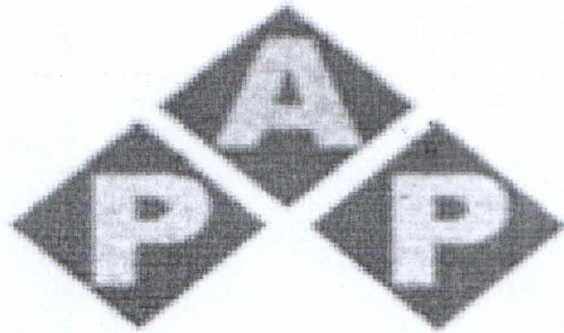


Interim Financial Statements  
For the Quarter Ended 31 December 2023  
(Un-Audited)



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:

Phone: +92 51 8311645  
[www.pakagro.com](http://www.pakagro.com)  
[info@pakagro.com](mailto:info@pakagro.com)

## DIRECTORS' REPORT

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

### Market Outlook

Our main market, namely the agricultural sector of the country, has still not recovered from the impact of recent ravaging floods and a prolonged winter. This has severely impaired the demand for our products in that sector. Farmers are still struggling to get back on their feet, facing considerable difficulties in preparing their lands for crop plantation. At the same time, the drop in the value of Pak rupee has considerably increased the cost of imported raw materials, forcing us to increase product sales prices which in turn made things difficult for farmers. While we hope that the situation will improve in the near future, it would be unwise to assume any major positive change in the economic landscape of the country. October to Dec is generally an off-season quarter for your Company where its sales are generally lowest in any of the quarters in a financial year. Jan to June are historically better months in terms of turnover. While sales in the quarter ended 31 Dec 23 were much better than any such quarter in previous years, primarily due to increase in our production capacity, we remain hopeful that our sales will continue to grow in the coming quarters. But with country's forex availability at its lowest ebb, it is becoming increasingly difficult to import the essential raw materials while the drop in Pak Rupee's value continues to increase the prices. These factors may impede our ability to meet the demands of our customers.

### Operating Results

We recorded total sales of Rs 430.1 m and a gross profit of Rs 51.6 m. Our costs continue to rise due to two main factors: exchange rate losses and higher energy costs. 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 12.0% of sales remains below previous year's margin.

Despite a challenging business environment, the company succeeded in posting a 63.8% increase in sales in the half year ended 31 Dec 2023 compared to the same period in 2022. However, due to factors mentioned earlier, the gross profit for the half year under review rose by only 42.2%. Increase in sales volume is attributable to higher production which unfortunately also led to keeping the sales prices in check in order to maintain the sales volumes. This explains a lower gross profit margin as mentioned earlier.

The operating profit was 90% higher than comparable half year of 2022, principally due to stronger controls, in relative terms, over administrative overheads but impaired by a 24,6% higher financial overheads due to higher borrowings.

Our fish net manufacturing plant is now contributing significantly to our sales volumes. With sales to agriculture sector considerably dampened, we were able to sustain the total sales revenue due to fish nets sales. 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.

We recorded a profit before tax of Rs 26.0 m and a profit after tax of Rs 18.5 m, translating into EPS of 184 paisa on annualized basis, compared to EPS of 80 paisa in comparable period last year.

### **Outlook**

The Board believes that the economy is heading towards stabilization. We hope that in the remaining quarters of the year under review we will be able to sustain the pace of increase in sales volumes and hopefully also improve the gross profit margin.

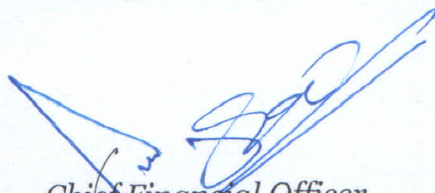
Your company's management is dedicated to mitigating the adverse economic effects, adding lasting value and bolstering relationships within the current value chain while ensuring cost efficiency.

### **Directors Training**


We are pleased to inform our shareholders that all the seven directors of the Company have now completed a directors training program. Six of them went through the DTP conducted by Pakistan Institute of Corporate Governance while one director has attended a program held by ICMAP. Five of the directors were sponsored for DTP by the Company while two of them already held this qualification before joining our board. It is a matter of satisfaction that all our board members are fully aware of their respective responsibilities and are able to effectively contribute to its deliberations.

