FINANCIAL STATEMENTS
OF
AGRO PROCESSORS AND ATMOSPHERIC
GASES LIMITED
FOR THE YEAR ENDED
JUNE 30, 2021

BDO

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GASES LIMITED
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JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGRO PROCESSORS AND ATMOSPHERIC GASES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **AGRO PROCESSORS AND ATMOSPHERIC GASES LIMITED.** (the Company), which comprise the statement of financial position as at June 30, 2021, and statement of profit or loss, statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

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

Emphasis of matter

We draw attention to note 23.3 to the financial statements which provides details regarding matter pending in Court in respect of issuance of right shares. Our opinion is not qualified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 07 OCT 2021

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

AGRO PROCESSORS AND ATMOSPHERIC GASES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	952,966,579	973,136,622
Capital work-in-progress	7	-	2,338,497
		952,966,579	975,475,119
Long term investment	8	574,999,960	574,999,960
Long term loans	9	4,150,872	3,093,063
Long term deposits	10	47,970,465	19,056,363
Deferred taxation	19	161,676,155	-
		1,741,764,031	1,572,624,505
CURRENT ASSETS			
Stores and spares		4,801,951	5,391,009
Stock-in-trade	11	945,939,176	797,454,054
Trade debts	12	2,255,443,605	1,645,930,351
Loans and advances	13	40,383,230	17,591,803
Short term deposits and prepayments	14	42,855,788	43,032,147
Loan receivable from subsidiary	15	361,077,000	98,650,000
Other receivables	16	38,205,412	2,244,753
Taxation - net	17	-	44,351,630
Tax refunds due from Government	18	193,676,450	237,867,672
Short term investments	20	44,039,522	37,273,732
Cash and bank balances	21	48,852,830	21,051,375
		3,975,274,964	2,950,838,526
TOTAL ASSETS		5,717,038,995	4,523,463,031
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 10,000,000 (2020: 5,000,000) ordinary shares of Rs. 100/- each	22	1,000,000,000	500,000,000
Issued, subscribed and paid-up capital	23	657,894,800	500,000,000
Revenue reserve			
Unappropriated profit		184,150,829	12,750,760
Capital reserve			
Share premium		541,579,164	-
Surplus on revaluation of property, plant and equipment	24	259,807,403	262,336,175
		1,643,432,196	775,086,935
NON CURRENT LIABILITIES			
Long term loans	25	594,145,488	725,092,487
Lease liabilities	26	-	14,013,294
Deferred capital grant	27	481,903	-
Deferred taxation	19	-	58,886,364
Deferred liability	28	72,830,111	60,943,585
		667,457,502	858,935,730
CURRENT LIABILITIES			
Trade and other payables	29	725,752,489	679,206,398
Markup accrued	30	55,831,998	52,741,105
Short term borrowings	31	2,408,591,062	2,112,364,626
Taxation - net	17	10,574,927	-
Current portion of deferred capital grant	27	2,791,953	-
Current portion of non current liabilities	32	202,606,868	45,128,237
		3,406,149,297	2,889,440,366
TOTAL EQUITY AND LIABILITIES		5,717,038,995	4,523,463,031
CONTINGENCIES AND COMMITMENTS	33		

The annexed notes from 1 to 56 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

AGRO PROCESSORS AND ATMOSPHERIC GASES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Sales - net	34	10,339,809,766	7,880,075,350
Cost of sales	35	(9,413,551,521)	(6,928,842,335)
Gross profit		926,258,245	951,233,015
Administrative expenses	36	(125,632,669)	(133,738,784)
Selling and distribution expenses	37	(452,965,912)	(400,829,308)
Other income	38	8,942,738	11,391,372
Other charges	39	(9,676,807)	(5,016,636)
		(579,332,650)	(528,193,356)
Operating profit		346,925,595	423,039,659
Financial charges	40	(242,823,517)	(363,968,057)
Profit before taxation		104,102,078	59,071,602
Taxation	41	81,146,744	(74,167,994)
Net profit / (loss) after taxation		185,248,822	(15,096,392)

The annexed notes from 1 to 56 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

AGRO PROCESSORS AND ATMOSPHERIC GASES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
Net profit / (loss) after taxation	185,248,822	(15,096,392)
Other comprehensive income		
Item that will not be reclassified to profit or loss		
Remeasurement of defined benefit liability - net	1,558,927	6,037,857
Total comprehensive income / (loss) for the year	186,807,749	(9,058,535)

The annexed notes from 1 to 56 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

AGRO PROCESSORS AND ATMOSPHERIC GASES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		104,102,078	59,071,602
Adjustments for:			
Gratuity		17,535,717	20,986,866
Depreciation		43,230,294	45,725,689
Written off capital work in progress		2,338,497	-
Gain on sale of fixed assets		(1,978,614)	(3,059,063)
Financial charges		242,823,517	363,968,057
Operating profit before working capital changes		408,051,489	486,693,151
Change in current assets and current liabilities			
Stores and spares		589,058	11,474,026
Stock in trade		(148,485,122)	209,985,520
Trade debts		(609,513,254)	(244,355,636)
Loan and advances		(22,791,427)	96,181,881
Tax refunds due from Government		44,191,222	(83,304,137)
Short term deposits and prepayments		176,359	(6,522,128)
Loan receivable from subsidiary		(262,427,000)	(548,547)
Other receivables		(35,960,659)	(98,650,000)
Trade and other payables		46,546,091	129,071,335
Cash generated (used in) / from operations		(579,623,243)	500,025,465
Financial charges paid		(239,732,624)	(373,613,301)
Gratuity paid		(4,090,264)	(8,610,855)
Taxes paid		(84,489,218)	(30,458,433)
Net cash (used in) / generated from operating activities		(907,935,349)	87,342,876
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to operating fixed assets		(24,736,637)	(16,201,739)
Additions to capital work in progress		-	(2,334,237)
Transferred to operating fixed assets		-	2,930,536
Proceeds from sale of operating fixed assets		3,655,000	26,268,901
Long term loans and deposits		(29,971,911)	(96,478)
Short term investments		(6,765,790)	(10,000,000)
Net cash (used in) / generated from investing activities		(57,819,338)	566,983
CASH FLOW FROM FINANCING ACTIVITIES			
Long term financing	42	36,770,962	-
Right issue		681,537,512	-
Lease liabilities		(20,978,768)	(13,389,072)
Short term borrowings	42	754,954,326	(300,000,168)
Net cash flows from financing activities		1,452,284,032	(313,389,240)
Net increase / (decrease) in cash and cash equivalents		486,529,345	(225,479,381)
Cash and cash equivalent at the beginning of the year	45	(1,691,313,419)	(1,465,834,038)
Cash and cash equivalent at the end of the year	45	(1,204,784,074)	(1,691,313,419)

The annexed notes from 1 to 56 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

