Trade debts	17	85,491,442	83,439,432
Advances and other receivables	18	36,567,445	5,761,969
Prepayments	19	3,710,657	2,750,973
Cash and bank balances	20	2,273,057	20,692,767
		327,840,934	298,981,004
		<u>561,818,677</u>	<u>520,035,597</u>

The annexed notes 1 to 37 form an integral part of these financial statements.

  
**Chief Financial Officer**

  
**Chief Executive**

**Pak Agro Packaging Limited**  
**Statement of Profit or Loss**  
**For the period September 30, 2023**

		3 Months Ended	
		30 September 2023	30 September 2022
		(Rupees)	(Rupees)
	<u>Note</u>		
Sales	21	215,539,167	132,520,984
Cost of sales	22	186,066,098	114,855,218
Gross profit		<u>29,473,069</u>	<u>17,665,766</u>
<b>Operating expenses</b>			
Administrative	23	6,864,629	5,851,753
Selling and distribution	24	27,600	22,150
		<u>6,892,229</u>	<u>5,873,903</u>
<b>Profit from operations</b>		<u>22,580,840</u>	<u>11,791,863</u>
Financial expenses	25	5,267,299	4,978,428
Other charges	26	1,558,078	813,639
		<u>6,825,377</u>	<u>5,792,067</u>
Other income	27	15,755,463	5,999,796
		-	809,382
<b>Profit for the year before taxation</b>		<u>15,755,463</u>	<u>6,809,178</u>
Taxation	28	5,388,479	1,974,662
<b>Profit for the year</b>		<u><u>10,366,984</u></u>	<u><u>4,834,516</u></u>
<b>Basic and diluted earnings per share (PKR)</b>		<u>0.52</u>	<u>0.24</u>

The annexed notes 1 to 37 form an integral part of these financial statements.

  
Chief Financial Officer

  
Chief Executive

**Pak Agro Packaging Limited**  
**Statement of Comprehensive Income**  
**For the period September 30, 2023**

	3 Months Ended	
	30 September 2023 (Rupees)	30 September 2022 (Rupees)
Profit for the year after taxation	10,366,984	4,834,516
Other comprehensive income		
<b>Items that will not be classified to profit or loss</b>		
Remeasurement gain on staff retirement benefit plan	-	-
<b>Total comprehensive income for the year</b>	<b><u>10,366,984</u></b>	<b><u>4,834,516</u></b>

The annexed notes 1 to 37 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive

**Pak Agro Packaging Limited**  
**Statement of Cash Flows**  
**For the period September 30, 2023**

		03 Months Ended	
		30 September 2023 (Rupees)	30 September 2022 (Rupees)
<b>Cash flow from operating activities</b>	<b>Note</b>		
Profit for the year before taxation		15,755,463	6,809,179
Adjustments for:			
Depreciation	(14.2.1)	6,373,644	5,976,422
		6,373,644	5,976,422
<b>Operating profit before working capital changes</b>		<b>22,129,107</b>	<b>12,785,601</b>
Increase/(decrease) in:			
Stock in trade		(13,462,471)	(18,915,767)
Trade debtors		(2,052,010)	(3,737,144)
Advances and other receivables		(30,805,476)	(12,742,417)
Pre-payments		(959,684)	765,324
		(47,279,641)	(34,630,004)
		(25,150,533)	(21,844,403)
Increase/(decrease) in:			
Current liabilities		(9,442,920)	(10,222,988)
<b>Cash flow from operating activities</b>		<b>(34,593,453)</b>	<b>(32,067,391)</b>
Tax deducted at source		(657,892)	(3,110,950)
<b>Net cash flow from operating activities</b>		<b>(35,251,345)</b>	<b>(35,178,341)</b>
<b>Cash flow from investing activities</b>			
Fixed capital expenditures		(7,318,923)	39,440,172
Capital work in progress		14,487,536	(38,419,172)
Long term deposits		-	(7,236,598)
Short term investment		-	30,000,000
Deposit against vehicles		-	-
<b>Net cash flow from investing activities</b>		<b>7,168,613</b>	<b>23,784,402</b>
<b>Cash flow from financing activities</b>			
Asset subject to finance lease		(2,439,407)	16,290,387
Share capital		-	-
Share premium		-	-
Allotment of bonus shares		-	-
Running finance facility		13,689,904	(15,997,205)
Long term loan		-	-
Provision for gratuity		(1,587,475)	-
<b>Net cash flow from financing activities</b>		<b>9,663,022</b>	<b>293,182</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(18,419,710)</b>	<b>(11,100,757)</b>
Cash and cash equivalent in the beginning of the year		20,692,767	23,580,732
Cash and cash equivalent at the end of the year	(20)	<b>2,273,057</b>	<b>12,479,975</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