### **Acknowledgement**

We wish to thank all our employees and business associates for their cooperation during the half year ended 31 Dec 2023.



*Chief Financial Officer*  
**Director**



*Chief Executive*  
**Director**

**Pak Agro Packaging Limited**  
**Statement of Financial Position as at December 31, 2023**

	Note	December 2023 (Rupees)	June 2023 (Rupees)
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
Share capital	6	200,000,000	200,000,000
Reserves	7	107,283,257	107,283,257
<b>Revenue reserves</b>			
Unappropriated profit		83,603,739	65,147,370
		<u>390,886,996</u>	<u>372,430,627</u>
<b>Non-current liabilities</b>			
Obligation against assets subject to finance lease	8	26,781,584	30,793,518
Deposit against vehicles	9	-	-
Deferred taxation	10	24,285,667	24,285,667
Employees' Gratuity Fund	11	332,797	2,735,478
		<u>51,400,048</u>	<u>57,814,663</u>
<b>Current liabilities</b>			
Running finance	12	79,997,965	60,531,204
Current maturity of long term liabilities	13	2,403,809	8,320,043
Accrued and other liabilities	14	41,205,367	18,426,137
Taxation - net	15	235,008	2,512,923
		<u>123,842,149</u>	<u>89,790,307</u>
<b>Contingencies and commitments</b>			
	16	-	-
		<u><u>566,129,193</u></u>	<u><u>520,035,597</u></u>
<b>Property and assets</b>			
<b>Non-current assets</b>			
Operating fixed assets	17	281,167,644	209,891,646
Long term deposits	18	8,093,547	11,162,947
<b>Current assets</b>			
Stock in trade	19	180,683,652	186,335,863
Trade debts	20	33,327,556	83,439,432
Advances and other receivables	21	30,093,313	5,761,969
Prepayments	22	-	2,750,973
Cash and bank balances	24	32,763,482	20,692,767
		<u>276,868,002</u>	<u>298,981,004</u>
		<u><u>566,129,193</u></u>	<u><u>520,035,597</u></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 December 31, 2023**

	Note	06 Months Ended		Quarter Ended	
		31st December 2023 (Rupees)	31st December 2022 (Rupees)	31st December 2023 (Rupees)	31st December 2022 (Rupees)
Sales	25	430,147,320	262,677,405	214,608,153	130,156,421
Cost of sales	26	378,571,445	226,425,394	192,505,347	111,570,176
Gross profit		51,575,875	36,252,011	22,102,806	18,586,245
<b>Operating expenses</b>					
Administrative	27	13,591,805	13,527,505	6,727,176	7,675,752
Selling and distribution	28	99,610	26,500	72,010	4,350
		13,691,415	13,554,005	6,799,186	7,680,102
<b>Profit from operations</b>		37,884,460	22,698,006	15,303,620	10,906,143
Financial expenses	29	9,275,546	7,443,752	4,008,247	2,465,324
Other charges	30	2,614,028	1,566,162	1,055,950	752,523
		11,889,574	9,009,914	5,064,197	3,217,847
		25,994,885	13,688,092	10,239,422	7,688,296
Other income	31	-	809,382	-	-
<b>Profit for the year before taxation</b>		25,994,885	14,497,474	10,239,422	7,688,296
Taxation	32	7,538,517	4,204,267	2,150,038	2,229,605
<b>Profit for the year</b>		<b>18,456,369</b>	<b>10,293,207</b>	<b>8,089,385</b>	<b>5,458,691</b>
<b>Basic and diluted earnings per share (PKR)</b>		<b>0.92</b>	<b>1.42</b>	<b>0.40</b>	<b>0.27</b>

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 December 31, 2023**

Profit for the year after taxation  
 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**

	06 Months Ended		Quarter Ended	
	31st December 2023	31st December 2022	31st December 2023	31st December 2022
	18,456,369	10,293,207	8,089,385	5,458,691
	<u>18,456,369</u>	<u>10,293,207</u>	<u>8,089,385</u>	<u>5,458,691</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 Cash Flows**  
**For the period ended December 31, 2023**

