FINANCIAL STATEMENTS
OF
AGRO PROCESSORS AND ATMOSPHERIC
GASES LIMITED
FOR THE YEAR ENDED
JUNE 30, 2023

BDO

Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi 74200
Pakistan

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, 2023, and the statement of profit or loss, the 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, the statement of profit or loss, the 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, 2023 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 21.1 which provide details regarding legal cases related to issuance of right shares and appointment of director. Our opinion is not modified 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, the statement of profit or loss, the 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: 30 SEP 2023

UDIN: AR202310067GFpKaBPsh

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

AGRO PROCESSORS AND ATMOSPHERIC GASES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	1,341,372,073	1,377,105,459
Capital Work-in-Progress	7	17,413,466	-
Long term loans	8	6,715,657	5,616,990
Long term deposits	9	13,523,966	12,928,166
Deferred taxation	10	104,521,389	202,165,401
		1,483,546,551	1,597,816,016
CURRENT ASSETS			
Stores and spares		5,941,478	7,649,949
Stock-in-trade	11	2,672,019,771	2,051,964,527
Trade debts	12	2,246,394,523	1,791,714,968
Short term investments	13	135,081,529	65,805,187
Loans and advances	14	31,222,921	32,903,964
Short term deposits and prepayments	15	45,014,763	44,030,357
Other receivables	16	135,189,394	340,442,967
Taxation - net	17	70,058,619	36,082,547
Tax refunds due from Government	18	229,759,000	193,676,450
Cash and bank balances	19	159,105,259	184,878,613
		5,729,787,257	4,749,149,529
TOTAL ASSETS		7,213,333,808	6,346,965,545
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
10,000,000 (2021: 10,000,000) ordinary 'shares of Rs. 100/- each	20	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	21	657,894,800	657,894,800
Capital reserve			
Share premium	21	541,579,164	541,579,164
Surplus on revaluation of property, plant and equipment	22	656,593,189	659,742,264
		1,198,172,353	1,201,321,428
Revenue reserve			
Unappropriated profit		994,391,723	540,222,242
		2,850,458,876	2,399,438,470
NON - CURRENT LIABILITIES			
Long term loans	23	70,000,004	169,990,733
Lease liabilities against assets subject to finance lease	24	31,425,265	38,381,931
Deferred liability	25	94,549,717	84,825,136
		195,974,986	293,197,800
CURRENT LIABILITIES			
Trade and other payables	26	1,938,802,932	1,215,490,742
Markup accrued	27	115,767,775	46,831,379
Short term borrowings	28	2,005,420,849	2,265,866,244
Current portion of lease liabilities against assets subject to finance lease	29	6,917,661	6,153,258
Current portion of long term loan	29	99,990,729	119,987,652
		4,166,899,946	3,654,329,275
TOTAL EQUITY AND LIABILITIES		7,213,333,808	6,346,965,545
CONTINGENCIES AND COMMITMENTS	30		

The annexed notes from 1 to 51 form an integral part of these financial statements.

DIRECTOR **DIRECTOR**

AGRO PROCESSORS AND ATMOSPHERIC GASES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Gross sales - net	31	20,206,655,156	15,949,773,598
Sales tax		(2,711,627,578)	(2,199,089,721)
Net sales		17,495,027,578	13,750,683,877
Cost of sales	32	(15,045,537,924)	(12,032,955,141)
Gross profit		2,449,489,654	1,717,728,736
Administrative expenses	33	(207,040,913)	(165,693,188)
Selling and distribution expenses	34	(994,481,204)	(738,063,088)
Other charges	35	(64,015,444)	(118,238,837)
		(1,265,537,561)	(1,021,995,113)
Operating profit		1,183,952,093	695,733,623
Financial charges	36	(396,961,412)	(269,094,847)
		786,990,681	426,638,776
Other income	37	63,500,223	9,756,611
Profit before taxation		850,490,904	436,395,387
Taxation	38	(320,620,351)	(81,073,048)
Profit for the year		529,870,553	355,322,339

The annexed notes from 1 to 51 form an integral part of these financial statements.