  
Chief Financial Officer

  
Chief Executive



**Pak Agro Packaging Limited**  
**Statement of Changes in Equity**  
**For the period September 30, 2023**

	Share capital	Capital	Interest free	Accumulated	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2022 -Audited	200,000,000	107,283,257	-	46,703,047	353,986,304
Interest free loan repaid during the year	-	-	-	-	-
Issued as fully paid shares	-	-	-	-	-
Share premium (note 5)	-	-	-	-	-
Total comprehensive income for the year	-	-	-	18,444,322	18,444,322
Balance as at June 30, 2023 -Audited	200,000,000	107,283,257	-	65,147,370	372,430,627
Interest free loan repaid during the year	-	-	-	-	-
Issued as fully paid shares	-	-	-	-	-
Share premium (note 5)	-	-	-	-	-
Total comprehensive income for the year	-	-	-	10,366,984	10,366,984
Balance as at September 30, 2023 Un-audited	200,000,000	107,283,257	-	75,514,354	382,797,611

The annexed notes 1 to 37 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive

**Pak Agro Packaging Limited**  
**Notes to the Financial Statements**  
**For the period September 30, 2023**

**1. Company and its operations**

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

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

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

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

**2.1) Statement of compliance**

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

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

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

**2.2) Functional and presentation currency**

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

**2.3) Significant accounting estimates**

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

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

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

**2.4) Property, plant and equipment**

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

**2.5) Impairment**

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

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

**2.6.1)** 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 1, 2023. However, these do not have any significant impact on the Company's financial statements.

Effective date (annual reporting periods beginning on or after)

IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2023
IAS 8	Accounting Policies, Changing in Accounting Estimates and Errors	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IFRS 4	Insurance Contracts (Amendments)	January 1, 2023
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2023
IFRS 7	Financial Instruments	January 1, 2023
IFRS 16	Leases (Amendments)	January 1, 2024

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

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

IFRS 1 First-time Adoption of International Financial Reporting Standards  
IFRS 17 Insurance Contracts  
IFRIC 12 Service concession arrangements

**3. Significant accounting policies**

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

**3.1) Accounting convention**

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

**3.2) Property, plant and equipment**

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

**- Leased assets**

The company is the lessee.

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

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

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

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

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

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

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

**3.3) Staff retirement benefits**

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

**3.4) Impairment**

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

**3.5) Stock and spares**

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

**3.6) Stock in trade**

These have been valued as under:

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

**3.7) Bad debts**

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

**3.8) Taxation**

**3.8.1) Current tax**

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

**3.8.2) Deferred tax**

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

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

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

**3.9) Revenue recognition**

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

**3.10) Dividend and appropriation to reserves**

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

**3.11) Financial instruments**

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

**a) Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

**b) Provisions**

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

**c) Trade and other receivables**

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

**d) Cash and cash equivalents**

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



	30 September 2023 (Rupees)	30 June 2023 (Rupees)
<b>4. Share capital</b>		
<b>Authorized capital</b>		
40,000,000 ordinary shares of Rs. 10/= each	<u>400,000,000</u>	<u>400,000,000</u>
<b>Issued, subscribed and paid-up capital</b>		
<b>Shares issued for cash</b>		
17,350,000 ordinary shares of Rs. 10/= each in cash	173,500,000	173,500,000
<b>Issued as fully paid bonus shares</b>		
2,650,000 ordinary shares of Rs. 10/= each	<u>26,500,000</u>	<u>26,500,000</u>
	<u>200,000,000</u>	<u>200,000,000</u>

**5. Reserves**

Composition of reserves is as follows:

Premium on issuance of shares	107,283,257	107,283,257
Less: IPO charges	-	-
Brokerage commission paid on issuance of shares	-	-
	<u>107,283,257</u>	<u>107,283,257</u>

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

**6. Obligation under finance lease**

Value of assets	30,793,518	7,129,849
Add: Addition during the year	<u>-</u>	<u>35,843,181</u>
	30,793,518	42,973,030
Less: Payments made upto the year	<u>-</u>	<u>3,859,469</u>
Present value of minimum lease payment	30,793,518	39,113,561
Less: Current maturity	<u>2,012,372</u>	<u>8,320,043</u>
	<u>28,781,146</u>	<u>30,793,518</u>

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

June 30, 2023	-	-
June 30, 2024	-	13,474,272
June 30, 2025	3,195,323	13,683,648
June 30, 2026	18,724,652	9,567,017
June 30, 2027	<u>17,664,784</u>	<u>14,307,041</u>
	39,584,759	51,031,978
Less: Lease financial charges allocable for future periods	<u>2,910,604</u>	<u>1,265,480</u>
	36,674,155	49,766,498
Less: Current maturity of finance lease	<u>7,893,008</u>	<u>8,320,043</u>
	<u>28,781,147</u>	<u>41,446,455</u>