	Note	06 Months Ended	
		December 2023 (Rupees)	December 2022 (Rupees)
<b>Cash flow from operating activities</b>			
Profit for the year before taxation		25,994,885	14,497,474
Adjustments for:			
Depreciation	(17.2.1)	12,747,288	13,990,526
Gain on disposal of assets		-	-
		<u>12,747,288</u>	<u>13,990,526</u>
<b>Operating profit before working capital changes</b>		<b>38,742,174</b>	<b>28,488,000</b>
Increase/(decrease) in:			
Stock in trade		5,652,211	(8,485,158)
Trade debtors		50,111,876	(8,945,035)
Advances and other receivables		(24,331,344)	3,558,707
Pre-payments		2,750,973	1,326,011
		<u>34,183,717</u>	<u>(12,545,475)</u>
		72,925,890	15,942,525
Increase/(decrease) in:			
Current liabilities		20,266,308	(4,018,760)
<b>Cash flow from operating activities</b>		<b>93,192,198</b>	<b>11,923,765</b>
Tax deducted at source		(7,303,509)	(7,573,294)
<b>Net cash flow from operating activities</b>		<b>85,888,690</b>	<b>4,350,471</b>
<b>Cash flow from investing activities</b>			
Fixed capital expenditures		(96,163,685)	(40,769,587)
Capital work in progress		12,140,398	38,419,172
Long term deposits		3,069,400	(7,236,598)
Short term investment		-	30,000,000
Deposit against vehicles		-	-
<b>Net cash flow from investing activities</b>		<b>(80,953,886)</b>	<b>20,412,987</b>
<b>Cash flow from financing activities</b>			
Asset subject to finance lease		(9,928,168)	13,381,972
Share capital		-	-
Running finance facility		19,466,761	(15,997,205)
Provision for gratuity		(2,402,681)	-
<b>Net cash flow from financing activities</b>		<b>7,135,912</b>	<b>(2,615,233)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>12,070,715</b>	<b>22,148,225</b>
<b>Cash and cash equivalent in the beginning of the year</b>		<b>20,692,767</b>	<b>28,320,186</b>
<b>Cash and cash equivalent at the end of the year</b>	(24)	<b>32,763,482</b>	<b>50,468,411</b>

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 Changes in Equity  
For the period ended December 31, 2023

	Share capital	Capital reserves	Interest free loan from directors	Accumulated profit/(loss)	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 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	-	-	-	18,456,369	18,456,369
Balance as at December 31, 2023	200,000,000	107,283,257	-	83,603,739	390,886,996

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 December 31, 2023**

**1. Company and its operations**

The company was incorporated initially with the name and style 'Kohsar Tyres (Private) Limited' under the Companies Ordinance, 1984 (now repealed the Companies Act, 2017) on February 18, 1989. The name of the company was thereafter changed to Mian & Khan Industries (Private) Limited on December 31, 1999 and again changed as 'Pak Agro Packaging (Private) Limited' on August 24, 2000. The status of company was converted from private limited to public limited company on June 19, 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> Plot No. 23, Phase IV, Haripur, Khyber Pakhtunkhwa, Hattar Industrial Estate, Hattar.	<b>Purpose</b> 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 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 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, 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 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.

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.

	December 2023 (Rupees)	June 2023 (Rupees)
<b>6. Share capital</b>		
<b>Authorized capital</b>		
40,000,000 ordinary shares of Rs... 10/= each	400,000,000	400,000,000
<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	26,500,000	26,500,000
	<b>200,000,000</b>	<b>200,000,000</b>
<b>7. Reserves</b>		
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
	<b>107,283,257</b>	<b>107,283,257</b>

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

<b>8. Obligation under finance lease</b>		
Value of assets	30,793,518	7,129,849
Add: Addition during the year	-	35,843,181
	30,793,518	42,973,030
Less: Payments made upto the year	4,011,934	3,859,469
Present value of minimum lease payment	26,781,584	39,113,561
Less: Current maturity	-	8,320,043
	<b>26,781,584</b>	<b>30,793,518</b>
The amount of future payments and the periods in which they become due are as follows:		
June 30, 2023	-	-
June 30, 2024	2,245,712	13,474,272
June 30, 2025	13,179,329	13,683,648
June 30, 2026	9,567,017	9,567,017
June 30, 2027	14,307,041	14,307,041
	39,299,099	51,031,978
Less: Lease financial charges allocable for future periods	12,517,515	11,918,417
	26,781,584	39,113,561
Less: Current maturity of finance lease	-	8,320,043
	<b>26,781,584</b>	<b>30,793,518</b>

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.

