

Interim Financial Statements
For the Quarter Ended 31 March 2024
(Un-Audited)



Pak Agro Packaging Limited

COMPANY INFORMATION

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

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

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DIRECTORS' REPORT

Your directors are pleased to present their report on the nine months of the current financial year that ended on 31 March 2024.

Market Outlook

Our main market, namely the agricultural sector of the country, has still not recovered from the impact of recent ravaging floods. This has severely impaired the demand for our products in that sector. Farmers are still struggling to get back on their feet, facing considerable difficulties in preparing their lands for crop plantation. A major chunk of our sales relates to green shades whose demand peaks in summer. With continued rains, the farmers and our distributors have still not started to buy their requirements for summer. However, some stability in the value of Pak rupee has led to stable prices for imported raw materials, making things slightly bearable. While we hope that the market will improve in the near future, it would be unwise to assume any major positive change in the economic landscape of the country. Jan to March follows the off-season quarter for your Company where its sales begin to pick up after recording lowest quarterly revenue in the previous quarter. Our sales revenue for the quarter at Rs 169.9 million was 32.6% higher than in corresponding quarter last year. We are hopeful that our sales will pick up further in the last quarter of the current financial year to give a degree of respectability to our annual results.

Operating Results

We recorded total sales of Rs 600.0 million and a gross profit of Rs 77.4 million in the nine months ended 31 March 2024. Our costs continue to rise due to exchange rate factor but we are at present unable to fully pass the impact of this increase to our customers due to the generally depressed economic situation of the market, particularly in the agricultural sector. Our gross profit margin, at 28.93% of sales was well above the previous year's margin of 15.2%.

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

During the quarter, certain back processes machines costing Rs 110.78 million were added to our plant, strengthening our back process for green shades and fish nets manufacturing. This has led us to balancing our plant and it will serve your company well in coming quarters.

Due to constrained forex situation and resultant difficulties in opening letters of credit for import of raw materials, your company took some brave measures to build up adequate stocks to ensure continued production during the coming peak season. This has caused significant increase in both stock levels and current borrowings, leading to higher financial expenses in the quarter ending 31 March 2024.

We recorded a profit before tax of Rs 33.7 million and profit after tax of Rs 23.8 million for the nine months under review, translating to 19.2% and 19.4% respectively over comparable period of last financial year.

IPO Funds Proceeds

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

Acknowledgement

We wish to thank all our employees and business associates for the cooperation during the nine months ended 31 March 2024.



Chief Financial Officer
Director



Chief Executive
Director

Pak Agro Packaging Limited
Statement of Financial Position as at March 31, 2024

| | | March 2024 (Rupees) | June 2023 (Rupees) |
|--|-------------|---------------------------|--------------------------|
| Equity and liabilities | Note | | |
| Share capital and reserves | | | |
| Share capital | 6 | 200,000,000 | 200,000,000 |
| Reserves | 7 | 107,283,257 | 107,283,257 |
| Loan from Directors | 8 | 2,000,000 | - |
| Revenue reserves | | | |
| Unappropriated profit | | 89,043,865 | 65,147,370 |
| | | <u>398,327,122</u> | <u>372,430,627</u> |
| Non-current liabilities | | | |
| Obligation against assets subject to finance lease | 9 | 44,191,869 | 30,793,518 |
| Deferred taxation | 10 | 24,285,667 | 24,285,667 |
| Employees' Gratuity Fund | 11 | 332,797 | 2,735,478 |
| | | 68,810,333 | 57,814,663 |
| Current liabilities | | | |
| Running finance | 12 | 79,997,965 | 60,531,204 |
| Current maturity of long term liabilities | 13 | 1,152,869 | 8,320,043 |
| Accrued and other liabilities | 14 | 65,256,594 | 18,426,137 |
| Taxation - net | 15 | (1,575,227) | 2,512,923 |
| | | 144,832,201 | 89,790,307 |
| Contingencies and commitments | 16 | - | - |
| | | <u>611,969,657</u> | <u>520,035,597</u> |
| Property and assets | | | |
| Non-current assets | | | |
| Operating fixed assets | 17 | 289,417,320 | 209,891,646 |
| Long term deposits | 18 | 19,542,079 | 11,162,947 |
| Current assets | | | |
| Stock in trade | 19 | 269,475,548 | 186,335,863 |
| Trade debts | 20 | 13,768,366 | 83,439,432 |
| Advances and other receivables | 21 | 15,662,468 | 5,761,969 |
| Prepayments | 22 | 84,430 | 2,750,973 |
| Cash and bank balances | 24 | 4,019,446 | 20,692,767 |
| | | 303,010,257 | 298,981,004 |
| | | <u>611,969,657</u> | <u>520,035,597</u> |

The annexed notes 1 to 40 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive

Pak Agro Packaging Limited
Statement of Profit or Loss
For the period ended March 31, 2024

| | Note | 09 Months Ended | | Quarter Ended | |
|---|------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | | <u>31st March 2024</u> (Rupees) | <u>31st March 2023</u> (Rupees) | <u>31st March 2024</u> (Rupees) | <u>31st March 2023</u> (Rupees) |
| Sales | 25 | 600,024,409 | 390,691,388 | 169,877,089 | 128,064,847 |
| Cost of sales | 26 | 522,657,219 | 338,482,135 | 144,085,774 | 112,056,741 |
| Gross profit | | 77,367,190 | 52,209,253 | 25,791,315 | 16,008,106 |
| Operating expenses | | | | | |
| Administrative | 27 | 20,274,071 | 17,602,805 | 6,682,266 | 4,075,300 |
| Selling and distribution | 28 | 185,110 | 1,005,000 | 85,500 | 978,500 |
| | | 20,459,181 | 18,607,805 | 6,767,766 | 5,053,800 |
| Profit from operations | | 56,908,009 | 33,601,448 | 19,023,549 | 10,954,306 |
| Financial expenses | 29 | 19,324,321 | 13,689,231 | 10,048,775 | 6,245,479 |
| Other charges | 30 | 3,926,653 | 2,318,500 | 1,312,625 | 759,561 |
| | | 23,250,973 | 16,007,731 | 11,361,399 | 7,005,040 |
| | | 33,657,035 | 17,593,717 | 7,662,149 | 3,949,266 |
| Other income | 31 | - | 809,382 | - | - |
| Profit for the year before taxation | | 33,657,035 | 18,403,099 | 7,662,149 | 3,949,266 |
| Taxation | 32 | 9,760,540 | 5,860,371 | 2,222,023 | 1,920,973 |
| Profit for the year | | 23,896,495 | 12,542,728 | 5,440,126 | 2,028,293 |
| Basic and diluted earnings per share (PKR) | | 1.19 | 0.59 | 0.27 | 0.10 |

The annexed notes 1 to 40 form an integral part of these financial statements


Chief Financial Officer


Chief Executive

Pak Agro Packaging Limited
Statement of Comprehensive Income
For the period ended March 31, 2024

| | 09 Months Ended | | Quarter Ended | |
|---|-------------------|-------------------|------------------|------------------|
| | 31st March 2024 | 31st March 2022 | 31st March 2024 | 31st March 2022 |
| Profit for the year after taxation | 23,896,495 | 12,542,728 | 5,440,126 | 2,028,293 |
| Other comprehensive income | | | | |
| Items that will not be classified to profit or loss | | | | |
| Remeasurement gain on staff retirement benefit plan | - | - | - | - |
| Total comprehensive income for the year | 23,896,495 | 12,542,728 | 5,440,126 | 2,028,293 |

The annexed notes 1 to 40 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive

Pak Agro Packaging Limited
Statement of Cash Flows
For the period ended March 31, 2024

| | 09 Months Ended | |
|--|---------------------------|---------------------------|
| | March 2024 (Rupees) | March 2023 (Rupees) |
| Cash flow from operating activities | | |
| Profit for the year before taxation | 33,657,035 | 18,403,099 |
| Adjustments for | | |
| Depreciation | 19,120,932 | 22,156,149 |
| Gain on disposal of assets | - | - |
| | 19,120,932 | 22,156,149 |
| Operating profit before working capital changes | 52,777,968 | 40,559,248 |
| Increase/(decrease) in | | |
| Stock in trade | (83,139,685) | (68,305,115) |
| Trade debtors | 69,671,066 | (23,849,107) |
| Advances and other receivables | (9,900,499) | (1,361,977) |
| Pre-payments | 2,666,543 | (737,338) |
| | (20,702,575) | (94,253,537) |
| | 32,075,393 | (53,694,289) |
| Increase/(decrease) in | | |
| Current liabilities | 44,317,535 | (3,370,416) |
| Cash flow from operating activities | 76,392,928 | (57,064,705) |
| Tax deducted at source | (11,335,767) | (5,120,568) |
| Net cash flow from operating activities | 65,057,162 | (62,185,273) |
| Cash flow from investing activities | | |
| Fixed capital expenditures | (110,787,005) | (7,608,263) |
| Capital work in progress | 12,140,398 | - |
| Long term deposits | (8,379,132) | (5,870,381) |
| Short term investment | - | 30,000,000 |
| Deposit against vehicles | - | (2,427,789) |
| Net cash flow from investing activities | (107,025,739) | 14,093,567 |
| Cash flow from financing activities | | |
| Asset subject to finance lease | 6,231,177 | 26,660,111 |
| Loan from directors | 2,000,000 | - |
| Share capital | - | - |
| Running finance facility | 19,466,761 | 8,114,449 |
| Provision for gratuity | (2,402,681) | (2,616,115) |
| Net cash flow from financing activities | 25,295,257 | 32,158,445 |
| Net increase/(decrease) in cash and cash equivalents | (16,673,321) | (15,933,261) |
| Cash and cash equivalent in the beginning of the year | 20,692,767 | 28,320,186 |
| Cash and cash equivalent at the end of the year | 4,019,446 | 12,386,925 |

The annexed notes 1 to 40 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive

Pak Aero Packaging Limited
Statement of Changes in Equity
For the period ended March 31, 2024

| | Share capital | Capital reserves | Interest free loan from directors | Accumulated profit/(loss) | Total |
|---|---------------|------------------|--------------------------------------|------------------------------|-------------|
| | (Rupees) | (Rupees) | (Rupees) | (Rupees) | (Rupees) |
| Balance as at June 30, 2022 | 200,000,000 | 107,283,257 | - | 46,703,047 | 353,986,304 |
| Total comprehensive income for the year | - | - | - | 18,444,323 | 18,444,323 |
| Balance as at June 30, 2023 | 200,000,000 | 107,283,257 | - | 65,147,370 | 372,430,627 |
| Total comprehensive income for the year | - | - | 2,000,000 | 23,896,495 | 25,896,495 |
| Balance as at March 31, 2024 | 200,000,000 | 107,283,257 | 2,000,000 | 89,043,865 | 398,327,122 |

The annexed notes 1 to 40 form an integral part of these financial statements.