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

**7. Deferred taxation**

The balance of deferred tax is in respect of following temporary differences:

Accelerated depreciation on property plant and equipment	24,285,667	24,285,667
	<u>24,285,667</u>	<u>24,285,667</u>

**8. Employees' gratuity fund**

Balance at beginning of the year		2,735,478	2,069,710
Add: Provision for the year		-	2,642,456
		<u>2,735,478</u>	<u>4,712,166</u>
Less: Paid to outgoing members		<u>(1,587,475)</u>	<u>(1,976,688)</u>
		<u><u>1,148,003</u></u>	<u><u>2,735,478</u></u>

**9. Running finance**

The Bank of Khyber	(9.1)	<u>74,221,108</u>	<u>60,531,204</u>
		<u><u>74,221,108</u></u>	<u><u>60,531,204</u></u>

9.1) The Bank of Khyber has renewed and enhanced the running finance facility limit from Rs. 70 million to Rs. 80 million on December 10, 2021 to meet working capital requirements of the company at mark up rate to be recovered on quarterly basis as follows:

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

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

These facilities are secured by way of:

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

**Common Securities against all credit facilities:**

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

- Personal guarantees of all the directors of the company.

These facilities are valid up to October 31, 2023.

		<u>30 September</u> <u>2023</u> (Rupees)	<u>30 June</u> <u>2023</u> (Rupees)
<b>10. Current maturity of long term liabilities</b>			
This represents current maturity of followings			
- Finance lease	(6)	<u>7,893,008</u>	<u>8,320,043</u>
		<u><u>7,893,008</u></u>	<u><u>8,320,043</u></u>
<b>11. Accrued and other liabilities</b>			
Workers' profit participation fund		9,897,310	8,768,268
FATR Facility		11,791,238	-
Salaries payable		8,069,489	3,338,090
Mark up payable		2,800,513	1,812,415
Workers' welfare fund		2,441,872	2,012,836
Sales tax payable		980,767	1,145,797
Audit fee		700,000	700,000
WHT Payable		660,412	-
Postal life insurance		619,946	546,680
Lease finance payable		-	102,051
		<u><u>37,961,546</u></u>	<u><u>18,426,137</u></u>

## 12. Taxation - net

Provision for taxation	5,388,479	13,075,444
Tax deducted at source	(657,892)	(10,562,521)
	<u>4,730,588</u>	<u>2,512,923</u>

## 13. Contingencies and commitments

### a) Contingencies

Currently there are no contingencies against the company in foreseeable future.

### b) Commitments

There are no commitments made by the company.

## 14. Operating fixed assets

Property, plant and equipment	(14.1)	198,883,159	197,751,248
Capital work in progress	(14.2)	23,931,636	12,140,398
		<u>222,814,795</u>	<u>209,891,646</u>