9. **Deposit against vehicles**

This represents the amount received from employees against the vehicles owned by company to be transferred to the them after successful completion of five years of service under employee participation scheme.

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
<b>24,285,667</b>	<b>24,285,667</b>

11. **Employees' gratuity fund**

Balance at beginning of the year  
Add: Provision for the year

2,735,478	2,069,710
-	2,642,456
2,735,478	4,712,166
(2,402,681)	(1,976,688)
<b>332,797</b>	<b>2,735,478</b>

Less: Paid to outgoing members

12. **Running finance**

The Bank of Khyber

(12.1)	79,997,965	60,531,204
	<b>79,997,965</b>	<b>60,531,204</b>

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.

13. **Current maturity of long term liabilities**

This represents current maturity of followings

- Finance lease

	December 2023 (Rupees)	June 2023 (Rupees)
(7)	2,403,809	8,320,043
	<b>2,403,809</b>	<b>8,320,043</b>

14. **Accrued and other liabilities**

FATR liability  
Workers' profit participation fund  
Salaries payable  
Workers' welfare fund  
Sales tax payable  
Postal life insurance  
WHT Payable  
Mark up payable  
Audit fee  
Lease finance payable

14.1)	19,928,713	-
	10,662,491	8,768,268
	7,035,802	3,338,090
	1,623,399	2,012,836
	826,521	1,145,797
	716,037	546,680
	412,404	-
	-	1,812,415
	-	700,000
	-	102,051
	<b>41,205,367</b>	<b>18,426,137</b>

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  
 Tax deducted at source

	7,538,517	13,075,444
	(7,303,509)	(10,562,521)
	<b>235,008</b>	<b>2,512,923</b>

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.

17. **Operating fixed assets**  
 Property, plant and equipment  
 Capital work in progress

	December 2023 (Rupees)	June 2023 (Rupees)
	281,167,644	197,751,248
	-	12,140,398
	<b>281,167,644</b>	<b>209,891,646</b>