DIRECTOR

DIRECTOR

AGRO PROCESSORS AND ATMOSPHERIC GASES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
Profit for the year	529,870,552	355,322,339
Other comprehensive income		
Item that will not be reclassified to profit or loss		
Remeasurement of defined benefit liability	(494,093)	(2,524,697)
Impact of deferred tax	588,875	871,439
	94,782	(1,653,258)
Revaluation surplus on property, plant and equipment	-	409,418,582
Impact of deferred tax	-	(7,081,389)
	-	402,337,193
Total comprehensive income for the year	529,965,334	756,006,274

The annexed notes from 1 to 51 form an integral part of these financial statements.

DIRECTOR

DIRECTOR

AGRO PROCESSORS AND ATMOSPHERIC GASES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		850,490,903	436,395,387
Adjustment for non cash and other items:			
Gratuity	25	27,513,883	20,398,582
Depreciation	6	49,940,034	44,499,438
Gain on sale of fixed assets	37	(13,601,657)	(3,732,966)
Reversal of director loan		509,251	
(Gain) / Loss on investment in subsidiary disposed off		(26,385,020)	85,391,872
Financial charges		396,961,412	269,094,847
		1,285,428,806	852,047,160
(Increase) / decrease in current assets			
Stores and spares		1,708,471	(2,847,997)
Stock in trade		(620,055,244)	(1,106,025,351)
Trade debts		(454,679,555)	463,728,637
Loan and advances		1,681,043	7,479,266
Tax refunds due from Government		(36,082,550)	-
Short term deposits and prepayments		(984,406)	(1,174,569)
Other receivables		(125,138,339)	58,839,445
		(1,233,550,580)	(580,000,569)
Increase in current liability			
Trade and other payables		723,312,190	489,738,253
Cash generated from operations		775,190,416	761,784,844
Financial charges paid		(327,877,543)	(278,095,466)
Gratuity paid		(18,283,395)	(10,056,815)
Taxes paid		(256,952,409)	(175,301,158)
Net cash flows from operating activities		172,077,069	298,331,405
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(17,923,843)	(13,142,770)
Additions to capital work in progress		(17,413,466)	-
Proceeds from sale of vehicles		17,251,000	4,930,000
Long term loans and deposits		(1,694,467)	33,576,181
Long term investments - net (in subsidiary)		356,776,932	489,608,088
Short term investments		(69,276,342)	(21,765,665)
Net cash generated from investing activities		267,719,814	493,205,834
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing (net)		(119,987,652)	(510,047,827)
Repayment of lease liabilities against assets subject to finance lease		(6,192,263)	(2,738,811)
Dividend paid		(78,944,928)	-
Repayment of short term borrowings (net)		(429,996,424)	(354,957,732)
Net cash used in financing activities		(635,121,267)	(867,744,370)
Net decrease in cash and cash equivalents		(195,324,384)	(76,207,131)
Cash and cash equivalent at the beginning of the year	42	(1,280,991,205)	(1,204,784,074)
Cash and cash equivalent at the end of the year	42	(1,476,315,589)	(1,280,991,205)

The annexed notes from 1 to 51 form an integral part of these financial statements.