### 14.1) Property, plant and equipment

Description	Land leasehold	Factory building on Lease hold land	Motor vehicles	Plant and machinery	Electric Installation	Tools and equipment	Furniture and fixtures	Office equipment	Electrical equipment	Motor cycle	Computers	Right of use asset		Total
												Motor vehicle	Machinery	
As at July 01, 2022														
Cost	1,565,250	55,904,245	15,123,140	278,301,731	5,009,037	1,518,578	1,158,264	1,499,222	1,103,590	175,192	342,920	11,054,234	12,072,643	384,828,046
Accumulated depreciation	-	(15,771,669)	(3,654,530)	(176,296,745)	(3,987,905)	(772,867)	(639,446)	(669,522)	(986,917)	(160,042)	(335,868)	(5,429,684)	(1,358,172)	(210,063,367)
Net book value	<u>1,565,250</u>	<u>40,132,576</u>	<u>11,468,610</u>	<u>102,004,986</u>	<u>1,021,132</u>	<u>745,711</u>	<u>518,818</u>	<u>829,700</u>	<u>116,673</u>	<u>15,150</u>	<u>7,052</u>	<u>5,624,550</u>	<u>10,714,471</u>	<u>174,764,679</u>
Year ended June 30, 2023														
Opening net book value	1,565,250	40,132,576	11,468,610	102,004,986	1,021,132	745,711	518,818	829,700	116,673	15,150	7,052	5,624,550	10,714,471	174,764,679
Additions	-	1,941,000	3,267,797	4,416,265	401,100	411,198	-	176,300	35,000	-	293,000	2,950,000	38,419,172	52,310,832
Disposals/adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	(1,875,000)	-	-	-	-	-	-	-	-	-	-	(1,875,000)
Adjustment Dr/(Cr)	-	-	11,054,234	-	-	-	-	-	-	-	-	(11,054,234)	-	-
Depreciation	-	-	(4,191,124)	-	-	-	-	-	-	-	-	5,429,684	-	1,238,560
	-	-	(6,066,124)	-	-	-	-	-	-	-	-	(5,624,550)	-	(636,440)
Depreciation charge	-	(2,079,416)	(2,686,517)	(15,567,502)	(172,947)	(159,064)	(77,823)	(135,474)	(19,688)	(2,272)	(46,066)	(184,375)	(7,370,046)	(28,687,823)
Closing net book value	<u>1,565,250</u>	<u>39,994,160</u>	<u>5,983,766</u>	<u>90,853,749</u>	<u>1,249,284</u>	<u>997,845</u>	<u>440,996</u>	<u>870,526</u>	<u>131,985</u>	<u>12,877</u>	<u>253,986</u>	<u>2,765,625</u>	<u>41,763,596</u>	<u>197,751,248</u>
As at July 01, 2023														
Cost	1,565,250	57,845,245	16,515,937	282,717,996	5,410,137	1,929,776	1,158,264	1,675,522	1,138,590	175,192	635,920	14,004,234	50,491,815	435,263,878
Accumulated depreciation	-	(17,851,085)	(10,532,171)	(191,864,247)	(4,160,853)	(931,931)	(717,268)	(804,996)	(1,006,605)	(162,315)	(381,934)	(184,375)	(8,728,219)	(237,512,631)
Net book value	<u>1,565,250</u>	<u>39,994,160</u>	<u>5,983,766</u>	<u>90,853,749</u>	<u>1,249,284</u>	<u>997,845</u>	<u>440,996</u>	<u>870,526</u>	<u>131,985</u>	<u>12,877</u>	<u>253,986</u>	<u>13,819,859</u>	<u>41,763,596</u>	<u>197,751,248</u>
Annual rate of depreciation (%)														
	-	5	15	15	15	15	15	15	15	15	30	15	15	
Year ended September 30, 2023														
Opening net book value	1,565,250	39,994,160	5,983,766	90,853,749	1,249,284	997,845	440,996	870,526	131,985	12,877	253,986	13,819,859	41,763,596	197,937,800
Additions	-	317,771	-	6,767,852	-	-	-	180,000	-	-	53,300	-	-	7,318,923
Disposals/adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment Dr/(Cr)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(499,927)	(224,391)	(3,407,016)	(46,848)	(37,419)	(16,537)	(32,645)	(4,949)	(483)	(19,049)	(518,245)	(1,566,135)	(6,373,644)
Closing net book value	<u>1,565,250</u>	<u>39,812,004</u>	<u>5,759,375</u>	<u>94,214,585</u>	<u>1,202,436</u>	<u>960,426</u>	<u>424,458</u>	<u>1,017,882</u>	<u>127,035</u>	<u>12,394</u>	<u>288,237</u>	<u>13,301,614</u>	<u>40,197,461</u>	<u>198,883,159</u>
As at September 30, 2023														
Cost	1,565,250	58,163,016	16,515,937	289,485,848	5,410,137	1,929,776	1,158,264	1,855,522	1,138,590	175,192	689,220	14,004,234	50,491,815	442,882,801
Accumulated depreciation	-	(18,351,012)	(10,756,562)	(195,271,263)	(4,207,701)	(969,350)	(733,806)	(837,640)	(1,011,555)	(162,798)	(400,983)	(702,620)	(10,294,354)	(243,699,642)
Net book value	<u>1,565,250</u>	<u>39,812,004</u>	<u>5,759,375</u>	<u>94,214,585</u>	<u>1,202,436</u>	<u>960,426</u>	<u>424,458</u>	<u>1,017,882</u>	<u>127,035</u>	<u>12,394</u>	<u>288,237</u>	<u>13,301,614</u>	<u>40,197,461</u>	<u>198,883,159</u>
Annual rate of depreciation (%)														
	-	5	15	15	15	15	15	15	15	15	30	15	15	



		30 September 2023 (Rupees)	30 June 2022 (Rupees)
14.1.1)	The charge of depreciation for the year has been allocated as follows:		
	Cost of sales	(22.4) 5,855,399	28,503,448
	Administrative expenses	(23) 518,245	184,375
		<u>6,373,644</u>	<u>28,687,823</u>

14.2)	<u>Capital work in progress</u>	Factory building	Plant and machinery	Total
	Balance as at July 01, 2022	-	38,419,172	38,419,172
	Additions during the year	-	12,140,398	12,140,398
	Transfers during the year	-	(38,419,172)	(38,419,172)
	Balance as at June 30, 2023	-	12,140,398	12,140,398
	Balance as at July 01, 2023	-	12,140,398	12,140,398
	Additions during the year	-	11,791,238	11,791,238
	Transfers during the year	-	-	-
	Balance as at September 30, 2023	-	23,931,636	23,931,636