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		
<b>As at July 01, 2022</b>															
Cost	1,565,250	55,904,245	15,123,140	278,301,731	5,000,037	1,518,578	1,138,204	1,499,222	1,103,590	175,192	342,920	11,064,234	12,072,043	384,828,046	
Accumulated depreciation	(15,271,669)	(3,654,530)	(176,256,745)	(3,982,905)	(772,867)	(639,440)	(669,522)	(886,917)	(160,042)	(335,808)	(5,429,684)	(1,358,172)	(21,063,367)		
Net book value	<b>1,549,978</b>	<b>48,132,576</b>	<b>11,468,610</b>	<b>102,004,986</b>	<b>1,021,132</b>	<b>745,711</b>	<b>518,818</b>	<b>829,706</b>	<b>116,673</b>	<b>15,150</b>	<b>7,052</b>	<b>5,624,540</b>	<b>10,714,471</b>	<b>174,764,678</b>	
Annual rate of depreciation (%)	-	5	15	15	15	15	15	15	15	15	30	15	15	-	
<b>Year ended June 30, 2023</b>															
Opening net book value	1,565,250	40,132,576	11,468,610	102,004,986	1,021,132	745,711	518,818	829,706	116,673	15,150	7,052	5,624,540	10,714,471	174,764,678	
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	-	-	(1,875,000)	-	-	-	-	-	-	-	-	(11,054,234)	-	(1,875,000)	
Cost	-	-	11,054,234	-	-	-	-	-	-	-	-	-	-	11,054,234	
Adjustment Dr/(Cr)	-	-	(4,191,124)	-	-	-	-	-	-	-	-	(5,624,530)	-	(636,440)	
Depreciation	-	-	4,988,110	-	-	-	-	-	-	-	-	(184,375)	(7,370,046)	(28,687,823)	
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	<b>1,549,978</b>	<b>39,994,160</b>	<b>17,038,000</b>	<b>90,853,749</b>	<b>1,249,284</b>	<b>997,845</b>	<b>440,996</b>	<b>870,526</b>	<b>131,985</b>	<b>12,877</b>	<b>253,986</b>	<b>2,765,625</b>	<b>41,763,596</b>	<b>197,751,248</b>	
<b>As at July 01, 2023</b>															
Cost	1,565,250	57,845,245	27,570,171	282,717,996	5,410,137	1,929,776	1,138,204	1,675,522	1,138,590	175,192	635,920	2,950,000	50,491,815	435,203,878	
Accumulated depreciation	(17,851,085)	(10,532,171)	(191,864,247)	(4,160,853)	(931,931)	(717,268)	(804,986)	(1,006,605)	(162,315)	(381,034)	(81,034)	(184,375)	(8,728,219)	(237,512,631)	
Net book value	<b>1,549,978</b>	<b>39,994,160</b>	<b>17,038,000</b>	<b>90,853,749</b>	<b>1,249,284</b>	<b>997,845</b>	<b>440,996</b>	<b>870,526</b>	<b>131,985</b>	<b>12,877</b>	<b>253,986</b>	<b>2,765,625</b>	<b>41,763,596</b>	<b>197,751,248</b>	
Annual rate of depreciation (%)	-	5	15	15	15	15	15	15	15	15	30	15	15	-	
<b>Year ended December 31, 2023</b>															
Opening net book value	1,565,250	39,994,160	17,038,000	90,853,749	1,249,284	997,845	440,996	870,526	131,985	12,877	253,986	2,765,625	41,763,596	197,751,248	
Additions	-	1,940,325	-	93,921,560	18,500	18,000	-	249,000	-	-	53,300	-	-	96,163,685	
Disposals/adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Adjustment Dr/(Cr)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation charge	-	(999,854)	(1,277,850)	(6,814,031)	(93,696)	(74,838)	(33,075)	(65,289)	(9,800)	(966)	(38,098)	(207,422)	(3,132,270)	(12,747,288)	
Closing net book value	<b>1,549,978</b>	<b>40,897,631</b>	<b>15,760,150</b>	<b>177,961,277</b>	<b>1,174,088</b>	<b>923,007</b>	<b>425,921</b>	<b>1,054,237</b>	<b>122,086</b>	<b>11,911</b>	<b>269,189</b>	<b>2,558,203</b>	<b>38,631,327</b>	<b>281,167,644</b>	
<b>As at July 01, 2022</b>															
Cost	1,565,250	59,748,570	27,570,171	376,639,556	5,428,637	1,929,776	1,176,264	1,924,522	1,138,590	175,192	689,230	2,950,000	50,491,815	531,427,563	
Accumulated depreciation	(18,850,959)	(11,810,021)	(198,678,278)	(4,254,540)	(1,016,769)	(750,343)	(830,285)	(1,016,504)	(163,281)	(420,031)	(891,797)	(11,860,488)	(11,860,488)	(250,259,919)	
Net book value	<b>1,549,978</b>	<b>40,897,631</b>	<b>15,760,150</b>	<b>177,961,277</b>	<b>1,174,088</b>	<b>923,007</b>	<b>425,921</b>	<b>1,054,237</b>	<b>122,086</b>	<b>11,911</b>	<b>269,189</b>	<b>2,558,203</b>	<b>38,631,327</b>	<b>281,167,644</b>	
Annual rate of depreciation (%)	-	5	15	15	15	15	15	15	15	15	30	15	15	-	

		December 2023 (Rupees)	June 2023 (Rupees)
17.1.1) The charge of depreciation for the year has been allocated as follows:			
Cost of sales	(26.4)	12,539,866	28,503,448
Administrative expenses	(27)	207,422	184,375
		<u>12,747,288</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 December 31, 2023	-	-	-

		December 2023 (Rupees)	June 2023 (Rupees)
18. Long term deposits			
Security deposits against:		6,286,381	9,355,781
Leased assets		1,152,836	1,152,836
Utilities		654,330	654,330
Office building		<u>8,093,547</u>	<u>11,162,947</u>

19. Stock in trade		(19.1)	65,677,420	87,954,439
Raw material			103,548,250	88,536,190
Finished goods			11,457,982	9,845,234
Work-in-process			<u>180,683,652</u>	<u>186,335,863</u>
19.1) Raw material			44,420,320	73,716,500
Raw material			17,872,500	11,645,919
Colors			3,384,600	2,592,020
Chemical			<u>65,677,420</u>	<u>87,954,439</u>