DIRECTOR

DIRECTOR

AGRO PROCESSORS AND ATMOSPHERIC GASES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	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 01, 2021	657,894,800	541,579,164	259,807,403	184,150,829	443,958,232	1,643,432,196
Total comprehensive income for the year						
Profit for the year	-	-	-	355,322,339	355,322,339	355,322,339
Remeasurement of defined benefit liability - net of deferred tax	-	-	-	(1,653,258)	(1,653,258)	(1,653,258)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	(2,402,332)	2,402,332	-	-
Revaluation during the year - net of deferred tax	-	-	402,337,193	-	402,337,193	402,337,193
Total comprehensive income for the year	-	-	399,934,861	356,071,413	756,006,274	756,006,274
Balance as at June 30, 2022	657,894,800	541,579,164	659,742,264	540,222,242	1,199,964,506	2,399,438,470
Balance as at July 01, 2022	657,894,800	541,579,164	659,742,264	540,222,242	1,199,964,506	2,399,438,470
Total comprehensive income for the year						
Profit for the year	-	-	-	529,870,552	529,870,552	529,870,552
Remeasurement of defined benefit liability - net of deferred tax	-	-	-	94,782	94,782	94,782
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	(3,149,075)	3,149,075	-	-
	-	-	(3,149,075)	3,243,857	94,782	94,782
Transactions with owner						
Dividend paid during the year	-	-	-	(78,944,928)	-	-
Balance as at June 30, 2023	657,894,800	541,579,164	656,593,189	994,391,723	1,729,929,840	2,929,403,804

The annexed notes from 1 to 51 form an integral part of these financial statements.

DIRECTOR **DIRECTOR**

AGRO PROCESSORS AND ATMOSPHERIC GASES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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 Initial Public Offering

Subsequent to year end, the company has made public announcement regarding initial public offering to expand its business operations in Middle East and North Africa and the board has authorized the management to appoint Habib Bank Limited and K-trade to initiate the process of an IPO.

1.3 JCR - VIS Credit Rating Company Limited has re-affirmed BBB and A-2 ratings to the Company for long term and short term, respectively on August 23, 2023.

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

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.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost basis, 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 and reporting 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 of Rs', which is the Company's functional and presentation currency.

3.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgment that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Areas where judgments and estimates made by the management that may have a significant effect on the amounts recognised in the financial statements are included in the following notes:

- Useful lives of property, plant and equipment ;	(note 5.1 and 6)
- Valuation of stores and spares and stock-in-trade ;	(note 5.3, 5.4 and 11)
- Provision for expected credit loss ;	(note 5.8.1 and 12)
- Staff retirement benefit - gratuity scheme ;	(note 5.6 and 25)
- Taxation	(note 5.7 and 38);
- Contingencies	(note 5.10 and 30)

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have material impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have material impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 - First Time Adoption of International Financial Reporting Standards; and
IFRS 17 - Insurance Contracts.

5 SUMMARY OF 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 - Owned

Property, plant and equipment except lease hold land, building and plant and machinery are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Land, building and plant and machinery are stated at revalued amount less accumulated depreciation and accumulated impairment loss, if any.

Cost includes expenditure that is directly attributable to the acquisition and bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

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.

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.

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

Incremental depreciation charged for the year on revalued assets is transferred from surplus on revaluation of property, plant and equipment to retained earnings during the year.

Repair and maintenance costs are charged to the statement of profit or loss as and when incurred. Major renewals and improvements are capitalized if criteria are met, and the assets so replaced, if any, are disposed.

Gains and losses on disposal of property, plant and equipment are taken to the statement of profit or loss, and the related surplus on revaluation is transferred directly to unappropriated profit.

b) Right-of-use asset - Leased

The right of use asset is measured at cost, as the amount equal to initially measured lease liability adjusted for lease prepayments made at or before the commencement date, initial direct cost incurred less any lease incentives received.

The right of use assets is subsequently depreciated using the reducing balance method from the date of recognition 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 assets is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Lease Liability

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

Subsequently lease liabilities are measured at amortized cost using the effective interest rate method. It is measured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

Short term leases

Short term leases including Ijarah financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to statement of profit or loss on a straight-line basis over the lease /Ijarah term unless another systematic basis is representative of the time pattern of the Company's benefit.

c) **Capital work in progress**

Capital work-in-progress are stated at cost and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

d) **Surplus on revaluation of property, plant and equipment**

Any revaluation increase arising on the revaluation of land, buildings and plant and machinery 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 the statement of profit or loss, in which case the increase is credited to the statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings, leasehold improvements and plant and machinery is charged to the 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 to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

e) Impairment of non financial assets

The carrying amount of the Company's assets are reviewed at each reporting 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. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in statement of profit or loss.