15.	<u>Long term deposits</u>	30 September 2023 (Rupees)	30 June 2022 (Rupees)
	Security deposits against:		
	Leased assets	9,355,781	9,355,781
	Utilities	1,152,836	1,152,836
	Office building	654,330	654,330
		<u>11,162,947</u>	<u>11,162,947</u>

16.	<u>Stock in trade</u>		30 September 2023 (Rupees)	30 June 2022 (Rupees)
	Raw material	(16.1)	80,008,170	87,954,439
	Finished goods		72,206,950	88,536,190
	Work-in-process		7,583,214	9,845,234
			<u>159,798,334</u>	<u>186,335,863</u>
16.1)	<u>Raw material</u>			
	Raw material		64,448,250	73,716,500
	Colors		13,704,120	11,645,919
	Chemical		1,855,800	2,592,020
			<u>80,008,170</u>	<u>87,954,439</u>

17. Trade debts  
This are unsecured and considered good by the management.

18.	<u>Advances, deposits and other receivables</u>		30 September 2023 (Rupees)	30 June 2022 (Rupees)
	<u>Advances to:</u>	(18.1)		
	Staff against salaries		830,000	880,000
	Parties against supplies		14,297,786	4,792,728
			15,127,786	5,672,728
	<u>Deposits:</u>			
	Margin deposit on letters of credit		18,815,932	-
			18,815,932	-
	<u>Other receivables</u>			
	Sales tax refundable		2,623,727	89,241
			<u>36,567,445</u>	<u>5,761,969</u>

18.1) These are unsecured and considered good by the management.

		30 September 2023 (Rupees)	30 June 2023 (Rupees)
<b>19. Prepayments</b>			
Insurance		2,750,973	2,750,973
Office rent		959,684	-
		<u>3,710,657</u>	<u>2,750,973</u>
<b>20. Cash and bank balances</b>			
Cash in hand		700,000	650,000
Cash at bank - current account		1,573,057	20,042,767
		<u>2,273,057</u>	<u>20,692,767</u>
<b>21. Sales-net</b>			
Gross sales		96,442,637	691,853,585
Sales tax		(14,882,792)	(102,734,547)
		<u>81,559,845</u>	<u>589,119,038</u>
<b>22. Cost of sales</b>			
Raw material consumed	(22.1)	93,537,706	324,498,951
Colors consumed	(22.2)	5,732,226	13,055,268
Chemical consumed	(22.3)	3,181,150	13,052,457
Packing material consumed		2,751,214	9,826,219
Production overhead	(22.4)	62,272,542	183,641,614
		<u>167,474,838</u>	<u>544,074,509</u>
Work in process			
- Opening balance as on July 01,		9,845,234	6,456,895
- Closing balance as at June 30,		(7,583,214)	(9,845,234)
		<u>2,262,020</u>	<u>(3,388,339)</u>
Cost of goods manufactured		169,736,858	540,686,170
Finished stocks			
- Opening balance as on July 01,		88,536,190	55,043,600
- Closing balance as at June 30,		(72,206,950)	(88,536,190)
		<u>16,329,240</u>	<u>(33,492,590)</u>
		<u>186,066,098</u>	<u>507,193,580</u>

<b>22.1) Raw material consumed</b>			
Opening stock as on July 01,		73,716,500	66,004,420
Add: Raw material imported		84,269,456	332,211,031
		<u>157,985,956</u>	<u>398,215,451</u>
Closing stock as at June 30,		(64,448,250)	(73,716,500)
		<u><b>93,537,706</b></u>	<u><b>324,498,951</b></u>
		<b>30 September</b>	<b>30 June</b>
		<b>2023</b>	<b>2022</b>
		<b>(Rupees)</b>	<b>(Rupees)</b>
<b>22.2) Colors consumed</b>			
Opening stock as on July 01		11,645,919	7,443,360
Color purchased		7,790,427	17,257,827
		<u>19,436,346</u>	<u>24,701,187</u>
(Less): Closing stock as at June 30,		(13,704,120)	(11,645,919)
		<u><b>5,732,226</b></u>	<u><b>13,055,268</b></u>
<b>22.3) Chemical consumed</b>			
Opening stock as on July 01		2,592,020	1,104,966
Add: Purchases - local		2,444,930	14,539,511
		<u>5,036,950</u>	<u>15,644,477</u>
(Less): Closing stock as at June 30		(1,855,800)	(2,592,020)
		<u><b>3,181,150</b></u>	<u><b>13,052,457</b></u>
<b>22.4) Production overhead</b>			
Salaries and benefits	(22.4.1)	23,371,683	81,123,017
Fuel and power		23,450,009	63,319,268
Repair and maintenance		7,852,265	3,570,595
Sui gas		569,569	2,563,896
Vehicle running and maintenance		490,071	604,855
Lubricants		189,000	652,200
Entertainment		147,928	516,110
Miscellaneous		112,679	445,096
Printing and stationary		80,860	170,140
Travelling and conveyance		61,367	292,095
Telephone and internet		47,780	185,840
Rent, rates and taxes		20,000	75,600
Security charges		10,460	77,954
Postage and courier		10,342	24,319
Newspaper and periodicals		3,130	9,390
Insurance		-	1,507,791
Depreciation	(14.1.1)	5,855,399	28,503,448
		<u><b>62,272,542</b></u>	<u><b>183,641,614</b></u>
<b>22.4.1) Salaries and benefits</b>			
Salaries to staff		18,192,155	64,481,702
Overtime		4,313,732	7,164,517
Social security		313,500	1,290,010
E.O.B.I		274,100	887,068
Leave encashment		177,896	169,437
Financial assistance		90,000	209,500
Medical		10,300	39,084
Bonus		-	5,496,342
Gratuity		-	1,385,357
		<u><b>23,371,683</b></u>	<u><b>81,123,017</b></u>