AGRO PROCESSORS AND ATMOSPHERIC GASES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed and paid-up capital	Capital Reserve		Revenue Reserve	Sub-Total	Grand total
		Share premium	Revaluation surplus	Unappropriated profit		
	Rupees					
Balance as at July 1, 2019	352,693,200	-	264,998,039	166,454,231	431,452,270	784,145,470
Total comprehensive income for the year ended June 30, 2020						
Net loss for the year	-	-	-	(15,096,392)	(15,096,392)	(15,096,392)
Remeasurement of defined benefit liability-net	-	-	-	6,037,857	6,037,857	6,037,857
	-	-	-	(9,058,535)	(9,058,535)	(9,058,535)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	(2,661,864)	2,661,864	-	-
Transactions with owners						
Issue of bonus shares	147,306,800	-	-	(147,306,800)	-	-
Balance as at June 30, 2020	500,000,000	-	262,336,175	12,750,760	422,393,735	775,086,935
Balance as at July 1, 2020	500,000,000	-	262,336,175	12,750,760	275,086,935	775,086,935
Total comprehensive income for the year ended June 30, 2021						
Net profit for the year	-	-	-	185,248,822	185,248,822	185,248,822
Remeasurement of defined benefit liability-net	-	-	-	1,558,927	1,558,927	1,558,927
	-		-	186,807,749	186,807,749	186,807,749
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	(2,528,772)	2,528,772	-	-
Transactions with owners						
Issue share capital	157,894,800	-	-	-	-	157,894,800
Share premium-net	-	541,579,164	-	-	-	541,579,164
Share issue cost	-	-	-	(17,936,452)	(17,936,452)	(17,936,452)
	157,894,800	541,579,164	-	(17,936,452)	(17,936,452)	681,537,512
Balance as at June 30, 2021	657,894,800	541,579,164	259,807,403	184,150,829	443,958,232	1,643,432,196

The annexed notes from 1 to 56 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

AGRO PROCESSORS AND ATMOSPHERIC GASES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 NATURE AND STATUS OF BUSINESS

1.1 The Company was incorporated in Pakistan on September 25, 1980 as a private limited company under Companies Act, 2017. On February 11, 2021 the Company changed its status from private company into a public company. The Company is mainly engaged in manufacturing and selling of vegetable ghee, cooking oil, allied items and substances. The registered office of the Company is situated at F/392, S.I.T.E., Karachi.

1.2 As at the reporting date, the Company held 99.99% ordinary shares of APAG Oil (Private) Limited, Subsidiary Company.

2 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNIT

The registered office of the Company is situated at F/392, S.I.T.E., Karachi.

3 BASIS OF PREPARATION

These financial statements represents the separate financial statements of the Company, in which investments in APAG Oil (Private) Limited, wholly owned subsidiary has been accounted for at cost less accumulated impairment losses, if any.

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 under the Companies Act, 2017 have been followed.

These financial statements represent the stand alone financial statements of the Company.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for revaluation of certain operating fixed assets and other financial instruments, if any, which are measured in accordance with the requirements of the relevant approved accounting standards.

These financial statements have been prepared following accrual basis of accounting except cash flow information.

3.3 Functional and presentation currency

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

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

The Company has adopted all the new standards and amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year:

4.1 Effective in current year and not relevant to the Company

		Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations - The amendments narrowed and clarified the definition of a business, the amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.	January 01, 2020
IFRS 16	Leases - The objective of the amendment is to give timely relief to lessees to covid-19-related rent concessions while still enabling them to provide useful information about their leases to investors.	January 01, 2020
IFRS 7	Financial Instruments "disclosures"	January 01, 2020
IFRS 9	Financial Instruments	January 01, 2020

		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements - amendments to its definition of material to make it easier for companies to make materiality judgements.	January 01, 2020
IAS 39	Financial Instruments: Recognition and Measurement	January 01, 2020
IAS 41	Agriculture.	January 01, 2020

4.2 The following International Financial Reporting Standards (IFRS Standards) and amendments not yet effective

IFRS 16	COVID-19 - Related Rent Concessions	January 01, 2021

The International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

c) there is no substantive change to the other terms and conditions of the lease.

		Effective date (annual periods beginning on or after)

The standard is not likely to have any effect on Company's financial statements.

IFRS 3	Business Combinations - amendments updating a reference to the Conceptual Framework	January 01, 2022
IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS 9	Financial Instruments - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.	January 01, 2022
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of current and non-current liabilities.	January 01,2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendment regarding the definition of accounting estimates, the standard defines the concept of a "change in accounting estimates.	
IAS 12	Income taxes - Amendment regarding to clarify how companies account for deferred tax on leases and decommissioning obligations	January 01,2023
IAS 16	Property, Plant and equipment - The amendments clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - The amendments specify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.	January 01,2022

The IASB issued 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after January 1, 2021. The standard is not likely to have any effect on Company's financial statements.

The following new standards and interpretations have been issued by the IASB, which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First time adoption of International Financial Reporting Standard
IFRS 17	Insurance Contracts

5 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied for the year presented, unless otherwise stated.

5.1 Property, plant and equipment

a) Operating fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except lease hold land and building on lease hold land which is stated at revalued amount less accumulated depreciation and impairment losses, if any. Capital work in progress is stated at cost.

All expenditure incurred during installation and construction period are carried under capital work in progress. These will be transferred to operating fixed assets upon commencement of commercial operations.

Any revaluation increase arising on the revaluation of leasehold land and buildings on leasehold land is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in statement of profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation leasehold land and buildings on leasehold land is charged to statement of profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset.

The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation buildings on leasehold land and leasehold land to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

Depreciation is charged to income applying the reducing balance method at the rates specified in relevant note. Full month's depreciation is charged in the month of addition, whereas, no depreciation is charged in the month of disposal.

The assets' residual values and useful lives are reviewed, and adjusted if significant, at each reporting date.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred while major improvements, if any, are capitalized.

Gains and losses on disposal of assets are included in the statement of profit and loss.

b) Accounting for leases

The Company accounts for assets operated under finance leases by recording the assets and related liability.

The amounts are determined on the basis of discounted value of total minimum lease payments and residual value of the assets at the end of the lease period to be paid by the Company.

Financial charges are allocated to accounting periods in a manner so as to provide constant periodic rate of charge on the outstanding liability.

Depreciation is charged at rates specified in the relevant note to write off the asset over its estimated useful life in view of the certainty of the ownership of the assets at the end of the lease.

c) Right of use asset

The right-of-use asset is initially measured at the amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using straight line method from the commencement date to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

d) Capital work in progress

Capital work in progress is stated at cost less impairment, if any and consists of expenditure incurred and advances made in respect of tangible and intangible assets during the course of their construction and installation. Transfers are made to relevant assets category as and when assets are available for intended use.

e) Disposal

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the statement of profit or loss.

f) Impairment

The Company assesses at each statement of financial position date whether there is any indication that assets may be impaired. If such an indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amounts and the resulting impairment loss is recognized as expense in the statement profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

5.2 Staff retirement benefits

The Company operates an unfunded gratuity scheme for its permanent employees whose period of service is six months. Contributions are made to the fund on the basis of actuarial recommendations. The most recent actuarial valuation was carried out at June 30, 2020 using the projected unit credit method (refer note 27.2.). The Company recognizes expense in accordance with IAS 19 "Employee Benefits".

5.3 Taxation

a) Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

b) Deferred

Deferred tax is computed using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

5.4 Financial instruments

5.4.1 Financial assets

Financial assets are recognized at the time when the Company becomes the party to the contractual provisions of the instruments and are derecognized when the company losses control of the contractual rights that comprises the financial assets. Any gain or loss on derecognition of financial assets are recognized in statement of profit or loss.

The Company classifies its financial assets in the following categories: at fair value through profit or loss and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

Amortized cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

(i) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

5.4.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

5.4.3 Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

5.4.4 Derecognition

The financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

5.5 Offsetting of financial assets and financial liabilities

Financial asset and financial liability are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set-off the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

5.6 Investment in subsidiary

Investment in unquoted subsidiary is initially valued at cost less impairment, if any. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

5.7 Stores and spares

Stores and spares are stated at cost less provision for slow moving and obsolete items. Cost is determined by using the first in first out method. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

5.8 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined as under:

Raw materials	-	At cost determined on monthly weighted average basis
Stock in process and finished goods	-	Raw and packing material at cost as determined above plus proportionate overheads
Stock of gift items and packing material	-	At cost determined on monthly weighted average basis
Raw material in transit	-	Invoice value plus other expenses incurred thereon

Net realizable value represents estimated selling prices in the ordinary course of business less expenses incidental to making the sale.