 Chief Financial Officer


 Chief Executive

Pak Agro Packaging Limited
Notes to the Financial Statements
For the period ended March 31, 2024

1. Company and its operations

The company was incorporated initially with the name and style 'Eclisar 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 March 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 gen board of the Pakistan Stock Exchange. The main object of the company is manufacturing of net bags and green shades for green houses and to provide services to manufacture the same. The company owns a manufacturing unit in Industrial Estate, Hattar. The registered office of the company is situated at Plot No. 23, Phase IV, Haripur, Khyber Pakhtunkhwa, Hattar Industrial Estate, Hattar.

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

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

2. Statement of compliance and significant accounting estimates

2.1) Statement of compliance

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

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

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

2.2) Functional and presentation currency

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

2.3) Significant accounting estimates

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

The estimates and underlying assumptions are reviewed on 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 impairment.

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

- There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Company's financial statements.

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

| | | Effective date (annual reporting periods beginning on or after) |
|---------|---|--|
| IAS 1 | Presentation of Financial Statements (Amendments) | January 1, 2023 |
| IAS 8 | Accounting Policies, Changing in Accounting Estimates and Errors (Amendments) | 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 leasehold 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, 2019, 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

3.9) Revenue recognition

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

4. Dividend and appropriation to reserves

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

5. Financial instruments

Financial assets 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.

| | March 2024 (Rupees) | June 2023 (Rupees) |
|---|---------------------------|--------------------------|
| 6. Share capital | | |
| Authorized capital | | |
| 40,000,000 ordinary shares of Rs. 10/= each | 400,000,000 | 400,000,000 |
| Issued, subscribed and paid-up capital | | |
| Shares issued for cash | | |
| 17,350,000 ordinary shares of Rs. 10/= each in cash | 173,500,000 | 173,500,000 |
| Issued as fully paid bonus shares | | |
| 2,650,000 ordinary shares of Rs. 10/= each | 26,500,000 | 26,500,000 |
| | <u>200,000,000</u> | <u>200,000,000</u> |
| 7. Reserves | | |
| Composition of reserves is as follows: | | |
| Premium on issuance of shares | 107,283,257 | 118,000,000 |
| Less: IPO charges | - | 8,479,343 |
| Brokerage commission paid on issuance of shares | - | 2,237,400 |
| | <u>107,283,257</u> | <u>107,283,257</u> |

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

- 8. Loan from Director**
This represents the amount received interest free loan from directors and payable within one year.

| | | |
|--|-------------------|-------------------|
| 9. Obligation under finance lease | | |
| Value of assets | 30,793,518 | 7,129,849 |
| Add: Addition during the year | 18,744,294 | 35,843,181 |
| | <u>49,537,812</u> | <u>42,973,030</u> |
| Less: Payments made upto the year | 5,345,943 | 3,859,469 |
| Present value of minimum lease payment | 44,191,869 | 39,113,561 |
| Less: Current maturity | - | 8,320,043 |
| | <u>44,191,869</u> | <u>30,793,518</u> |
| The amount of future payments and the periods in which they become due are as follows: | | |
| June 30, 2024 | 7,254,733 | 13,474,272 |
| June 30, 2025 | 15,283,648 | 13,683,648 |
| June 30, 2026 | 16,567,017 | 9,567,017 |
| June 30, 2027 | 18,307,041 | 14,307,041 |
| | <u>57,412,439</u> | <u>51,031,978</u> |
| Less: Lease financial charges allocable for future periods | 13,220,570 | 11,918,417 |
| | 44,191,869 | 39,113,561 |
| Less: Current maturity of finance lease | - | 8,320,043 |
| | <u>44,191,869</u> | <u>30,793,518</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.

| | | | |
|---|--------|--------------------|--------------------|
| 10. 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> |
| 11. 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>(2,402,681)</u> | <u>(1,976,688)</u> |
| | | <u>332,797</u> | <u>2,735,478</u> |
| 12. Running finance | | | |
| The Bank of Khyber | (12.1) | 79,997,965 | 60,531,204 |
| | | <u>79,997,965</u> | <u>60,531,204</u> |

12.1) The Bank of Khyber has renewed and enhanced the running finance facility limit from Rs. 40 million to Rs. 50 million on November 01, 2022 to meet working capital requirements of the company at mark up rate to be recovered on quarterly basis as follows:

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

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

These facilities are secured by way of:

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

Common Securities against all credit facilities:

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

These facilities are valid up to October 31, 2024.

| | | March 2024 (Rupees) | June 2023 (Rupees) |
|--|-------|---------------------------|--------------------------|
| 13. Current maturity of long term liabilities | | | |
| This represents current maturity of followings | | | |
| - Finance lease | (7) | 1,152,869 | 8,320,043 |
| | | <u>1,152,869</u> | <u>8,320,043</u> |
| 14. Accrued and other liabilities | | | |
| FATR liability | 14.1) | 38,197,001 | - |
| Workers' profit participation fund | | 11,613,668 | 8,768,268 |
| Salaries payable | | 11,089,663 | 3,338,090 |
| Workers' welfare fund | | 1,984,846 | 2,012,836 |
| Sales tax payable | | - | 1,145,797 |
| Postal life insurance | | 776,161 | 546,680 |
| WHT Payable | | 1,595,255 | - |
| Mark up payable | | - | 1,812,415 |
| Audit fee | | - | 700,000 |
| Lease finance payable | | - | 102,051 |
| | | <u>65,256,594</u> | <u>18,426,137</u> |

14.1) The Bank of Punjab has provided Finance Against Trust Receipts (FATR) of Rs. 50 million on November 06, 2023 to retire SLCs and bank contracts at sight established for import of raw material through BOP only.