		30 September <u>2023</u> (Rupees)	30 June <u>2022</u> (Rupees)
<b>23. Administrative expenses</b>			
Director's remuneration		2,437,041	12,669,051
Rent, rates and taxes		1,199,606	4,024,130
Salaries and benefits	(23.1)	905,967	3,063,050
Miscellaneous		445,707	239,366
Entertainment		432,551	364,812
Fees and subscriptions		381,882	441,147
Utilities		139,738	249,528
Telephone, mobile and internet		133,177	482,529
Legal and professional		112,500	75,800
Travelling and conveyance		54,556	112,665
Printing and stationary		52,190	360,947
Postage and courier		23,728	132,248
Repair and maintenance		22,141	274,887
News papers and periodicals		5,600	21,540
Audit remuneration		-	700,000
Depreciation	(14.1.1)	518,245	184,375
		<u>6,864,629</u>	<u>23,396,075</u>
<b>23.1) Director's remuneration</b>			
Remuneration		2,150,000	10,800,000
Medical		187,041	299,051
Director's meeting		100,000	345,000
Bonus		-	1,225,000
		<u>2,437,041</u>	<u>12,669,051</u>
<b>23.1) Salaries and benefits</b>			
Salaries to staff		905,967	2,522,129
Gratuity		-	207,007
Bonus		-	201,646
Insurance		-	132,268
		<u>905,967</u>	<u>3,063,050</u>

<b>24. <u>Selling and distribution expenses</u></b>		
Carriage outward	27,600	148,250
	<u>27,600</u>	<u>148,250</u>
<b>25. <u>Financial expenses</u></b>		
Mark-up	2,800,513	10,024,080
Lease financial charges	2,107,203	6,868,726
Share Registrar Services	261,957	203,725
Bank charges	97,626	250,322
	<u>5,267,299</u>	<u>17,346,853</u>
<b>26. <u>Other charges</u></b>		
Workers' profit participation fund	1,129,042	2,377,880
Workers' welfare fund	429,036	903,594
	<u>1,558,078</u>	<u>3,281,474</u>
	<b>30 September 2023 (Rupees)</b>	<b>30 June 2022 (Rupees)</b>
<b>27. <u>Other income</u></b>		
Profit on TDR	-	809,382
Gain on sale of assets	-	358,349
	<u>-</u>	<u>809,382</u>
<b>28. <u>Taxation</u></b>		
Current year		
- Normal tax	5,388,479	13,075,444
- Deferred taxation	-	(2,300,000)
Prior year	-	7,903,854
	<u>5,388,479</u>	<u>18,679,298</u>
<b>28.1) <u>Reconciliation of tax charge for the year</u></b>		
Accounting profit - before taxation	-	39,282,954
Inadmissible expenditure for tax purposes	-	35,556,549
Admissible expenditure for tax purposes	-	(31,038,745)
	-	43,800,759
Tax charge at applicable tax rate of 29% (2022: 29%)		12,702,220
Tax effect of difference of minimum tax chargeable		373,224
	<u>-</u>	<u>13,075,444</u>

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

<u>Description</u>	<u>September 2023</u>			<u>June 2023</u>		
	<u>Chief Executive</u>	<u>Director</u>	<u>Executive</u>	<u>Chief Executive</u>	<u>Director</u>	<u>Executive</u>
Managerial remuneration	1,300,000	850,000	535,250	5,400,000	7,050,000	2,366,150
	<u>1,300,000</u>	<u>850,000</u>	<u>535,250</u>	<u>5,400,000</u>	<u>7,050,000</u>	<u>2,366,150</u>

Number of persons

1                      1                      1                      1                      2                      1

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

The aggregate amount charged in these financial statements in respect of fee to 4 non-executive directors was Rs 100,000/- (2023: 345,000/-).