5.9 Trade debts

The Company uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

5.10 Cash and bank balances

Cash and bank balances are carried at nominal amount.

5.11 Cash and cash equivalent

Cash and cash equivalent are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalent comprises cash in hand, cash with banks on current, savings and deposit accounts, short term investments and the short term running finance.

5.12 Deferred Capital Grant

The Company recognises benefit of a government loan at a below-market rate of interest as a government grant provided there is a reasonable assurance that the grant will be received and Company will comply with all attached conditions. The benefit of loan at below market rate of interest is measured as the difference between the initial carrying value of the loan in accordance with IFRS 9 and the proceeds received. The benefit is generally accounted for and presented as deferred grant as a separate line item in statement of financial position. Subsequently, the grant is recognized in the statement of profit or loss as other income, on a systematic basis over the periods in which the related finance cost for which the grant is intended to compensate is incurred.

5.13 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 future for the goods and services received, whether billed or not to the Company.

5.14 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and 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.

5.15 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue from sale of goods is shown net of sales tax and sales discounts, if any.

Revenue is recognized when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products and the amount of revenue can be measured reliably. The revenue arising from different activities of the Company is recognized on the following basis:

- Sale of goods are recorded when the control is transferred, that is, on dispatch of goods to customers.
- Scrap sales are recognized on delivery to customers at realized amounts.
- Profit on bank deposits and short term investments are accrued on time proportion basis by reference to the principle outstanding and the applicable rate of return.

5.16 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis. Borrowing costs are charged to the statement of profit or loss in the year in which these are incurred, except when borrowing cost is incurred to obtain qualifying assets, which is capitalised as part of the cost of that asset.

5.17 Foreign currency translation

Transactions in foreign currencies are translated into rupees at the rates of exchange approximating those prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at exchange rate prevailing on the statement of financial position date except those covered by forward exchange contracts. Exchange differences on translations during the year are taken to the statement of profit or loss.

5.18 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the management to:

- exercise its judgment in process of applying the Company's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:

a) **Property, plant and equipment**

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

b) **Impairment**

The carrying amount of the Company's assets are reviewed at each statement of financial position date, to determine whether there is any indication of impairment. If such indications exist, the assets recoverable amount is estimated in order to determine the extent of impairment loss, if any.

c) **Stores and spares**

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

d) **Income taxes**

The Company takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes as explained in relevant note of these financial statements.

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

Particulars	Cost					Rate	Depreciation					Written down value as at 30-06-2021
	Opening	Additions / transfer	Transfer from right of use assets	Deletions	Closing	%	Opening	For the year	Transfer from right of use assets	Adjustments	Closing	
Owned												
Leasehold land	235,000,000	-		-	235,000,000	-	-	-		-	-	235,000,00
Buildings on leasehold land	140,946,700	-		-	140,946,700	5%	51,659,810	4,464,345		-	56,124,155	84,822,54
Godowns	263,000	-		-	263,000	5%	195,429	3,379		-	198,808	64,19
Lahore office	1,138,281	-		-	1,138,281	5%	772,111	18,308		-	790,419	347,86
Plant and machinery	836,909,338	12,052,921	39,120,550	-	888,082,809	5%	281,696,679	29,561,643	8,849,814	-	320,108,136	567,974,67
Electric and gas installation	4,255,987	35,000		-	4,290,987	10%	3,300,345	96,731		-	3,397,076	893,91
Furniture and fittings	10,013,683	355,450		-	10,369,133	10%	5,682,048	451,222		-	6,133,270	4,235,86
Office equipment	25,773,372	2,658,977		-	28,432,349	10%	10,575,445	1,681,311		-	12,256,756	16,175,59
Tools and equipment	24,103,143	7,663,903		-	31,767,046	10%	6,165,775	2,297,411		-	8,463,186	23,303,86
Vehicles	25,278,178	1,921,486	46,825,138	1,836,291	72,188,511	20%	19,068,651	4,438,949	30,667,705	159,905	54,015,400	18,173,11
Lab equipment	3,431,930	48,900		-	3,480,830	10%	1,338,099	212,072		-	1,550,171	1,930,65
Gas cylinder	153,920	-		-	153,920	10%	104,687	4,923		-	109,610	44,31
	1,307,267,532	24,736,637	85,945,688	1,836,291	1,416,113,566		380,559,079	43,230,294	39,517,519	159,905	463,146,987	952,966,57
Right of use assets												
Vehicles	46,825,138	-	(46,825,138)	-	-	20%	30,667,705	-	(30,667,705)	-	-	-
Plant and machinery	39,120,550	-	(39,120,550)	-	-	5%	8,849,814	-	(8,849,814)	-	-	-
Total Rupees - 2021	1,393,213,220	24,736,637	-	1,836,291	1,416,113,566		420,076,598	43,230,294	-	159,905	463,146,987	952,966,57
Total Rupees - 2020	1,410,580,164	16,201,739	-	33,568,684	1,393,213,220		384,709,756	45,725,689	-	10,358,846	420,076,598	973,136,62

6.1 This leasehold land of 2.481 acre is situated at F/392, S.I.T.E Karachi.

6.2 The Company has professionally revalued their building on leasehold land on June 28, 2019 as per report submitted by independent valuer KG Traders (Private) Limited on the basis of market value. The balance of revaluation surplus amounting to Rs. 36.335 million included in the carrying value of building on leasehold land with a corresponding amount appearing as "Surplus on revaluation of fixed assets".

6.3 The Company has professionally revalued their leasehold land on June 30, 2019 as per report submitted by independent valuer KG Traders (Private) limited on the basis of market value. The balance of revaluation surplus amounting to Rs. 234.221 million is appearing "Surplus on revaluation of fixed assets". Previously the land had been revalued by independent valuer KG Traders (Private) limited on June 28, 2019.

6.4 Depreciation charged has been allocated as under:

	Note	2021 Rupees	2020 Rupees
Cost of sales	35	36,658,812	37,572,527
Administrative expenses	36	6,571,482	8,153,162
		43,230,294	45,725,689

6.5 Had there been no revaluation, the net book value of the land and building would have been as follows:

Leasehold land	778,881	778,881
Buildings on leasehold land	17,151,214	18,053,909
	17,930,095	18,832,790

6.6 Forced sale value as per the last revaluation report as of June 30, 2019;

Land	188,000,000
Building	74,931,200
	262,931,200

6.7 Fair value of property, plant and equipment are based on the valuations carried out by an independent valuer KG Traders (Private) Limited and Danish Enterprises and Constructions on the basis of market value

6.8 Fair value of leasehold land and building on leasehold land are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation

6.9 Valuation techniques used to derive level 2 fair values - Land and Building

Fair value of land and building has been derived using a sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. Moreover value of building also depends upon the type of construction, age and quality. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation

7 CAPITAL WORK IN PROGRESS

Description	Cost			
	Opening	Additions during the year	Deletion during the year	Closing
	Rupees			
Plant and machinery	395,296	-	395,296	-
Tools and equipment	1	-	1	-
Intangible	1,943,200	-	1,943,200	-
Total Rupees - 2021	2,338,497	-	2,338,497	-
Total Rupees - 2020	2,934,796	2,334,237	2,930,536	2,338,497

	Note	2021 Rupees	2020 Rupees
8 LONG TERM INVESTMENT			
Investment in subsidiary-at cost		574,999,960	574,999,960
9 LONG TERM LOANS			
(Secured - considered good)			
Loan to staff	9.1	10,300,725	5,544,938
Less: Current portion shown under current assets	13	(6,149,853)	(2,451,875)
		4,150,872	3,093,063

9.1 The loans are provided to employees of the Company in accordance with the term of employment and are interest free. All loans are secured against salary and gratuity fund of the Company.