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

5.2 Cash and cash equivalent

Cash and cash equivalents comprises of cash balances and bank deposits. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, short-term running finance and short-term investments having maturity upto 3 months. Running finances under mark-up arrangements are shown with short term-borrowings in current liabilities on the reporting date.

5.3 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.

5.4 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.

5.5 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.

5.6 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, 2023 using the projected unit credit method [refer note 24.1(c)]. The Company recognizes expense in accordance with IAS 19 "Employee Benefits".

5.7 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 and tax credit, if any.

b) Deferred

Deferred tax is recognized using the statement of financial statement method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in financial statements purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the date of statement of financial position.

5.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

5.8.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income 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 the reporting date are carried at amortized cost.

a) Amortized cost

A financial asset is initially measured at fair value plus transaction costs that are directly attributable to its acquisition.

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.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit

b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model which requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.

Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Company's financial assets include mainly trade debts, deposits, short term investments, advances, other receivables, cash and bank balances.

The Company's trade receivables do not contain a significant financing component (as determined in terms of the requirements of IFRS 15 "Revenue from Contracts with Customers"), therefore, the Company is using simplified approach, that does not require the Company to track the changes in credit risk, but, instead, requires to recognise a loss allowance based on lifetime ECLs at each reporting date.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors.

5.8.2 Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value less transaction costs.

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

5.8.3 Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

5.8.4 Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

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

5.9 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and discharge the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

5.10 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.11 Borrowings cost

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

5.12 Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting future cash flows at appropriate discount rate wherever required. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

5.13 Revenue recognition

Revenue is recognised when control of a promised goods passes to a customer. It is measured at the fair value of the consideration received or receivable, sales tax and other duties collected on behalf of third parties are not taken into account.

The Company primarily generates revenue from sale of cooking oil and recognized when control passes to the customer at a specific point in time.

The revenue is recorded on the basis of the consideration defined in the contract with the customer, including variable consideration such as discount, volume rebates or other contractual price reductions; if any.

a) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

b) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

c) Others

Interest and other incomes are recognised on accrual basis.

Scrap sales are recognized on delivery to customers at realized amounts.

5.14 Share capital.

Share capital is classified as equity and recognized at the face value. Incremental costs directly attributable to the issue of new shares are shown as a deduction in equity.

5.15 Related party transactions

Transactions with related parties are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

5.16 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the year in which it is approved by the shareholders.

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 reporting date except those covered by forward exchange contracts. Exchange differences on translations during the year are taken to the statement of profit or loss.