- Base Rate + 300bps p.a for 90 days.
- After 90 days as per BOP's Schedule of Charges.

These facilities are valid up to September 30, 2024.

15. **Taxation - net**

| | | |
|------------------------|--------------------|------------------|
| Provision for taxation | 9,760,540 | 13,075,444 |
| Tax deducted at source | (11,335,767) | (10,562,521) |
| | <u>(1,575,227)</u> | <u>2,512,923</u> |

16. **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.

| | | | |
|-----------------------------------|--------|--------------------|--------------------|
| | | March | June |
| | | 2024 | 2023 |
| | | (Rupees) | (Rupees) |
| 17. Operating fixed assets | | | |
| Property, plant and equipment | (17.1) | 289,417,320 | 197,751,248 |
| Capital work in progress | (17.2) | - | 12,140,398 |
| | | <u>289,417,320</u> | <u>209,891,646</u> |

17.1) **Property, plant and equipment**

| Description | Land/lease hold | 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 | 1,501,250 | 39,944,205 | 15,123,140 | 270,301,731 | 5,705,037 | 1,518,578 | 1,139,264 | 1,699,222 | 1,103,590 | 175,192 | 342,920 | 11,854,234 | 12,721,640 | 344,238,046 |
| Accumulated depreciation | - | (15,171,601) | (3,154,520) | (178,266,716) | (3,187,865) | (772,803) | (639,448) | (665,572) | (486,917) | (168,245) | (135,840) | (5,179,884) | (1,139,172) | (179,863,307) |
| Net book value | 1,501,250 | 24,772,604 | 11,968,620 | 192,035,015 | 1,517,172 | 745,775 | 500,016 | 1,033,650 | 616,673 | 15,947 | 207,080 | 6,674,350 | 11,582,468 | 164,374,739 |
| Annual rate of depreciation (%) | - | 5 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 10 | 15 | 15 | - |
| Year ended June 30, 2023 | | | | | | | | | | | | | | |
| Opening net book value | 1,501,250 | 24,772,604 | 11,968,620 | 192,035,015 | 1,517,172 | 745,775 | 500,016 | 1,033,650 | 616,673 | 15,947 | 207,080 | 6,674,350 | 11,582,468 | 164,374,739 |
| Additions | - | 1,501,250 | 3,317,957 | 4,616,265 | 401,200 | 411,100 | - | 176,300 | 35,000 | - | 291,600 | 2,950,000 | 30,811,172 | 52,310,832 |
| Disposals/retirements | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cost | - | - | (1,875,000) | - | - | - | - | - | - | - | - | - | - | (1,875,000) |
| Adjustment Dep/Co | - | - | (1,194,234) | - | - | - | - | - | - | - | - | (11,654,234) | - | - |
| Depreciation | - | - | (4,191,124) | - | - | - | - | - | - | - | - | (5,179,884) | - | (1,780,500) |
| Depreciation charge | - | - | 4,986,124 | - | - | - | - | - | - | - | - | (5,179,884) | - | 638,440 |
| Closing net book value | 1,501,250 | 26,994,104 | 17,180,000 | 196,851,200 | 1,918,372 | 1,156,875 | 500,016 | 1,209,950 | 651,673 | 15,947 | 207,080 | 7,554,466 | 11,713,268 | 167,065,171 |
| As at July 01, 2023 | | | | | | | | | | | | | | |
| Cost | 1,501,250 | 37,945,215 | 27,539,171 | 202,717,996 | 5,408,137 | 1,159,776 | 1,139,264 | 1,875,522 | 1,138,590 | 175,192 | 639,920 | 12,998,000 | 14,011,815 | 345,238,078 |
| Accumulated depreciation | - | (17,651,681) | (6,377,171) | (191,864,215) | (4,166,833) | (828,331) | (717,268) | (884,996) | (1,086,665) | (167,215) | (201,936) | (10,347,725) | (1,278,772) | (179,511,611) |
| Net book value | 1,501,250 | 20,293,534 | 21,162,000 | 110,853,781 | 1,241,304 | 331,445 | 422,000 | 990,526 | 55,325 | 8,977 | 437,984 | 2,650,275 | 11,733,043 | 165,726,467 |
| Annual rate of depreciation (%) | - | 5 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 10 | 15 | 15 | - |
| Year ended March 31, 2024 | | | | | | | | | | | | | | |
| Opening net book value | 1,501,250 | 20,293,534 | 21,162,000 | 110,853,781 | 1,241,304 | 331,445 | 422,000 | 990,526 | 55,325 | 8,977 | 437,984 | 2,650,275 | 11,733,043 | 165,726,467 |
| Additions | - | 2,114,365 | - | 19,536,962 | 18,300 | - | - | 176,300 | 307,224 | - | 33,300 | - | 11,744,204 | 118,707,665 |
| Disposals/retirements | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cost | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjustment Dep/Co | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation charge | - | (1,699,701) | (1,916,771) | (18,771,697) | (116,245) | (17,236) | (19,617) | (67,934) | (1,144) | (1,449) | (27,110) | (11,111) | (14,000) | (19,126,932) |
| Closing net book value | 1,501,250 | 18,593,833 | 21,162,000 | 92,082,084 | 1,125,059 | 314,209 | 402,383 | 922,592 | 53,881 | 8,528 | 410,874 | 2,639,164 | 11,719,043 | 146,600,535 |
| As at July 01, 2024 | | | | | | | | | | | | | | |
| Cost | 1,501,250 | 39,959,580 | 27,539,171 | 222,249,978 | 5,428,137 | 1,159,776 | 1,139,264 | 1,942,746 | 1,138,590 | 175,192 | 639,920 | 12,998,000 | 14,226,189 | 346,698,004 |
| Accumulated depreciation | - | (19,295,664) | (12,448,946) | (202,065,296) | (4,211,375) | (1,044,000) | (766,000) | (921,200) | (1,021,854) | (163,364) | (209,000) | (10,518,500) | (1,317,672) | (204,611,531) |
| Net book value | 1,501,250 | 20,663,916 | 15,090,225 | 120,184,682 | 1,216,762 | 115,776 | 373,264 | 1,021,546 | 116,736 | 8,828 | 430,920 | 2,479,499 | 11,908,517 | 142,086,473 |
| Annual rate of depreciation (%) | - | 5 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 10 | 15 | 15 | - |