10 LONG TERM DEPOSITS

	Note	2021 Rupees	2020 Rupees
Security deposits			
Leased deposits		-	11,874,797
Ijarah deposits		2,493,900	2,476,400
Others		45,476,565	4,705,166
	10.1	47,970,465	19,056,363

10.1 These are non-interest bearing and generally on a term of more than one year.

		Note	2021 Rupees	2020 Rupees
11	**STOCK IN TRADE**			
	Raw material			
	Oil		654,279,406	497,320,515
	Chemicals		25,144,796	37,961,459
	Packing material		47,269,698	41,133,548
	Finished goods		219,245,276	221,038,532
			945,939,176	797,454,054
12	**TRADE DEBTS**			
	Unsecured			
	Considered good		2,255,443,605	1,645,930,351
	Considered doubtful		162,738,347	162,738,347
			2,418,181,952	1,808,668,698
	Expected credit loss allowance	12.1	(162,738,347)	(162,738,347)
		12.2	2,255,443,605	1,645,930,351
12.1	**Movement in provision for expected credit loss**			
	Opening balance		162,738,347	162,738,347
	Provision made during the year		-	-
	Addition / reversal during the year		-	-
	Closing balance		162,738,347	162,738,347
12.2	The ageing of trade receivables at the reporting date is:			
	Not yet due		1,644,100,993	1,087,513,604
	Past due 1-30 days		405,593,976	256,551,392
	Past due 31-60 days		216,878,099	77,291,224
	Past due 61-90 days		28,584,524	51,098,203
	Past due over 90 days		123,024,360	336,214,275
			2,418,181,952	1,808,668,698

	Note	2021 Rupees	2020 Rupees

13 LOANS AND ADVANCES

	Note	2021 Rupees	2020 Rupees
(Secured - considered good)			
Loan to staff	9	6,149,853	2,451,875
(Unsecured - considered good)			
Advance			
To staff for expenses		1,412,655	632,619
Against supply of goods and services		32,820,722	14,507,309
	13.1	34,233,377	15,139,928
		40,383,230	17,591,803

13.1 These are non-interest bearing and are generally on average term of 1 to 6 months.

14 SHORT TERM DEPOSITS AND PREPAYMENTS

	Note	2021 Rupees	2020 Rupees
Prepayment		962,453	3,138,812
Short term deposits	14.1	41,893,335	39,893,335
		42,855,788	43,032,147

14.1 This includes deposit amounting to Rs. 39.893 million (2020 : Rs 39.893 million) paid to Nazir of Sindh High Court against the price difference of Sui Southern Gas Company as a security for levying and collecting Gas additional rate increase from Rs. 488.23 to Rs. 600 per MMBTU.

15 LOAN RECEIVABLE FROM SUBSIDIARY

	Note	2021 Rupees	2020 Rupees
Due from subsidiary	15.1	361,077,000	98,650,000

15.1 Loan to subsidiary company is granted to provide financial support. This loan is payable upon demand and does not carry any interest or markup.

16 OTHER RECEIVABLES

	Note	2021 Rupees	2020 Rupees
(Considered good)			
Due from associated company	16.1	1,236,960	1,236,960
Insurance claim receivable	16.2	-	77,255
Sales tax and special excise duty		36,531,846	-
Miscellaneous		436,606	930,538
		38,205,412	2,244,753

16.1 The aging of related party balances at the statement of financial position date is as follows:

	Note	2021 Rupees	2020 Rupees
Up to 1 month		-	-
1 to 3 months		-	-
3 to 6 months		-	-
More than 6 months		1,236,960	1,236,960
		1,236,960	1,236,960

16.2 These are non-interest bearing insurance claim receivable which are neither past due nor impaired, and generally on an average term of one to six months.

17 TAXATION - NET

Advance tax		127,762,186	111,924,504
Less: Provision for taxation		(138,337,113)	(67,572,874)
		(10,574,927)	44,351,630

18 TAX REFUND DUE FROM GOVERNMENT

Sales tax refundable		1,144,301	1,144,301
Income tax refundable		192,532,149	236,723,371
		193,676,450	237,867,672

19 DEFERRED TAXATION

Deferred taxation (asset) / liability	19.1	(161,676,155)	58,886,364

19.1 The net balance for deferred taxation is in respect of following temporary differences:

Deferred tax liabilities:			
Accelerated tax depreciation allowance		121,487,870	104,803,842
Revaluation of property, plant and equipment		10,537,078	11,569,957
Lease liabilities		-	7,380,326
		132,024,948	123,754,125
Deferred tax assets:			
Provision for doubtful debts		47,194,121	47,194,121
Turnover tax		225,386,250	-
Provision for gratuity		21,120,732	17,673,640
		293,701,103	64,867,761
		(161,676,155)	58,886,364

		Note	2021 Rupees	2020 Rupees
20	**SHORT TERM INVESTMENTS**			
	At amortized cost			
	Term deposit receipts	20.1	44,039,522	37,273,732

20.1 The investments were of lien with a bank in respect of credit facilities obtained. These carried mark up at the fixed rate of 7.25% (2020: 10.34%) per annum. The last maturity date for these TDRs is April 04, 2022.

		2021 Rupees	2020 Rupees
21	**CASH AND BANK BALANCES**		
	Cash in hand	10,467,167	15,610,869
	Cash at banks		
	In current accounts	38,359,146	5,413,989
	In saving account	26,517	26,517
		38,385,663	5,440,506
		48,852,830	21,051,375

22 AUTHORIZED SHARE CAPITAL

Numbers of ordinary shares of Rs. 100 each 2021	2020		2021 Rupees	2020 Rupees
10,000,000	5,000,000	Ordinary shares of Rs. 100/- each	1,000,000,000	500,000,000

23 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	2021 Rupees	2020 Rupees
Issued, subscribed and paid up capital comprises of:		
Ordinary share capital	1,199,473,964	500,000,000

23.1 The breakup of ordinary share capital is as follows:

Numbers of ordinary shares of Rs. 100 each 2021	2020		2021 Rupees	2020 Rupees
5,000,000	3,526,932	Ordinary shares of Rs. 100/- each	500,000,000	352,693,200

Numbers of ordinary shares of Rs. 100 each 2021	2020		2021 Rupees	2020 Rupees
1,578,948	-	Ordinary shares of Rs. 100 each issued at premium of Rs. 343 per share, paid in cash	699,473,964	-
-	1,473,068	Ordinary shares allotted as bonus shares	-	147,306,800
6,578,948	5,000,000		1,199,473,964	500,000,000

23.2 Reconciliation of number of shares outstanding

	2021	2020
Ordinary shares		
Number of shares outstanding at the beginning of the	5,000,000	3,526,932
Issued of cash	1,578,948	-
Issued for consideration other than cash	-	1,473,068
Number of shares outstanding at the end of the year	6,578,948	5,000,000

23.3 One of the minority shareholders, Mr. Saleheen Siddiqui was creating a hindrance in the issuance of the right shares, so the Company filed a legal suit to the Honorable Sindh High Court. The Court ordered him to restrain from creating any hindrance in the issuance of the right share hence all the formalities were completed and Form-3 was submitted to SECP on June 3, 2021. Mr. Saleheen Siddique filed an appeal against the cancellation of the new director's appointment and all right shares issued at a premium is mala fide and void ab-initio, against which the Company received an interim Court order on June 04, 2021, to maintain the status quo in this regard because of which certified true copy from SECP was not issued to the Company. Both the cases are still pending with the Honorable Sindh High Court for further hearing.