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

21. Advances, deposits and other receivables		(21.1)		
Advances to:			985,000	880,000
Staff against salaries			1,740,408	4,792,728
Parties against supplies			2,725,408	5,672,728
Deposits:			7,651,426	-
Margin deposit on letters of credit			7,651,426	-
Other receivables			19,716,479	89,241
Sales tax refundable			19,716,479	89,241
			<u>30,093,313</u>	<u>5,761,969</u>

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



		December 2023 (Rupees)	June 2023 (Rupees)
<b>22. <u>Prepayments</u></b>			
Insurance		-	2,750,973
		<u>-</u>	<u>2,750,973</u>
<b>24. <u>Cash and bank balances</u></b>			
Cash in hand		700,000	650,000
Cash at bank - current account		32,063,482	20,042,767
		<u>32,763,482</u>	<u>20,692,767</u>
<b>25. <u>Sales-net</u></b>			
Gross sales		480,263,816	691,853,585
Sales tax		(50,116,496)	(102,734,547)
		<u>430,147,320</u>	<u>589,119,038</u>
<b>26. <u>Cost of sales</u></b>			
Raw material consumed	(26.1)	248,376,814	324,498,951
Colors consumed	(26.2)	13,634,222	13,055,268
Chemical consumed	(26.3)	11,665,935	13,052,457
Packing material consumed		5,839,717	9,826,219
Production overhead	(26.4)	115,679,565	183,641,614
		<u>395,196,253</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 December 31,		(11,457,982)	(9,845,234)
		<u>(1,612,748)</u>	<u>(3,388,339)</u>
Cost of goods manufactured		393,583,505	540,686,170
Finished stocks			
- Opening balance as on July 01,		88,536,190	55,043,600
- Closing balance as at December 31,		(103,548,250)	(88,536,190)
		<u>(15,012,060)</u>	<u>(33,492,590)</u>
		<u>378,571,445</u>	<u>507,193,580</u>
<b>26.1) <u>Raw material consumed</u></b>			
Opening stock as on July 01,		73,716,500	66,004,420
Add: Raw material imported		219,080,634	332,211,031
		<u>292,797,134</u>	<u>398,215,451</u>
Closing stock as at December 31,		(44,420,320)	(73,716,500)
		<u>248,376,814</u>	<u>324,498,951</u>
		<b>December 2023 (Rupees)</b>	<b>June 2023 (Rupees)</b>
<b>26.2) <u>Colors consumed</u></b>			
Opening stock as on July 01		11,645,919	7,443,360
Color purchased		19,860,803	17,257,827
		<u>31,506,722</u>	<u>24,701,187</u>
Closing stock as at December 31,		(17,872,500)	(11,645,919)
		<u>13,634,222</u>	<u>13,055,268</u>
<b>26.3) <u>Chemical consumed</u></b>			
Opening stock as on July 01		2,592,020	1,104,966
Add: Purchases		12,458,515	14,539,511
		<u>15,050,535</u>	<u>15,644,477</u>
Closing stock as at December 31,		(3,384,600)	(2,592,020)
		<u>11,665,935</u>	<u>13,052,457</u>