| | | March 2024 (Rupees) | June 2023 (Rupees) |
|---|-------------------------|----------------------------|--------------------------|
| 17.1.1) The charge of depreciation for the year has been allocated as follows: | | | |
| Cost of sales | (25.4) | 18,809,800 | 28,503,448 |
| Administrative expenses | (27) | 311,133 | 184,375 |
| | | <u>19,120,932</u> | <u>28,687,823</u> |
| 17.2) Capital work in progress | | | |
| | 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, 2022 | - | 12,140,398 | 12,140,398 |
| Additions during the year | - | - | - |
| Transfers during the year | - | (12,140,398) | (12,140,398) |
| Balance as at March 31, 2024 | - | - | - |
| | | March 2024 (Rupees) | June 2023 (Rupees) |
| 18. Long term deposits | | | |
| Security deposits against: | | | |
| Leased assets | | 17,734,913 | 9,355,781 |
| Utilities | | 1,152,836 | 1,152,836 |
| Office building | | 654,330 | 654,330 |
| | | <u>19,542,079</u> | <u>11,162,947</u> |
| 19. Stock in trade | | | |
| Raw material | (19.1) | 102,087,450 | 87,954,439 |
| Finished goods | | 156,840,800 | 88,536,190 |
| Work-in-process | | 10,547,298 | 9,845,234 |
| | | <u>269,475,548</u> | <u>186,335,863</u> |
| 19.1) Raw material | | | |
| Raw material | | 78,215,520 | 73,716,500 |
| Colors | | 19,649,930 | 11,645,919 |
| Chemical | | 4,222,000 | 2,592,020 |
| | | <u>102,087,450</u> | <u>87,954,439</u> |
| 20. Trade debts | | | |
| These are unsecured and considered good by the management. | | | |
| 21. Advances, deposits and other receivables | | | |
| Advances to: | (21.1) | | |
| Staff against salaries | | 913,500 | 880,000 |
| Parties against supplies | | 1,244,108 | 4,792,728 |
| | | <u>2,157,608</u> | <u>5,672,728</u> |
| Deposits: | | | |
| Margin deposit on letters of credit | | 6,796,081 | - |
| | | <u>6,796,081</u> | <u>-</u> |
| Other receivables | | | |
| Sales tax refundable | | 6,708,779 | 89,241 |
| | | <u>6,708,779</u> | <u>89,241</u> |
| | | <u>15,662,468</u> | <u>5,761,969</u> |
| 21.1) These are unsecured and considered good by the management. | | | |

| | March 2024 (Rupees) | June 2023 (Rupees) |
|------------------------------------|---------------------------|--------------------------|
| 22. Prepayments | | |
| Insurance | 84,430 | 2,750,973 |
| | <u>84,430</u> | <u>2,750,973</u> |
| 24. Cash and bank balances | | |
| Cash in hand | 700,660 | 650,660 |
| Cash at bank - current account | 3,319,446 | 20,042,767 |
| | <u>4,019,446</u> | <u>20,692,767</u> |
| 25. Sales-net | | |
| Gross sales | 689,150,824 | 691,853,585 |
| Sales tax | (89,126,415) | (102,734,547) |
| | <u>600,024,409</u> | <u>589,119,038</u> |
| 26. Cost of sales | | |
| Raw material consumed (26.1) | 372,726,250 | 324,498,951 |
| Colors consumed (26.2) | 15,079,354 | 13,055,268 |
| Chemical consumed (26.3) | 17,271,549 | 13,052,457 |
| Packing material consumed | 8,087,851 | 9,826,219 |
| Production overhead (26.4) | 178,498,890 | 183,641,614 |
| | <u>591,663,893</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 March 31, | (10,547,298) | (9,845,234) |
| | <u>(702,064)</u> | <u>(3,388,339)</u> |
| Cost of goods manufactured | 590,961,829 | 540,686,170 |
| Finished stocks | | |
| - Opening balance as on July 01, | 88,536,190 | 55,043,660 |
| - Closing balance as at March 31, | (136,840,800) | (88,536,190) |
| | <u>(68,304,610)</u> | <u>(33,492,530)</u> |
| | <u>522,657,219</u> | <u>507,193,580</u> |
| 26.1) Raw material consumed | | |
| Opening stock as on July 01, | 73,716,500 | 66,004,420 |
| Add: Raw material imported | 377,225,270 | 332,211,031 |
| | <u>450,941,770</u> | <u>398,215,451</u> |
| Closing stock as at March 31, | (78,215,520) | (73,716,500) |
| | <u>372,726,250</u> | <u>324,498,951</u> |
| 26.2) Colors consumed | | |
| Opening stock as on July 01 | 11,645,919 | 7,443,360 |
| Color purchased | 23,083,365 | 17,257,827 |
| | <u>34,729,284</u> | <u>24,701,187</u> |
| Closing stock as at March 31, | (19,649,930) | (11,645,919) |
| | <u>15,079,354</u> | <u>13,055,268</u> |
| 26.3) Chemical consumed | | |
| Opening stock as on July 01 | 2,592,020 | 1,104,966 |
| Add: Purchases | 18,901,529 | 14,539,511 |
| | <u>21,493,549</u> | <u>15,644,477</u> |
| Closing stock as at March 31, | (4,222,000) | (2,592,020) |
| | <u>17,271,549</u> | <u>13,052,457</u> |