24 REVALUATION SURPLUS

	2021	2020
Surplus on leasehold land	234,221,119	234,221,119
Surplus on building on lease hold land	25,586,284	28,115,056
	259,807,403	262,336,175
Balance as at July 01	273,819,789	277,568,893
Less: Transfer to unappropriated profit in respect of:		
Incremental depreciation charged during the year	2,528,772	2,661,864
Related deferred tax liability on incremental	1,032,878	1,087,240
	3,561,650	3,749,104
	270,258,139	273,819,789

	Note	2021 Rupees	2020 Rupees
Related deferred tax effect:			
Balance as at July 01		11,483,614	12,570,854
Less: Deferred tax on incremental charged during the year transferred statement of profit or loss		(1,032,878)	(1,087,240)
		10,450,736	11,483,614
		259,807,403	262,336,175

25 LONG TERM LOANS

	Note	2021 Rupees	2020 Rupees
Secured - Banking companies			
Faysal Bank Limited	25.1 & 25.4	155,151,150	163,317,000
Meezan Bank Limited	25.2 & 25.4 & 25.5	451,601,206	399,938,250
Bank Al Falah Limited	25.3 & 25.4	190,000,000	200,000,000
		796,752,356	763,255,250
Less: Current portion	32	(202,606,868)	(38,162,763)
		594,145,488	725,092,487

25.1 This represents Musharika financing facility obtained by the Company amounting to Rs.163.317 million from bank. The repayment of this loan will start after grace period of 2 years from the date of first disbursement i.e. January 23, 2018 in equal quarterly installments of Rs. 8.166 million. It carries mark-up at the rate of 6 months KIBOR plus 1 percent per annum and is secured against first pari passu hypothecation and mortgage charge over fixed assets (i.e. Plant, machinery, land and building) of the Company amounting to Rs. 217.756 million inclusive of 25 percent margin.

25.2 This represents Musharika financing facility obtained by the Company amounting to Rs.399.94 million from bank. The repayment of this loan will start after grace period of 2 years from the date of first disbursement i.e. March 06, 2018 and June 01, 2018 respectively, in equal quarterly installments of Rs. 20 million. It carries mark-up at the rate of 6 months KIBOR plus 1 percent per annum and is secured against first pari passu hypothecation and mortgage charge over fixed assets (i.e. Plant, machinery, land and building) of the Company amounting to Rs. 534 million inclusive of 25 percent margin.

25.3 This represents conventional financing facility obtained by the Company in 2018 amounting to Rs.200 million from bank. The repayment of this loan will start after grace period of 2 years from the date of first disbursement i.e. February 23, 2018 and March 05, 2018 respectively , in equal quarterly installments of Rs. 10 million. It carries mark-up at the rate of 6 months KIBOR plus 1 percent per annum and is secured against first pari passu hypothecation and mortgage charge over fixed assets (i.e. Plant, machinery, land and building) of the Company amounting to Rs. 267 million inclusive of 25 percent margin.

25.4 In prior year, as per State Bank of Pakistan relief package, all of the principal payments under Musharaka financing and conventional financing were deferred by one year. Consequently, the term for all of arrangements is increased by a year.

25.5 The Company has approved term finance facility from Allied Bank Limited under Refinancing Scheme of the State Bank of Pakistan amounting to Rs. 120 million specifically for paying salaries and wages to Company's employees. The Company has utilized Rs. 99.99 million out of sanctioned limit of the facility.

		Note	2021 Rupees	2020 Rupees
26	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**			
	Secured			
	Balance as July 01		20,978,768	34,367,840
	Payments during the year		(20,978,768)	(13,389,072)
			-	20,978,768
	Less: Payable within one year shown under current liabilities		-	(6,965,474)
			-	14,013,294

The above liabilities represent the unpaid balance of the total of minimum lease payments and the residual value payable at end of lease discounted at a rate of 8.74% to 8.8% (2020: 8.75% to 15.40%) per annum. These facilities are secured by security deposits and vehicles titles in the name of leasing companies.

27 DEFERRED CAPITAL GRANT

	Note	2021 Rupees	2020 Rupees
Capital Grant	27.1	3,273,856	-
Less: Current portion shown under current liabilities	32	(2,791,953)	-
		481,903	-

27.1 The Company received long term finance facility from Meezan Bank Limited under Refinancing Scheme of the State Bank of Pakistan amounting to Rs 99.99 million specifically for paying salaries and wages to Company's employees. The tenor of the financing is two and half years including six months grace period and are repayable in 8 equal quarterly installments commencing from March 2021. Institute of Chartered Accountants of Pakistan (ICAP) issued the guidance for accounting of said financing through circular No. 11/2020, and based on this, the Company recognized the Deferred Government Grant in accordance with the requirements of 'IAS 20-Accounting for Government Grants and Disclosure of Government Assistance'.

28 DEFERRED LIABILITY

	Note	2021 Rupees	2020 Rupees
Provision for gratuity	28.1	72,830,111	60,943,585

28.1 Defined benefit plan

a. General description

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn basic salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at June 30, 2021 using the Projected Unit Credit Method.

The Company faces the following risks on account of gratuity:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility - Most assets are invested in risk free investments i.e. Government Bonds / Treasury bills. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets - This is managed by making regular contribution to the Fund as advised by the actuary.

b. Principal actuarial assumptions

Following are a few important actuarial assumptions used in the valuation:

	2021 Rupees	2020 Rupees
Discount rate (%)	10	8.50
Expected rate of increase in salary (%)	9	7.50
Present value of defined benefit obligation	72,830,111	60,943,585

		2021 Rupees	2020 Rupees

c. Movement of liability recognized in the statement of financial position

Opening present value of defined benefit obligations		60,943,585	54,605,431
Current service cost for the year		12,575,192	13,950,078
Interest cost for the year		4,960,525	7,036,788
Benefits due but not paid (payables)		(626,908)	(571,220)
Benefits paid during the year		(4,542,018)	(9,877,700)
Experience adjustments		(762,571)	(3,280,710)
Remeasurement (gains) / losses from changes in demographic assumptions		282,306	(919,082)
Closing present value of defined benefit obligations		72,830,111	60,943,585

d. Charge for the year

Current service cost		12,575,192	13,950,078
Interest cost		4,960,525	7,036,788
Charge for the year		17,535,717	20,986,866

28.2 The charge in respect of defined benefit plan for the year ending June 30, 2021 is estimated to be Rs. 17.536 million.

28.3 Sensitivity analysis

Discount rate + 100 bps		67,966,720	56,716,663
Discount rate - 100 bps		78,372,240	65,764,854
Salary increase + 100 bps		78,518,145	65,891,542
Salary increase - 100 bps		67,748,503	56,526,175

The average duration of defined benefit obligation is 7 years.

29 TRADE AND OTHER PAYABLES

Trade creditors		335,150,993	292,860,563
Accrued expenses	29.1	289,241,048	290,731,308
Advance from customers		37,063,108	31,289,144
Deposits		483,289	460,904
Sales tax and special excise duty		-	5,773,160
Workers' profit participation fund	29.2	5,694,256	7,620,375
Workers' welfare fund		39,969,925	37,730,324

	Note	2021 Rupees	2020 Rupees
Employee gratuity fund		626,908	-
Loan to employees		509,251	509,251
Income tax payable		3,279,062	1,236,972
Withholding tax		8,285,911	5,907,693
Others		5,448,738	5,086,704
		725,752,489	679,206,398

29.1 This includes GIDC provision amounting to Rs. 109.341 million (2020: 106.944 million). The Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance, 2014 in September 2014 for levying and collecting Gas Infrastructure Development Cess (GIDC). The Company filed a writ petition against the imposition of the GIDC before the High Court of Sindh. The Sind High Court, through its interim orders, forthwith stopped Federal Government and Sui Northern Gas Pipelines Limited from collecting GIDC. Recently, the Government has promulgated the Gas Infrastructure Development Cess Act, 2015 (the Act) in May 2015 for henceforth levying / collecting of GIDC and also validating GIDC payable under the Ordinance (repealed).