**30. Earnings per share - Basic and Diluted**

Profit after tax	10,366,984	28,316,120
Weighted average number of ordinary shares at the end of the year (Numbers)	<u>20,000,000</u>	<u>20,000,000</u>
Basic and diluted earnings per share (Rupee)	<u>0.52</u>	<u>1.42</u>

**31. Related party transaction**

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

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

**32. Financial instruments and related disclosures**

**32.1) Financial assets and liabilities**

	Un-Audited			Audited		
	30 September 2023			30 June 2023		
	Amortized Cost	FVTPL	Total	Amortized Cost	FVTPL	Total
	(Rupees)			(Rupees)		
<b>Financial assets</b>						
<b>Maturity up to one year</b>						
Stock in trade	-	199,798,334	199,798,334	-	186,335,863	186,335,863
Trade debts	85,491,442	-	85,491,442	83,439,432	-	83,439,432
Advances and other receivables	36,567,445	-	36,567,445	5,761,969	-	5,761,969
Cash and bank balances	2,273,057	-	2,273,057	20,692,767	-	20,692,767
<b>Maturity after more than one year</b>						
Long term deposits	11,162,947	-	11,162,947	11,162,947	-	11,162,947
	<u>135,494,890</u>	<u>199,798,334</u>	<u>335,293,224</u>	<u>121,057,115</u>	<u>186,335,863</u>	<u>307,392,978</u>
<b>Financial liabilities</b>						
<b>Recognized</b>						
<b>Maturity up to one year</b>						
Running finance	74,221,108	-	74,221,108	60,531,204	-	60,531,204
Current maturity of long term liabilities	7,893,008	-	7,893,008	8,320,043	-	8,320,043
Accrued and other liabilities	37,961,546	-	37,961,546	18,426,137	-	18,426,137
<b>Maturity after more than one year</b>						
Obligation against assets subject to finance lease	28,781,146	-	28,781,146	30,793,518	-	30,793,518
	<u>148,856,808</u>	<u>-</u>	<u>148,856,808</u>	<u>118,070,902</u>	<u>-</u>	<u>118,070,902</u>

### 32.2) Financial Risk management

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

#### Risk management framework

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

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

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

As of September 30, 2023, trade debts of Rs. 85,491,442/= (2023: Rs 83,439,432) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	<b>30 September 2023 (Rupees)</b>	<b>30 June 2022 (Rupees)</b>
<b>Up to 3 months</b>	<u>85,491,442</u>	<u>83,439,432</u>
	<b><u>85,491,442</u></b>	<b><u>83,439,432</u></b>

#### b) **Liquidity risk**

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

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

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

	<b>Less than 1 year</b>	<b>Between 1 to 5 years</b>	<b>Over 5 years</b>
<b>At September 30, 2023-Un Audited</b>			
<b>Maturity up to one year</b>			
Running finance	74,221,108	-	-
Current maturity of long term liabilities	7,893,008	-	-
Accrued and other liabilities	37,961,546	-	-
<b>Maturity after more then one year</b>			
Obligation against assets subject to finance lease	-	28,781,146	-
<b>At June 30, 2023-Audited</b>			
Running finance	60,531,204	-	-
Current maturity of long term liabilities	8,320,043	-	-
Accrued and other liabilities	18,426,137	-	-
<b>Maturity after more then one year</b>			
Obligation against assets subject to finance	-	30,793,518	-

c) **Market risk**

i) **Currency risk**

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

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

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

The Company has no significant long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest. Financial assets include "Nil" (2023 : Nil) that is invested in TDR at fixed interest rate. Applicable interest rates for financial assets have been indicated in respective note.

iii) **Price risk**

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar instruments traded in the market. At the year end the Company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market price.

d) **Capital risk management**

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

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

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

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

33. **Staff retirement benefits**

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





	30 September 2023 (Rupees)	30 June 2023 (Rupees)
33.1) The amounts recognized in the statement of financial position are as follows:		
Present value of defined benefit obligations	1,148,003	2,735,478
Fair value of plan assets	-	-
Payables	-	-
	<b>1,148,003</b>	<b>2,735,478</b>