26.4) <b>Production overhead</b>			
Salaries and benefits	(26.4.1)	46,374,677	81,123,017
Fuel and power		48,843,573	63,319,268
Repair and maintenance		2,156,916	3,570,595
Insurance		2,780,031	1,507,791
Sui gas		1,113,924	2,563,896
Vehicle running and maintenance		288,252	604,855
Lubricants		608,700	652,200
Entertainment		252,433	516,110
Miscellaneous		194,232	445,096
Travelling and conveyance		189,515	292,095
Printing and stationary		167,410	170,140
Telephone and internet		100,065	185,840
Security charges		23,012	77,954
Postage and courier		20,099	24,319
Rent, rates and taxes		20,000	75,600
Newspaper and periodicals		6,860	9,390
Depreciation	(17.1.1)	12,539,866	28,503,448
		<u>115,679,565</u>	<u>183,641,614</u>
26.4.1) <b>Salaries and benefits</b>			
Salaries to staff		35,698,835	64,481,702
Overtime		9,016,306	7,164,517
Social security		692,220	1,290,010
E.O.B.I		598,240	887,068
Financial assistance		180,000	209,500
Leave encashment		177,896	169,437
Medical		11,180	39,084
Bonus		-	5,496,342
Gratuity		-	1,385,357
		<u>46,374,677</u>	<u>81,123,017</u>
		<b>December</b>	<b>June</b>
		<b>2023</b>	<b>2023</b>
		<b>(Rupees)</b>	<b>(Rupees)</b>
27. <b>Administrative expenses</b>			
Director's remuneration	(27.1)	5,286,114	12,669,051
Salaries and benefits	(27.2)	1,776,257	3,063,050
Rent, rates and taxes		3,238,935	4,024,130
Fees and subscriptions		322,355	441,147
Miscellaneous		732,582	239,366
Entertainment		467,379	364,812
Printing and stationary		382,580	360,947
Travelling and conveyance		361,117	112,665
Utilities		291,505	249,528
Telephone, mobile and internet		265,807	482,529
Postage and courier		113,771	132,248
Legal and professional		112,500	75,800
Repair and maintenance		22,141	274,887
News papers and periodicals		11,340	21,540
Audit remuneration		-	700,000
Depreciation	(17.1.1)	207,422	184,375
		<u>13,591,805</u>	<u>23,396,075</u>
27.1) <b>Director's remuneration</b>			
Remuneration		4,400,000	10,800,000
Medical		511,114	299,051
Director's meeting		375,000	345,000
Bonus		-	1,225,000
		<u>5,286,114</u>	<u>12,669,051</u>
27.2) <b>Salaries and benefits</b>			
Salaries to staff		1,776,257	2,522,129
Gratuity		-	207,007
Bonus		-	201,646
Insurance		-	132,268
		<u>1,776,257</u>	<u>3,063,050</u>

<b>28. Selling and distribution expenses</b>		
Carriage outward	99,610	148,250
	<u>99,610</u>	<u>148,250</u>
<b>29. Financial expenses</b>		
Mark-up	3,555,331	10,024,080
Lease financial charges	2,490,142	6,868,726
Mark-up on FATR	2,241,365	-
Share Registrar Services	622,370	203,725
Bank charges	366,339	250,322
	<u>9,275,546</u>	<u>17,346,853</u>
<b>30. Other charges</b>		
Workers' profit participation fund	1,894,223	1,134,900
Workers' welfare fund	719,805	431,262
	<u>2,614,028</u>	<u>1,566,162</u>
	<b>December</b>	<b>June</b>
	<b>2023</b>	<b>2023</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
<b>31. Other income</b>		
Profit on TDR	-	809,382
Gain on sale of assets	-	358,349
	<u>-</u>	<u>1,167,731</u>
<b>32. Taxation</b>		
Current year		
- Normal tax	7,538,517	13,075,444
- Deferred taxation	-	(2,300,000)
Prior year	-	7,903,854
	<u>7,538,517</u>	<u>18,679,298</u>
<b>32.1) Reconciliation of tax charge for the year</b>		
Accounting profit - before taxation	-	39,282,954
Inadmissible expenditure for tax purposes	-	35,556,549
Admissible expenditure for tax purposes	-	(31,038,745)
	-	43,800,758
Tax effect of difference of minimum tax chargeable	-	373,224
Tax charge at applicable tax rate of 29% (2022: 29%)	-	<u>13,075,443.82</u>

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

Description	December 2023			June 2023		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
Managerial remuneration	2,800,000	1,500,000	1,770,000	5,400,000	5,400,000	2,105,250
Bonus	-	-	-	661,771	563,229	270,438
	<u>2,800,000</u>	<u>1,500,000</u>	<u>1,770,000</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. **Earnings per share - Basic and Diluted**

Profit after tax	18,456,369	28,316,120
Weighted average number of ordinary shares at the end of the year (Numbers)	20,000,000	20,000,000
Basic and diluted earnings per share (Rupee)	0.92	1.42