6 PROPERTY, PLANT AND EQUIPMENT

6.1 Operating fixed assets

Description	Lease hold Land	Building on Lease hold	Vehicles	Sub Total	Godowns	Lahore office	Plant and machinery	Electric and Gas installation	Furniture and fixture	Office equipments	Tools and equipments	Vehicles	Lab equipments	Gas Cylinders	Sub Total	Total
	Leased Assets				Owned											
	Rupees															
Year ended June 30, 2023																
Net carrying value basis																
Opening book value	620,000,000	105,000,000	44,293,510	769,293,510	60,982	330,465	543,894,590	838,645	3,936,939	17,789,223	23,596,308	15,535,658	1,768,225	39,879	607,811,907	1,377,105,458
Additions	-	-	-	-	-	-	8,457,570	45,000	695,308	3,088,184	4,911,942	706,317	18,100	1,200	17,923,843	17,923,843
Deletions - NBV	-	-	-	-	-	-	-	-	(72,000)	(49,600)	(100)	(3,595,413)	-	-	(3,717,113)	(3,717,113)
Depreciation charge	-	(5,250,000)	(8,858,705)	(14,108,705)	(2,049)	(16,527)	(27,617,608)	(88,364)	(456,010)	(2,082,781)	(2,850,869)	(2,533,338)	(178,735)	(4,108)	(35,831,328)	(49,940,034)
Closing net book value	620,000,000	99,750,000	35,434,845	755,184,845	57,933	313,938	524,734,552	795,281	4,104,215	18,745,026	25,657,281	10,113,224	1,608,790	36,971	586,187,218	1,341,372,073
Gross carrying value basis																
Cost / revalue	620,000,000	185,265,282	47,274,000	852,539,282	263,000	1,138,281	800,932,104	4,370,987	11,193,433	34,905,764	39,435,384	70,603,417	3,532,290	155,120	1,066,549,980	1,899,189,262
Accumulated depreciation	-	(85,515,285)	(11,839,155)	(97,354,440)	(205,067)	(824,343)	(276,197,552)	(3,575,706)	(7,089,218)	(16,160,738)	(13,778,103)	(60,490,193)	(1,923,490)	(118,149)	(480,362,762)	(577,817,202)
Net book value	620,000,000	99,749,997	35,434,845	755,184,842	57,933	313,938	524,734,552	795,281	4,104,215	18,745,026	25,657,281	10,113,224	1,608,790	36,971	586,187,218	1,341,372,073
Year ended June 30, 2022																
Net carrying value basis																
Opening book value	235,000,000	84,822,545	-	319,822,545	64,192	347,860	567,974,673	893,911	4,235,863	16,175,593	23,200,880	18,175,311	1,830,619	44,310	633,144,014	952,966,559
Additions	-	-	47,274,000	47,274,000	-	-	4,391,725	35,000	128,808	3,385,271	2,756,596	7,412,318	33,100	-	18,142,770	65,416,770
Revaluation	385,000,000	24,418,583	-	409,418,583	-	-	-	-	-	-	-	-	-	-	-	409,418,583
Deletions - NBV	-	-	-	-	-	-	-	-	-	-	-	(1,197,034)	-	-	(1,197,034)	(1,197,034)
Depreciation charge	-	(4,241,127)	(2,980,490)	(7,221,617)	(3,210)	(17,395)	(28,471,808)	(90,266)	(427,924)	(1,771,641)	(2,361,168)	(2,853,540)	(195,494)	(4,431)	(37,278,221)	(44,499,838)
Closing net book value	620,000,000	105,000,000	44,293,510	769,293,510	60,982	330,465	543,894,590	838,645	3,936,939	17,789,223	23,596,308	15,535,658	1,768,225	39,879	607,811,907	1,377,105,458
Gross carrying value basis																
Cost / revalue	620,000,000	185,265,282	47,274,000	852,539,282	263,000	1,138,281	892,474,534	4,325,987	10,498,133	31,817,580	34,523,442	69,917,110	3,513,090	153,920	1,048,626,137	1,901,165,419
Accumulated depreciation	-	(80,265,282)	(2,980,490)	(83,245,772)	(202,018)	(807,816)	(348,579,944)	(3,487,342)	(6,561,194)	(14,028,357)	(10,927,134)	(54,381,452)	(1,744,865)	(114,041)	(440,814,230)	(524,059,962)
Net book value	620,000,000	105,000,000	44,293,510	769,293,510	60,982	330,465	543,894,590	838,645	3,936,939	17,789,223	23,596,308	15,535,658	1,768,225	39,879	607,811,907	1,377,105,458
Depreciation rate (% per annum)	-	5%	20%	20%	5%	5%	5%	10%	10%	10%	10%	20%	10%	10%		

6.2 This leasehold land of 2.481 acre is situated at F/382, S.I.T.E Karachi.

6.3 The Company has professionally revalued their building on leasehold land on June 30, 2022 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. 24.42 million is included in the carrying value of building on leasehold land with a corresponding amount appearing as "Surplus on revaluation of fixed assets".

6.4 The Company has professionally revalued their leasehold land on June 30, 2022 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. 385 million is appearing as "Surplus on revaluation of fixed assets". Previously the land had been revalued by independent valuer KG Traders (Private) limited on June 25, 2019.