	30 September 2023 (Rupees)	30 June 2023 (Rupees)
33.2) Changes in the present value of defined benefit obligation are as follows:		
<b>Opening defined benefit obligation</b>	<b>2,735,478</b>	<b>2,069,710</b>
<b>Service Cost</b>		
Current service cost	-	1,449,083
Past service cost	-	-
<b>Interest expense</b>	-	143,281
<b>Cash Flows</b>		
Benefit payments from Plan	-	-
Benefit payments from employer	(1,587,475)	(1,976,688)
Payables	-	-
<b>Re-measurements</b>		
Effect of changes in Demographic assumptions	-	-
Effect of changes in Financial assumptions	-	-
Effect of Experience adjustments	-	1,050,092
<b>Closing defined benefit obligation</b>	<b>1,148,003</b>	<b>2,735,478</b>

33.3) Components of defined benefit cost are as follows:

<b>Service Cost</b>		
Current Service Cost	-	1,449,083
Reimbursement Service Cost	-	-
Past Service Cost	-	-
(Gain) / loss on settlements	-	-
<b>Net Interest Cost</b>		
Interest Expense on Defined Benefit Obligation	-	143,281
Interest (income) on Plan Assets	-	-
<b>Re-measurement of Other Long Term Benefits</b>	-	-
<b>Defined benefit cost included in P&amp;L</b>	<b>-</b>	<b>1,592,364</b>
<b>Re-measurement (recognized in other comprehensive income)</b>		
Effect of changes in Demographic assumptions	-	-
Effect of changes in Financial assumptions	-	-
Effect of Experience adjustments	-	1,050,092
(Return) on Plan Assets (excluding interest income)	-	-

Total re-measurements included in OCI	-	1,050,092
Total Defined Benefit Cost recognized in P&L and OCI	-	2,642,456

33.4) Net Defined Benefit Liability (Asset) reconciliation	FP ending September 30, 2023	FY ending June 30, 2023
Net Defined Benefit Liability (Asset) at end of previous year	-	2,069,710
Defined Benefit Cost included in P&L	-	1,592,364
Total Re-measurements included in OCI	-	1,050,092
Employer Direct Benefit payments	-	(1,976,688)
<b>Net Defined Benefit Liability (Asset) as of end of year</b>	-	<b>2,735,478</b>

33.5) Assumptions used to determine Defined Benefit Obligation	FP ending September 30, 2023	FY ending June 30, 2023
Discount Rate		15.75%
Rate of Salary increase (Long Term)		14.75%

33.6) Assumptions used to determine Defined Benefit Cost	FP ending September 30, 2023	FY ending June 30, 2023
Discount Rate		13.25%
Rate of Salary increase (Long Term)		12.25%

33.7) Expected Defined Benefit Cost recognized in P&L	FY ending June 30, 2024	FY ending June 30, 2023
<b>Service cost</b>	-	-
Current Service Cost	-	1,095,026
Past Service Cost	-	-
(Gain) / loss on settlements	-	-
<b>Net interest cost</b>	-	-
Interest expense on Defined Benefit Obligation	-	389,766
Interest (income) on Plan Assets	-	-
<b>Total Defined Benefit Cost recognized in P&amp;L as at 30.06.2023</b>	-	<b>1,484,792</b>

33.8) Principal actuarial assumptions	September 2023	June 2023
The principal assumptions used in the actuarial valuation are as follows:	%	%
Discount rate		15.75%
Expected rate of salary increase		14.75%

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

33.10) Sensitivity analysis

	FY ending June 30, 2023	Percentage Change in DBO
Defined Benefit Obligation (DBO)	2,735,478	-
1% Increase in Discount rate	2,519,560	-7.89%
1% Decrease in Discount rate	3,004,407	9.83%
1% Increase in Salary Increase rate	3,012,632	10.13%
1% Decrease in Salary Increase rate	2,507,667	-8.33%

34. Number of employees

Number of employees as on June 30,

Factory  
Other

	September 2023	June 2022
Factory	249	197
Other	7	7
	<u>256</u>	<u>204</u>

Average number of employees during the year

Factory  
Other

Factory	176	199
Other	6	6
	<u>182</u>	<u>205</u>

35. Production capacity

Plant has a maximum production capacity of 1,450,000 kgs. Actual production during the period was 478,137 Kgs (2023: 1,225,000 Kgs).

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

36. General

36.1) Payments out of IPO Funds

Purchase of Machinery, installation and commissioning thereof  
Construction of production hall and storage  
Purchase of delivery truck  
IPO related expenses  
Investment in stocks / Repayment of Current Liabilities

**Total Payments**

Held in TDR

**Total**

**IPO proceeds**

September 2023 (Rupees)
73,971,557
10,200,000
3,111,700
10,716,743
100,000,000
<u>198,000,000</u>
-
-
<u>198,000,000</u>

37. Date of authorization for issue

These financial statements have been authorized for issue on 28/10/23 by the board of directors of the company.

Chief Financial Officer

Chief Executive