The Company has filed a petition against the Act and the Sindh High Court has granted stay order against collecting GIDC under the Act pending the final decision on the writ petition. Accordingly, the Company has neither paid GIDC nor pass the burden to customers for the period from August 01, 2014 to August 30, 2020 amounting to Rs. 109.341 million.

29.2 Workers' Profit Participation Fund

	Note	2021	2020
Balance as at July 01		7,620,375	5,041,023
Add: Interest credited at prescribed rates		381,019	252,051
		8,001,394	5,293,074
Less: Amount paid to Trust		7,906,139	848,592
		95,255	4,444,482
Add: Current year's allocation at 5%		5,599,001	3,175,893
	29.3	5,694,256	7,620,375

29.3 The Company retains the allocation to this fund for its business operations till the amounts are paid to the Fund together with interest at prescribed rate under the Act.

30 MARKUP ACCRUED

	2021	2020
Running finance	47,141,898	37,199,472
Term finance	8,690,100	15,541,633
	55,831,998	52,741,105

		Note	2021 Rupees	2020 Rupees
31	**SHORT TERM BORROWINGS**			
	Istasna financing	31.1	1,154,954,158	399,999,832
	Running finance	31.2	1,253,636,904	1,712,364,794
			2,408,591,062	2,112,364,626

31.1 The facility for short-term istasna financing is obtained from a bank amounting to Rs.1,155 million (2020: Rs. 399.999 million) having sanctioned limit of Rs. 1,255 million (2020: Rs. 500 million). It carries markup at the rate of 6 month KIBOR plus 1% to 1.25% (2020: 6 months KIBOR plus 1.25%) per annum. These are secured by way of first pari passu charge over current assets (stock and receivables) of the Company amounting to Rs. 1,733.667 million.

31.2 The facilities for short-term running finance are obtained from various commercial banks aggregating to Rs. 1,253.636 million (2020: Rs. 1,712.365 million), having sanctioned limit of Rs. 1,655 million. These carry markup ranging between 1 to 3 months KIBOR plus 0.5% to 2% (2020: 1 to 3 months KIBOR plus 0.5% to 2%) per annum. These are secured by way of registered hypothecation over stocks and book debts aggregating to Rs. 2,343 million.

32	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Liabilities against assets subject to finance	26	-	6,965,474
	Current portion of long term loan	23	202,606,868	38,162,763
			202,606,868	45,128,237

33 CONTINGENCIES AND COMMITMENTS

33.1 Contingencies

a) Guarantee

There is a contingent liability in respect of guarantees issued by bank amounting to Rs. 44.04 million (2020: Rs. 37.82 million) in the ordinary course of business.

b) Sindh development and maintenance infrastructure fee

There is a contingent liability in respect of demand raised by the Director of Excise and Taxation, (Taxes-II) Karachi against Sindh development and maintenance infrastructure fee amounting to Rs. 22.127 million.

The Company had filed an appeal in the High Court of Sindh against this demand. High Court of Sindh decided the case on the basis of which the net liability computed by management amounts to Rs. 11.298 million. The Company and department have both filed appeals in the Supreme Court against the order. In the event of adverse decision, the Company will be faced with a maximum liability of Rs. 22.127 million resulting in a charge against profits of the same amount. The case is still pending in Supreme Court of Pakistan.

33.2 Commitments

Commitments of the Company in respect of letters of credit as at the reporting date amounted to Rs. 42.182 million (2020: Rs. 27.923 million).

33.3 Ijarah Agreement

The Company has entered into Ijarah agreements with Meezan Bank Limited in respect of purchase of vehicles for a period of five years. Ijarah payments due under these agreements are Rs. 17.72 million payable in monthly installments latest by November 2025. Taxes and repairs are to be borne by the Company (lessee), however, major repairs and insurance costs are to be borne by the lessors. These payments are secured against promissory notes in favor of the lessors for the entire amount of the Ijarah rentals and security deposits of Rs. 2.49 million.

	2021 Rupees	2020 Rupees
Not later than one year	6,332,688	6,702,539
Later than one year but not later than five years	11,395,183	17,657,846
	17,727,871	24,360,385

34 SALES - NET

	Note	2021 Rupees	2020 Rupees
Local sales		12,727,474,050	9,953,912,550
Export sales	34.1	236,621,029	23,886,631
		12,964,095,079	9,977,799,181
Less:			
Sales tax	34.2	(2,060,914,181)	(1,519,121,807)
Trade discount		(563,371,132)	(578,602,024)
		(2,624,285,313)	(2,097,723,831)
		10,339,809,766	7,880,075,350

34.1 This include export sales of Taqat Banaspati and Margarine in consumer boxes and tins made to Multiple customers in Afghanistan.

34.2 Through S.R.O 696 (I) / 2019 dated June 29, 2019, the Federal Board of Revenue has rescind its notification No. SRO. 24(l)/2006, dated the January 7, 2006, SRO 507(1) 7 2013 and SRO 508 (1) 7 2013, both dated the June 12, 2013 in which a fixed amount of federal excise duty at the rate of one rupee per kilogram of locally produced oil purchased by a manufacturer of vegetable ghee and cooking oil, in lieu of the federal excise duty payable at the rate of 16% on vegetable ghee and cooking oil produced or manufactured from locally produced oil. However, during the year the Company has charged federal excise duty payable at the rate of 17% on vegetable ghee and cooking oil produced or manufactured based on table 1, First Schedule of the Federal Excise Act 2005.

35 COST OF SALES

	Note	2021 Rupees	2020 Rupees
Material consumed			
Oil consumed	35.1	8,270,387,350	5,828,729,154
Chemical consumed	35.2	109,363,422	98,040,076
Packing material consumed	35.3	587,113,057	503,883,890
		8,966,863,829	6,430,653,120
Salaries, wages and other benefits	35.4	162,448,827	158,098,869
Water		11,934,790	15,527,499
Gas		119,266,178	131,608,356
Consumable stores		31,158,385	36,653,665
Insurance		5,683,610	6,621,141
Power and electricity		54,627,398	46,180,935
Repairs and maintenance		7,786,362	6,062,882
Cartage		16,082,594	16,026,014
Depreciation	6.4	36,658,812	37,572,527
Consultancy charges		71,112	945,000
Fees and subscription		2,482,647	3,837,743
Ijara rentals		1,204,025	720,514
Legal and professional		2,159,945	4,167,000
Miscellaneous		2,090,028	1,768,422
		9,420,518,542	6,896,443,687
Less: Insurance claim received		(8,760,277)	(7,494,339)
Cost of goods manufactured		9,411,758,265	6,888,949,348
Finished goods			
Opening stock		221,038,532	260,931,519
Closing stock		(219,245,276)	(221,038,532)
		1,793,256	39,892,987
		9,413,551,521	6,928,842,335

		Note	2021 Rupees	2020 Rupees
35.1	**Oil consumed**			
	Opening stock		497,320,515	678,769,324
	Purchases		8,427,346,241	5,647,280,345
			8,924,666,756	6,326,049,669
	Less: Closing stock		(654,279,406)	(497,320,515)
			8,270,387,350	5,828,729,154
35.2	**Chemical consumed**			
	Opening stock		37,961,459	15,997,394
	Purchases		96,546,759	120,004,141
			134,508,218	136,001,535
	Less: Closing stock		(25,144,796)	(37,961,459)
			109,363,422	98,040,076
35.3	**Packing material consumed**			
	Opening stock		41,133,548	51,741,337
	Purchases		593,249,207	493,276,101
			634,382,755	545,017,438
	Less: Closing stock		(47,269,698)	(41,133,548)
			587,113,057	503,883,890

35.4 Salaries, wages and other benefits include Rs. 7.206 million in respect of retirement benefits (2020: Rs. 8.394 million).