6.5 Depreciation for the year has been allocated as under:

	Note	2023 Rupees	2022 Rupees
Cost of goods manufactured	32	36,009,216	35,486,317
Administrative expenses	33	13,930,818	9,013,521
		49,940,034	44,499,838

6.6 The incremental value of the property, plant and equipment as revalued is depreciated over the remaining useful life of the respective assets at the date of revaluation.

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

	2023 Rupees	2022 Rupees
Leasehold land	778,881	778,881
Buildings on leasehold land	15,478,970	16,293,653
	16,257,851	17,072,534

6.8 Forced sale value as per the last revaluation report as of June 30, 2022;

Land	496,000,000
Building	84,000,000
	580,000,000

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

6.10 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.

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.

		Note	2023 Rupees	2022 Rupees

7 CAPITAL WORK IN PROGRESS

This comprises of:

	2023 Rupees	2022 Rupees
Plant and Machinery	44,000	-
Intangible Assets	114,977	-
CWIP- New Tank Storage Project-2023	17,254,489	-
	17,413,466	-

7.1 Movement of carrying amount

	Plant and Machinery	Intangible Assets	CWIP- New Tank Storage
Year ended June 30, 2022			
Additions (at cost) and Closing balance	44,000	114,977	17,254,489

8 LONG TERM LOANS

	Note	2023 Rupees	2022 Rupees
(Secured - considered good)			
Loan to staff	8.1	16,613,505	8,285,646
Less: Current portion shown under current assets	14	(9,897,848)	(2,668,656)
		6,715,657	5,616,990

8.1 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.

9 LONG TERM DEPOSITS

	Note	2023 Rupees	2022 Rupees
Security deposits			
Ijarah deposits	9.1	2,499,500	2,499,500
Diminishing Musharka	9.2	6,304,300	5,708,500
Others		4,720,166	4,720,166
	9.3	13,523,966	12,928,166

9.1 The Company has entered into Ijarah agreements with Meezan Bank Limited for of purchase of vehicles for a period of five years. 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. (2022: Rs. 2.49 million).

9.2 The Company has diminishing musharakah agreement from First Habib Modaraba. Client has 10% of cost and accounted for as long term deposit. Rest of 90% is beared by First Habib Modaraba.

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

		Note	2023 Rupees	2022 Rupees
10	**DEFERRED TAXATION**			
	Deferred taxation asset	10.1	104,521,389	202,165,401

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

	2023 Rupees	2022 Rupees
Deferred tax liabilities:		
Accelerated tax depreciation allowance	132,741,592	116,728,514
Incremental depreciation leasehold building	(1,286,242)	9,555,844
Revaluation of property, plant and equipment	-	7,081,389
Remeasurement of defined benefit liability	(588,875)	-
	130,866,475	133,365,747
Deferred tax assets:		
Provision for doubtful debts	47,194,121	47,194,121
Turnover tax	159,930,982	263,667,663
Lease liabilities	843,343	70,075
Provision for gratuity	27,419,418	24,599,289
	235,387,864	335,531,148
	104,521,389	202,165,401

		Note	2023 Rupees	2022 Rupees
11	**STOCK-IN-TRADE**			
	Raw material			
	Oil	32.1	1,861,474,050	1,541,839,535
	Chemicals	32.4	85,227,101	31,802,730
	Packing material	32.5	64,211,942	44,633,226
	Finished goods	32	661,106,678	433,689,036
			2,672,019,771	2,051,964,527
12	**TRADE DEBTS**			
	Unsecured			
	Considered good		2,246,394,523	1,791,714,968
	Considered doubtful		162,738,347	162,738,347
		12.2	2,409,132,870	1,954,453,315
	Expected credit loss allowance	12.1	(162,738,347)	(162,738,347)
			2,246,394,523	1,791,714,968