| | | | |
|--------------------------------------|----------|--------------------|--------------------|
| 26.4) Production overhead | | | |
| Salaries and benefits | (26.4.1) | 73,614,467 | 81,123,017 |
| Fuel and power | | 75,475,558 | 63,319,268 |
| Insurance | | 2,825,263 | 1,507,791 |
| Sui gas | | 2,678,244 | 2,563,896 |
| Repair and maintenance | | 2,590,067 | 3,570,595 |
| Lubricants | | 1,078,000 | 652,200 |
| Vehicle running and maintenance | | 319,192 | 604,855 |
| Entertainment | | 266,118 | 516,110 |
| Miscellaneous | | 220,253 | 445,096 |
| Travelling and conveyance | | 204,813 | 292,095 |
| Printing and stationary | | 166,651 | 170,140 |
| Telephone and internet | | 153,384 | 185,840 |
| Security charges | | 35,564 | 77,954 |
| Postage and courier | | 30,836 | 24,319 |
| Rent, rates and taxes | | 20,000 | 75,600 |
| Newspaper and periodicals | | 10,680 | 9,390 |
| Depreciation | (17.1.1) | 18,809,800 | 28,503,448 |
| | | 178,498,890 | 183,641,614 |
| 26.4.1) Salaries and benefits | | | |
| Salaries to staff | | 59,660,770 | 64,481,702 |
| Overtime | | 10,956,035 | 7,164,517 |
| Social security | | 1,106,940 | 1,290,010 |
| E O B I | | 969,760 | 887,068 |
| Financial assistance | | 240,000 | 209,500 |
| Leave encashment | | 177,896 | 169,437 |
| Medical | | 30,055 | 39,084 |
| Bonus | | - | 5,496,342 |
| Gratuity | | 473,011 | 1,385,357 |
| | | 73,614,467 | 81,123,017 |
| | | March | June |
| | | 2024 | 2023 |
| | | (Rupees) | (Rupees) |
| 27. Administrative expenses | | | |
| Director's remuneration | (27.1) | 8,427,608 | 12,669,051 |
| Salaries and benefits | (27.2) | 2,984,427 | 3,063,050 |
| Rent, rates and taxes | | 4,426,544 | 4,024,130 |
| Miscellaneous | | 780,050 | 239,366 |
| Entertainment | | 556,370 | 364,812 |
| Legal and professional | | 454,500 | 75,800 |
| Printing and stationary | | 396,830 | 360,947 |
| Travelling and conveyance | | 423,428 | 112,665 |
| Fees and subscriptions | | 405,217 | 441,147 |
| Utilities | | 386,300 | 249,528 |
| Telephone, mobile and internet | | 365,568 | 482,529 |
| News papers and periodicals | | 198,114 | 21,540 |
| Postage and courier | | 135,841 | 132,248 |
| Repair and maintenance | | 22,141 | 274,887 |
| Audit remuneration | | - | 700,000 |
| Depreciation | (17.1.1) | 311,133 | 184,375 |
| | | 20,274,071 | 23,396,075 |
| 27.1) Director's remuneration | | | |
| Remuneration | | 7,340,000 | 10,800,000 |
| Medical | | 587,608 | 299,051 |
| Director's meeting | | 500,000 | 345,000 |
| Bonus | | - | 1,225,000 |
| | | 8,427,608 | 12,669,051 |
| 27.2) Salaries and benefits | | | |
| Salaries to staff | | 2,763,257 | 2,522,129 |
| Insurance | | 221,170 | 132,268 |
| Gratuity | | - | 207,007 |
| Bonus | | - | 201,646 |
| | | 2,984,427 | 3,063,050 |