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**

	December-2023			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	-	180,683,652	180,683,652	-	186,335,863	186,335,863
Trade debts	33,327,556	-	33,327,556	83,439,432	-	83,439,432
Advances and other receivables	30,093,313	-	30,093,313	5,761,969	-	5,761,969
Cash and bank balances	32,763,482	-	32,763,482	20,692,767	-	20,692,767
<b>Maturity after more than one year</b>						
Long term deposits	8,093,547	-	8,093,547	11,162,947	-	11,162,947
	<u>104,277,897</u>	<u>180,683,652</u>	<u>284,961,549</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	79,997,965	-	79,997,965	60,531,204	-	60,531,204
Current maturity of long term liabilities	2,403,809	-	2,403,809	8,320,043	-	8,320,043
Accrued and other liabilities	41,205,367	-	41,205,367	18,426,137	-	18,426,137
<b>Maturity after more than one year</b>						
Obligation against assets subject to finance lease	26,781,584	-	26,781,584	30,793,518	-	30,793,518
Deposits against vehicles	-	-	-	-	-	-
	<u>150,388,724</u>	<u>-</u>	<u>150,388,724</u>	<u>118,070,902</u>	<u>-</u>	<u>118,070,902</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 December 31, 2023, trade debts of Rs.33,327,556 (2023: Rs.83,439,432/=) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	December 2023 (Rupees)	June 2023 (Rupees)
Up to 3 months	33,327,556	83,439,432
	<u>33,327,556</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 December 31, 2023, the Company had financial assets of Rs. 118,132,716/- (June 2023: Rs. 123,197,513.17/-).

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
<b>At June 30, 2023</b>			
<b>Maturity up to one year</b>			
Running finance	79,997,965	-	-
Current maturity of long term liabilities	8,320,043	-	-
Accrued and other liabilities	18,426,137	-	-
<b>Maturity after more than one year</b>			
Obligation against assets subject to finance lease	-	30,793,518	-
Deposits against vehicles	-	-	-
<b>At December 31, 2023</b>			
Running finance	79,997,965	-	-
Current maturity of long term liabilities	2,403,809	-	-
Accrued and other liabilities	41,205,367	-	-
<b>Maturity after more than one year</b>			
Obligation against assets subject to finance lease	-	26,781,584	-

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 (December 2023: '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

	December 2023 (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
	<b>2023</b>	<b>2023</b>
	(Rupees)	(Rupees)
37.2) Changes in the present value of defined benefit obligation are as follows:		
<b>Opening defined benefit obligation</b>	2,735,476	2,069,710
<b>Service Cost</b>		
Current service cost	-	1,449,083
Past service cost	-	-
<b>Interest expense</b>		
<b>Cash Flows</b>		
Benefit payments from Plan	-	-
Benefit payments from employer	(2,402,681)	(1,976,688)
Payables	-	-
<b>Re-measurements</b>		
Effect of changes in Demographic assumptions	-	-
Effect of changes in Financial assumptions	-	-
Effect of Experience adjustments	-	1,050,090
<b>Closing defined benefit obligation</b>	332,795	2,735,476
37.3) 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>	-	1,592,364
<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)	-	-
<b>Total re-measurements included in OCI</b>	-	1,050,092
<b>Total Defined Benefit Cost recognized in P&amp;L and OCI</b>	-	2,642,456
37.4) <b>Net Defined Benefit Liability (Asset) reconciliation</b>	<b>FP ending Dec 31, 2023</b>	<b>FY ending June 30, 2023</b>
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)
<b>Net Defined Benefit Liability (Asset) as of end of year</b>	332,797	2,735,478
37.5) <b>Assumptions used to determine Defined Benefit Obligation</b>	<b>FP ending Dec 31, 2023</b>	<b>FY ending June 30, 2023</b>
Discount Rate	15.75%	15.75%
Rate of Salary increase (Long Term)	14.75%	14.75%
37.6) <b>Assumptions used to determine Defined Benefit Cost</b>	<b>FP ending Dec 31, 2023</b>	<b>FY ending June 30, 2023</b>
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 Dec 31, 2023	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>

37.8) Principal actuarial assumptions

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

	2023	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 December 31,

Factory

Other

Average number of employees during the period

Factory

Other

	December 2023	June 2023
Factory	176	197
Other	6	7
	<b>182</b>	<b>204</b>
Average number of employees during the period		
Factory	179	199
Other	5	6
	<b>184</b>	<b>205</b>

39. Production capacity

Plant has a maximum production capacity of 1,450,000 kgs. Actual production during the period was 546,749 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 23/2/24 by the board of directors of the company.

  
Chief Financial Officer

  
Chief Executive