	Note	2023 Rupees	2022 Rupees

12.1 Movement in provision for expected credit loss

		2023 Rupees	2022 Rupees
Opening balance		162,738,347	162,738,347
Closing balance		162,738,347	162,738,347

12.2 The ageing of trade receivables at the reporting date is:

		2023 Rupees	2022 Rupees
Not yet due		1,299,680,618	1,414,813,630
Past due 1-30 days		449,744,130	166,898,766
Past due 31-60 days		275,433,137	31,184,755
Past due 61-90 days		184,662,506	20,814,290
Past due over 90 days		199,612,479	320,741,874
		2,409,132,870	1,954,453,315

13 SHORT TERM INVESTMENTS

	Note	2023 Rupees	2022 Rupees
At amortized cost			
Term deposit receipts	13.1	135,081,529	65,805,187

13.1 The investments were of lien with a bank in respect of credit facilities obtained. These carried mark up at the fixed rate of 18% (2022: 5.4%) per annum. The maturity date for these TDRs is September 28, 2023.

14 LOANS AND ADVANCES

	Note	2023 Rupees	2022 Rupees
(Secured - considered good)			
Loan to staff -current portion	8	9,897,848	2,668,656
(Unsecured - considered good)			
Advance			
To staff for expenses		1,876,152	1,199,162
Against supply of goods and services		19,448,921	29,036,146
	14.1	21,325,073	30,235,308
		31,222,921	32,903,964

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

	Note	2023 Rupees	2022 Rupees

15 SHORT TERM DEPOSITS AND PREPAYMENTS

	Note	2023 Rupees	2022 Rupees
Prepayment		3,121,428	3,137,022
Short term deposits	15.1	41,893,335	40,893,335
		45,014,763	44,030,357

15.1 This includes deposit amounting to Rs. 39.893 million (2022: 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.

16 OTHER RECEIVABLES

	Note	2023 Rupees	2022 Rupees
Due from associated company	16.1	-	330,391,912
Sales tax and special excise duty		132,060,702	9,243,695
Miscellaneous		10,126	807,360
Accrued interest on short term investment		3,118,566	-
		135,189,394	340,442,967

16.1 During 2022, the Company has disposed off 57,499,996 (99.99% holdings) number of shares of APAG Oil (Private) Limited to Cargill Pakistan Holdings (Private) Limited for Rs.490 million. The shares have been transferred through CDC transfer to purchaser. The said transaction has taken place on June 27, 2022 against a Share Purchase Agreement entered between the two as agreed via mutual consent on March 24, 2022. During the year, till completion of the transfer, the Company has executed all transactions in respect of its related party at arm's length price and it has been disclosed in the financial statements. During the year, the Company has received complete amount of share purchase consideration.

17 TAXATION - NET

	Note	2023 Rupees	2022 Rupees
Advance tax		292,995,750	163,854,792
Less: Provision for taxation	38	(222,937,131)	(127,772,245)
		70,058,619	36,082,547

18 TAX REFUND DUE FROM GOVERNMENT

	Note	2023 Rupees	2022 Rupees
Sales tax refundable		1,144,301	1,144,301
Income tax refundable		228,614,699	192,532,149
		229,759,000	193,676,450

19 CASH AND BANK BALANCES

	Note	2023 Rupees	2022 Rupees
Cash in hand		10,841,289	4,563,871
Cash at banks			
In current accounts		148,177,453	180,288,225
In saving account		86,517	26,517
		148,263,970	180,314,742
	42	159,105,259	184,878,613

20 AUTHORIZED SHARE CAPITAL

Numbers of ordinary shares of Rs. 100 each 2023	2022		2023 Rupees	2022 Rupees
10,000,000	10,000,000	Ordinary shares of Rs. 100/- each	1,000,000,000	1,000,000,000

21 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Numbers of ordinary shares of Rs. 100 each 2023	2022		2023 Rupees	2022 Rupees
6,578,948	6,578,948	Share capital	657,894,800	657,894,800

21.1 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 03, 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.