| | | | |
|---|--|-------------------|----------------------|
| 28. <u>Selling and distribution expenses</u> | | | |
| Carrage outward | | 185,110 | 148,250 |
| | | <u>185,110</u> | <u>148,250</u> |
| 29. <u>Financial expenses</u> | | | |
| Mark-up | | 8,292,172 | 10,024,080 |
| Mark-up on FATR | | 5,925,345 | - |
| Lease financial charges | | 3,898,518 | 6,868,726 |
| Share Registrar Services | | 721,497 | 203,725 |
| Bank charges | | 486,789 | 250,322 |
| | | <u>19,324,321</u> | <u>17,346,853</u> |
| 30. <u>Other charges</u> | | | |
| Workers' profit participation fund | | 2,845,400 | 1,680,072 |
| Workers' welfare fund | | 1,081,252 | 638,428 |
| | | <u>3,926,653</u> | <u>2,318,500</u> |
| | | March | June |
| | | <u>2024</u> | <u>2023</u> |
| 31. <u>Other income</u> | | (Rupees) | (Rupees) |
| Profit on TDR | | - | 809,382 |
| Gain on sale of assets | | - | 358,349 |
| | | <u>-</u> | <u>1,167,731</u> |
| 32. <u>Taxation</u> | | | |
| Current year | | | |
| - Normal tax | | 9,760,540 | 13,075,444 |
| - Deferred taxation | | - | (2,300,000) |
| Prior year | | - | 7,903,854 |
| | | <u>9,760,540</u> | <u>18,679,298</u> |
| 32.1) <u>Reconciliation of tax charge for the year</u> | | | |
| Accounting profit - before taxation | | - | 39,282,954 |
| Inadmissible expenditure for tax purposes | | - | 35,556,549 |
| Admissible expenditure for tax purposes | | - | (31,038,745) |
| | | - | 43,800,758 |
| Tax effect of difference of minimum tax chargeable | | - | 373,224 |
| Tax charge at applicable tax rate of 29% (2023: 29%) | | - | <u>13,075,443.82</u> |

| | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| 33. <u>Remuneration of Chief Executive, Directors and Executives</u> | | | | | | |
| | March 2024 | | | June 2023 | | |
| Description | Chief Executive | Director | Executive | Chief Executive | Director | Executive |
| Managerial remuneration | 4,600,000 | 2,310,000 | 2,895,000 | 5,400,000 | 5,400,000 | 2,105,250 |
| Bonus | - | - | - | 661,771 | 563,229 | 270,438 |
| | <u>4,600,000</u> | <u>2,310,000</u> | <u>2,895,000</u> | <u>6,061,771</u> | <u>5,963,229</u> | <u>2,375,688</u> |
| Number of persons | 1 | 1 | 2 | 2 | 2 | 1 |

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

The aggregate amount charged in these financial statements in respect of fee to 4 non-executive directors was Rs.375,000/- (June 2023: Rs 345,000/-)

| | | | |
|---|--|-------------------|-------------------|
| 34. <u>Earnings per share - Basic and Diluted</u> | | | |
| Profit after tax | | 23,896,495 | 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>1.19</u> | <u>1.42</u> |

35. 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.

36. **Financial instruments and related disclosures**

36.1) **Financial assets and liabilities**

| | March-2024 | | | June-2023 | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Amortized Cost | FVTPL | Total | Amortized Cost | FVTPL | Total |
| | (Rupees) | | | (Rupees) | | |
| Financial assets | | | | | | |
| Maturity up to one year | | | | | | |
| Stock in trade | - | 269,475,548 | 269,475,548 | - | 186,335,863 | 186,335,863 |
| Trade debts | 13,768,366 | - | 13,768,366 | 83,439,432 | - | 83,439,432 |
| Advances and other receivables | 15,662,468 | - | 15,662,468 | 5,761,969 | - | 5,761,969 |
| Cash and bank balances | 4,019,446 | - | 4,019,446 | 20,692,767 | - | 20,692,767 |
| Maturity after more than one year | | | | | | |
| Long term deposits | 19,542,079 | - | 19,542,079 | 11,162,947 | - | 11,162,947 |
| | <u>52,992,359</u> | <u>269,475,548</u> | <u>322,467,907</u> | <u>121,057,115</u> | <u>186,335,863</u> | <u>307,392,978</u> |
| Financial liabilities | | | | | | |
| Recognized | | | | | | |
| Maturity up to one year | | | | | | |
| Running finance | 79,997,965 | - | 79,997,965 | 60,531,204 | - | 60,531,204 |
| Current maturity of long term liabilities | 1,152,869 | - | 1,152,869 | 8,320,043 | - | 8,320,043 |
| Accrued and other liabilities | 65,256,594 | - | 65,256,594 | 18,426,137 | - | 18,426,137 |
| Maturity after more than one year | | | | | | |
| Obligation against assets subject to finance lease | 44,191,869 | - | 44,191,869 | 30,793,518 | - | 30,793,518 |
| | <u>190,599,297</u> | <u>-</u> | <u>190,599,297</u> | <u>118,070,901</u> | <u>-</u> | <u>118,070,901</u> |

36.2) **Financial Risk management**

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

Risk management framework

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

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

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

a) **Credit risk**

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

As of March 31, 2024, trade debts of Rs. 13,768,366 (2023: Rs. 83,439,432/=) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

| | March 2024 (Rupees) | June 2023 (Rupees) |
|----------------|---------------------------|--------------------------|
| Up to 3 months | <u>13,768,366</u> | <u>83,439,432</u> |
| | <u>13,768,366</u> | <u>83,439,432</u> |

b) **Liquidity risk**

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

The Company manages liquidity risk by maintaining sufficient cash/financial assets. At March 31, 2024, the Company had financial assets of Rs. 118,132,716/- (June 2023: Rs. 133,197,513.17/-).