36 ADMINISTRATIVE EXPENSES

	Note	2021 Rupees	2020 Rupees
Directors' remuneration		29,275,073	42,616,350
Salaries, wages and other benefits	36.1	53,225,344	50,571,803
Insurance		6,437,655	6,792,349
Depreciation	6.4	6,571,482	8,153,162
Telephone and telex		3,327,810	3,616,217
Consultancy charges		100,870	1,750,000
Traveling and conveyance		724,887	3,280,816
Charity and donation		231,000	414,300
Legal and professional charges		6,340,078	4,741,380
Fees and subscription		2,106,095	139,565
Repair and maintenance		4,415,592	1,936,465
Rent, rates and taxes		627,668	1,221,797
Ijarah rentals		1,586,238	1,171,573
Audit fee		650,000	606,858

	Note	2021 Rupees	2020 Rupees
Software		3,176,653	937,023
Entertainment		1,247,433	752,240
Utilities		-	176,039
Postage and telegram		224,058	202,656
Printing and stationery		95,960	119,460
Miscellaneous		5,268,773	4,538,731
		125,632,669	133,738,784

36.1 Salaries, wages and other benefits include Rs. 3.603 million in respect of retirement benefits (2020: Rs. 4.197 million).

37 SELLING AND DISTRIBUTION EXPENSES

	Note	2021 Rupees	2020 Rupees
Salaries, wages and other benefits	37.1	118,262,284	116,115,371
Transport charges		139,328,482	140,728,367
Advertisement		156,939,276	105,615,091
Traveling		3,034,547	4,558,755
Rent, rates and taxes		20,170,178	18,496,037
Ijarah rentals		3,550,523	3,820,088
Electricity		2,373,956	2,908,764
Repair and maintenance		1,450,975	1,388,221
Telephone		1,377,352	1,811,822
Insurance		2,736,702	1,141,263
Gas		32,740	105,310
Legal & Professional Charges		1,862,950	-
Fees and subscription		42,580	-
Miscellaneous		1,365,866	3,324,055
		452,965,912	400,829,308

37.1 Salaries, wages and other benefits include Rs. 7.206 million in respect of retirement benefits (2020: Rs. 8.394 million).

38 OTHER INCOME

	2021 Rupees	2020 Rupees
Sale of scrap material	487,588	959,073
Export rebates	-	802,677
Gain on sale of fixed assets	1,978,614	3,059,063
Interest on short term investment	3,092,908	2,730,655

	Note	2021 Rupees	2020 Rupees
Insurance claim received		-	3,839,904
Capital grant income		3,307,348	-
Miscellaneous income		76,280	-
		8,942,738	11,391,372

39 OTHER CHARGES

Workers' Profit Participation Fund		5,599,001	3,175,893
Sindh Workers' Welfare Fund		2,239,601	1,270,357
Bad debt written off		1,798,860	570,386
Miscellaneous		39,345	-
		9,676,807	5,016,636

40 FINANCIAL CHARGES

Secured finances and letter of credit		163,894,431	251,835,869
Interest on long term loan		72,927,744	106,213,682
Interest on Workers' Profit Participation Fund		381,019	252,051
Finance leases		338,844	2,239,158
		237,542,038	360,540,760
Bank charges		5,281,479	3,427,297
		242,823,517	363,968,057

41 TAXATION

Current		138,337,113	67,572,874
Deferred		(219,483,857)	6,595,120
		(81,146,744)	74,167,994

42 CASH GENERATED FROM FINANCING

Description	Liabilities		Total
	Long term Financing	Short term borrowing	
	(Rupees in thousands)		
Balance as at June 30, 2020	763,255,250	2,112,364,627	2,875,619,877
Proceeds from short term borrowings	99,911,633	23,843,821,358	23,943,732,991
Repayment of short term borrowings	(63,140,671)	(23,547,594,923)	(23,610,735,594)
Movement of liabilities to cash flows	36,770,962	296,226,435	332,997,397
Less government grant	3,602,274		
Balance as at June 30, 2021	796,423,938	2,408,591,062	3,208,617,274

43 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	2021			2020		
	Chief Executive	Directors	Total	Chief Executive	Directors	Total
	Rupees			Rupees		
Managerial remuneration	9,806,029	19,469,044	29,275,073	10,392,372	32,223,978	42,616,350
Total	9,806,029	19,469,044	29,275,073	10,392,372	32,223,978	42,616,350
Number of persons	1	6	7	1	4	5

43.1 3 Non-Executive directors have not drawn any remuneration from the Company.

44 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, local associated companies, staff retirement funds, directors and key management personnel. Transactions with associated companies and undertakings and remuneration and benefits to key management personnel are as follows:

Nature of transaction	Name of related party	Nature of relationship	Basis of relationship	2021 Rupees	2020 Rupees
Transactions during the period					
Remuneration	Directors	Key management personnel	Directorship	29,275,073	41,858,709
Purchases	APAG Oil (Private) Limited	Subsidiary Company	Common directorship	90,139,081	536,637,150
Sale of vehicle	Nadir Nizar Ghulam Hussain	Director	Directorship	-	757,641
Sale of vehicle	Aziz Abdul Rafiq	Director	Directorship	-	293,601
Year end balances					
Due from associated company	Receivable from Goodhouse Chocolate Confectionaries (Private) Limited	Associated Company	Common directorship	1,236,960	1,236,960
Due to subsidiary company	Payable to APAG Oil (Private) Limited	Subsidiary Company	Common directorship	-	2,249,289
Due from subsidiary company	Loan to APAG Oil (Private) Limited	Subsidiary Company	Common directorship	361,077,000	98,650,000

45 CASH AND CASH EQUIVALENTS

	2021 Rupees	2020 Rupees
Running finance	(1,253,636,904)	(1,712,364,794)
Cash and bank balances	48,852,830	21,051,375
	(1,204,784,074)	(1,691,313,419)

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through equity, borrowings and management of working capital with a view of maintaining and appropriate mix between various sources of finance to minimize risks. Taken as a whole, the Company is exposed to market risk, credit risk, and liquidity risk. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2021. The policies for managing each of these risks are summarised below:

46.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk. The sensitivity analyses in the following sections relate to the position as at June 30, 2021.

46.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term financing arrangements at floating interest rates to meet its business operations and working capital requirements.