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

| | Less than 1 year | Between 1 to 5 years | Over 5 years |
|--|---------------------|-------------------------|--------------|
| At June 30, 2023 | | | |
| Maturity up to one year | | | |
| Running finance | 79,997,965 | - | - |
| Current maturity of long term liabilities | 8,320,043 | - | - |
| Accrued and other liabilities | 18,426,137 | - | - |
| Maturity after more than one year | | | |
| Obligation against assets subject to finance lease | - | 30,793,518 | - |
| At March 31, 2023 | | | |
| Running finance | 79,997,965 | - | - |
| Current maturity of long term liabilities | 1,152,869 | - | - |
| Accrued and other liabilities | 65,256,594 | - | - |
| Maturity after more than one year | | | |
| Obligation against assets subject to finance lease | - | 44,191,869 | - |

c) Market risk

i) Currency risk

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

ii) Interest mark-up rate risk

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

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

Financial assets include (March 2024: 'Nil') (June 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 of financial assets and liabilities

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

37. Staff retirement benefits

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

| | March 2024 (Rupees) | June 2023 (Rupees) |
|---|----------------------------------|---------------------------------|
| 37.1) The amounts recognized in the statement of financial position are as follows: | | |
| Present value of defined benefit obligations | 2,735,478 | 2,735,478 |
| Fair value of plan assets | - | - |
| Payables | - | - |
| | 2,735,478 | 2,735,478 |

| | 2024 (Rupees) | 2023 (Rupees) |
|---|------------------|------------------|
| 37.2) Changes in the present value of defined benefit obligation are as follows | | |
| Opening defined benefit obligation | 2,735,476 | 2,069,710 |
| Service Cost | | |
| Current service cost | - | 1,449,083 |
| Past service cost | - | - |
| Interest expense | - | 143,281 |
| Cash Flows | | |
| Benefit payments from Plan | - | - |
| Benefit payments from employer | (2,402,681) | (1,976,688) |
| Payables | - | - |
| Re-measurements | | |
| Effect of changes in Demographic assumptions | - | - |
| Effect of changes in Financial assumptions | - | - |
| Effect of Experience adjustments | - | 1,050,090 |
| Closing defined benefit obligation | 332,795 | 2,735,476 |

37.3) Components of defined benefit cost are as follows:

| | | |
|--|----------|------------------|
| Service Cost | | |
| Current Service Cost | - | 1,449,083 |
| Reimbursement Service Cost | - | - |
| Past Service Cost | - | - |
| (Gain) / less on settlements | - | - |
| Net Interest Cost | | |
| Interest Expense on Defined Benefit Obligation | - | 143,281 |
| Interest (income) on Plan Assets | - | - |
| Re-measurement of Other Long Term Benefits | | |
| Defined benefit cost included in P&L | - | 1,592,364 |
| Re-measurement (recognized in other comprehensive income) | | |
| 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 |

| 37.4) Net Defined Benefit Liability (Asset) reconciliation | FP ending March 31, 2024 | FY ending June 30, 2023 |
|--|-----------------------------|----------------------------|
| Net Defined Benefit Liability (Asset) at end of previous year | 2,735,478 | 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 | (2,402,681) | (1,976,688) |
| Net Defined Benefit Liability (Asset) as of end of year | 332,797 | 2,735,478 |

| 37.5) Assumptions used to determine Defined Benefit Obligation | FP ending March 31, 2024 | FY ending June 30, 2023 |
|--|-----------------------------|----------------------------|
| Discount Rate | 15.75% | 15.75% |
| Rate of Salary increase (Long Term) | 14.75% | 14.75% |

| 37.6) Assumptions used to determine Defined Benefit Cost | FP ending March 31, 2024 | FY ending June 30, 2023 |
|--|-----------------------------|----------------------------|
| Discount Rate | 13.25% | 13.25% |
| Rate of Salary increase (Long Term) | 12.25% | 12.25% |

| 37.7) Expected Defined Benefit Cost recognized in P&L. | FP ending March 31, 2024 | FY ending June 30, 2023 |
|--|-----------------------------|----------------------------|
| Service cost | | |
| Current Service Cost | - | 1,095,026 |
| Past Service Cost | - | - |
| (Gain) / loss on settlements | - | - |
| Net interest cost | - | - |
| Interest expense on Defined Benefit Obligation | - | 389,766 |
| Interest (income) on Plan Assets | - | - |
| Total Defined Benefit Cost recognized in P&L as at 30.06.2023 | - | 1,484,792 |

37.8) Principal actuarial assumptions

The principal assumptions used in the actuarial valuation are as follows:

| | 2024 | 2023 |
|----------------------------------|--------|--------|
| Discount rate | 15.75% | 15.75% |
| Expected rate of salary increase | 14.75% | 14.75% |

37.9) 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.

37.10) 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% |

38. Number of employees

Number of employees as on March 31,

| | March 2024 | June 2023 |
|---------|---------------|--------------|
| Factory | 176 | 197 |
| Other | 6 | 7 |
| | 182 | 204 |

Average number of employees during the period

| | March 2024 | June 2023 |
|---------|---------------|--------------|
| Factory | 179 | 199 |
| Other | 5 | 6 |
| | 184 | 205 |

39. Production capacity

Plant has a maximum production capacity of 1,450,000 kgs. Actual production during the period was 728,999 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.

40. Date of authorization for issue

These financial statements have been authorized for issue on 26/04/24 by the board of directors of the company.


Chief Financial Officer


Chief Executive