Interest rate risk of the Company's financial assets and financial liabilities as at June 30, 2021 can be evaluated from following schedule:

	Interest / markup bearing			Non – interest / markup bearing			Total
	Within one year	More than one year and upto five years	Sub total	Within one year	More than one year and upto five years	Sub total	
				(Rupees)			
Financial assets							
Loans and receivables carried at amortized cost							
Long term loans	-	-	-	-	4,150,872	4,150,872	4,150,872
Long term deposits	-	-	-	-	47,970,465	47,970,465	47,970,465
Trade debts	-	-	-	2,255,443,605	-	2,255,443,605	2,255,443,605
Loans and advances	-	-	-	6,149,853	1,412,655	7,562,508	7,562,508
Short term deposits	-	-	-	41,893,335	-	41,893,335	41,893,335
Loan receivable from subsidiary	-	-	-	361,077,000	-	361,077,000	361,077,000
Other receivables	-	-	-	38,205,412	-	38,205,412	38,205,412
Short term investments	44,039,522	-	44,039,522	-	-	-	44,039,522
Cash and bank balances	26,517	-	26,517	38,359,146	-	38,359,146	38,385,663
	44,066,039	-	44,066,039	2,741,128,351	53,533,992	2,794,662,343	2,838,728,382
Financial liabilities							
Financial liabilities carried at amortized cost							
Long term loans	38,162,763	725,092,487	763,255,250	-	-	-	763,255,250
Short term borrowings	2,408,591,062	-	2,408,591,062	-	-	-	2,408,591,062
Trade and other payables	-	-	-	668,523,335	-	668,523,335	668,523,335
Markup accrued	-	-	-	55,831,998	-	55,831,998	55,831,998
	2,446,753,825	725,092,487	3,171,846,312	724,355,333	-	724,355,333	3,896,201,645
Net financial (liabilities) / assets – 2021	(2,402,687,786)	(725,092,487)	(3,127,780,273)	2,016,773,018	53,533,992	2,070,307,010	(1,057,473,263)
Net financial (liabilities) / assets – 2020	(2,120,192,614)	(739,105,781)	(2,859,298,395)	1,068,409,960	37,289,354	1,105,699,314	(1,753,599,081)

Effective interest rates are mentioned in the respective notes to the financial statements.

a) Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company's profit before tax (through impact on floating rate borrowings). There is no direct impact on Company's equity. This analysis excludes the impact of movement in market variables on the carrying values of provisions and on non-financial assets and liabilities of the Company. Further, interest rate sensitivity does not have an asymmetric impact on the Company's result.

	Increase / decrease in basis points	Effect on profit before tax
2021	+100	(31,277,803)
	-100	31,277,803
2020	+100	(28,592,984)

46.1.2 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company's exposure to foreign currency risk is as follows:

	2021 Rupees	2020 Rupees
Commitments	42,182,326	27,923,690

The following significant exchange rates have been applied:

	Reporting date rate	
USD to PKR	158.30	168.75

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax loss / profit for the year would have been lower / higher by the amount shown below, mainly as a result of net foreign exchange gain on net foreign currency exposure at reporting date.

Effect on profit	4,218,233	2,792,369

The weakening of the PKR against US Dollar would have had an equal but opposite impact on the post tax profits.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

46.1.3 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2021 Rupees	2020 Rupees
Long term loans	4,150,872	3,093,063
Long term deposits	47,970,465	19,056,363
Loans and advances	40,383,230	17,591,803
Short term deposits	41,893,335	39,893,335
Trade debts	2,255,443,605	1,645,930,351
Short term investments	44,039,522	37,273,732
Loan receivable from subsidiary	361,077,000	98,650,000
Other receivables	38,205,412	2,244,753
Bank balances	38,385,663	5,440,506
	2,871,549,104	1,869,173,906

The ageing of trade receivables at the reporting date is:

Not yet due	1,644,100,993	1,087,513,604
Past due 1-30 days	405,593,976	256,551,392
Past due 31-60 days	216,878,099	77,291,224
Past due 61-90 days	28,584,524	51,098,203
Past due over 90 days	123,024,360	336,214,275
	2,418,181,952	1,808,668,698

The ageing has been prepared on first in first out basis by applying receipts to earliest invoices.

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Sales made to export customers are secured through letters of credit. The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year no assets have been impaired.

46.1.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years
	(Rupees)					
2021						
Long term loan	796,752,356	796,752,356	-	38,162,763	152,651,052	572,441,435
Lease liabilities	-	-	-	-	-	-
Trade and other payables	668,523,335	668,523,335	668,523,335	-	-	-
Markup accrued	55,831,998	55,831,998	55,831,998	-	-	-
Short term borrowings	2,408,591,062	2,408,591,062	2,408,591,062	-	-	-
	3,929,698,751	3,929,698,751	3,132,946,395	38,162,763	152,651,052	572,441,435
2020						
Long term loan	763,255,250	763,255,250	-	38,162,763	152,651,052	572,441,435
Liabilities against assets subject to finance lease	20,978,768	20,978,768	15,810,933	2,732,420	2,435,415	-
Trade and other payables	673,433,238	673,433,238	673,433,238	-	-	-
Markup accrued	52,741,105	52,741,105	52,741,105	-	-	-
Short term borrowings	2,112,364,626	2,112,364,626	2,112,364,626	-	-	-
	3,622,772,987	3,622,772,987	2,854,349,902	40,895,183	155,086,467	572,441,435

46.1.5 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

	2021 Rupees	2020 Rupees

47 FINANCIAL INSTRUMENTS BY CATEGORY

	2021 Rupees	2020 Rupees
Financial assets at amortized cost		
Long term loans	4,150,872	3,093,063
Long term deposits	47,970,465	19,056,363
Trade debts - unsecured	2,255,443,605	1,645,930,351
Short term deposits	41,893,335	39,893,335
Loans and advances	7,562,508	17,591,803
Loan receivable from subsidiary	361,077,000	98,650,000
Other receivables	38,205,412	2,244,753
Short term investments	44,039,522	37,273,732
Bank balances	38,385,663	5,440,506
	2,838,728,382	1,869,173,906
Financial liabilities at amortized cost		
Lease liabilities	-	20,978,768
Long term loans	796,752,356	763,255,250
Trade and other payables	668,523,335	673,433,238
Markup accrued	55,831,998	52,741,105
Short term borrowings	2,408,591,062	2,112,364,626
	3,929,698,751	3,622,772,987

48 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

49 CAPACITY AND PRODUCTION

	2021		2020	
	Capacity	Production	Capacity	Production
	Tons			
Vegetable Ghee, Cooking Oil & Margarine	90,000	49,923	90,000	46,981
Sauces	18,000	461	18,000	341

The Company could not achieve installed capacity of its production due to market conditions.

50 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value. No changes were made in the objectives, policies or processes during the year ended June 30, 2021.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital and revenue reserves. The gearing ratio as at June 30, 2021 and 2020 are as follows:

	2021 Rupees	2020 Rupees
Short term borrowings	2,408,591,062	2,112,364,626
Long term loans	594,145,488	725,092,487
Lease liabilities	-	14,013,294
Markup accrued	55,831,998	52,741,105
Deferred capital grant	481,903	-
Current portion of deferred	2,791,953	-
Current portion of non current liabilities	202,606,868	45,128,237
	3,264,449,272	2,949,339,749
Less: Cash and bank	(48,852,830)	(21,051,375)
Net debt	3,215,596,442	2,928,288,374
Share capital	1,199,473,964	500,000,000
Reserves	184,150,829	12,750,760
Total equity	1,383,624,793	512,750,760
Total capital and equity	4,599,221,235	3,441,039,134
Gearing ratio	70%	85%

51 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

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

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

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

As of the date of statements of financial position, none of the financial instruments of the Company are carried at fair value.

52 NUMBER OF EMPLOYEES

	2021	2020
	No. of employees	
Number of employees at head office and factory as at June 30	199	195
Average number of employees at head office and factory	197	205

53 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Company for the year ended June 30, 2021 due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Company, government have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

The management of the Company is closely monitoring the situation, and in response to the developments, taking all possible precaution and measures to safeguard health and safety of employees and other stakeholders, and also implemented a number of measures to minimize the impact to the extent possible.

54 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 07 OCT 2021 by the Board of Directors of the Company.

55 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison.

56 GENERAL

Figures have been rounded off to the nearest Pak rupee unless otherwise stated.

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