22 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Revaluation of building and lease-hold land, buildings was carried out on June 30, 2022 by independent valuer M/s KG Traders (Private) Limited on the basis of market value. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment account after netting off incremental depreciation and related deferred tax liability.

	Note	2023 Rupees	2022 Rupees
Surplus on leasehold land		619,221,119	619,221,119
Surplus on building on lease hold land		37,372,070	40,521,145
		656,593,189	659,742,264
Balance as at July 01,		676,293,155	270,258,139
Add: Revaluation during the year		-	409,418,582
Less: Transfer to unappropriated profit in respect of:			
Incremental depreciation charged during the year		3,149,075	2,402,332
Related deferred tax liability on incremental depreciation		1,286,242	981,234
		4,435,317	3,383,566
		671,857,838	676,293,155
Related deferred tax effect:			
Balance as at July 01		16,550,891	10,450,736
Less: Deferred tax on incremental charged during the year transferred to the statement of profit or loss		(1,286,242)	(981,234)
Revaluation exercise for the year		-	7,081,389
		15,264,649	16,550,891
		656,593,189	659,742,264

23 LONG TERM LOANS

	Note	2023 Rupees	2022 Rupees
Secured - Banking Companies			
Meezan Bank Limited	23.1	59,990,733	139,978,385
Bank Al Falah Limited	23.2	110,000,000	150,000,000
		169,990,733	289,978,385
Less: Current portion	29	99,990,729	(119,987,652)
		70,000,004	169,990,733

23.1 This represents Musharika financing facility obtained by the Company amounting to Rs. 399.94 million from Meezan Bank for the period of 7 years. The repayment of this loan started 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. First repayment has been made on December 06, 2020. 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.

23.2 This represents conventional financing facility obtained by the Company in 2018 amounting to Rs. 200 million from Al Falah Bank for the period of 7 years. The repayment of this loan started 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. First repayment has made on May 23, 2020. 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.

24 LEASE LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2023 Rupees	2022 Rupees
Secured			
Balance as July 01		44,535,189	-
Additions		-	47,274,000
Payments during the year		(6,192,263)	(2,738,811)
		38,342,926	44,535,189
Less: Payable within one year shown under current liabilities	29	(6,917,661)	(6,153,258.0)
		31,425,265	38,381,931

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 15.9% to 23.23% (2022: 8.74% to 8.8%) per annum. These facilities are secured by security deposits and vehicles titles in the name of leasing companies.

	2023			2022		
	Upto one year	One to five years	Total	Upto one year	One to five years	Total
	Rupees			Rupees		
Minimum lease payments outstanding	15,250,558.00	40,943,234	56,193,792	12,931,376	48,683,434	61,614,810
Financial charges not due	(8,332,898.00)	(9,517,969)	(17,850,867)	(6,778,118)	(10,301,503)	(17,079,621)
Present value of minimum lease payments	6,917,660.00	31,425,265	38,342,925	6,153,258	38,381,931	44,535,189
Payable within one year shown under current liabilities	(6,917,660.00)	-	(6,917,660)	(6,153,258)	-	(6,153,258)
	-	31,425,265	31,425,265	-	38,381,931	38,381,931

25 DEFERRED LIABILITY

Liability recognised in the statement of financial position

	Note	2023 Rupees	2022 Rupees
Provision for gratuity	25.1	94,549,717	84,825,136

25.1 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, 2023 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 Group 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:

	2023	2022
Discount rate (%)	16.25	13.25
Expected rate of increase in salary (%)	15.25	12.25

	2023 Rupees	2022 Rupees
Present value of defined benefit obligation (Rupees)	94,549,717	84,825,136

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

	2023	2022
Opening present value of defined benefit obligations	84,825,136	72,830,111
Current service cost for the year	17,485,827	13,661,984
Interest cost for the year	10,028,056	6,736,598
Benefits due but not paid (payables)	(1,619,732)	(2,687,557)
Benefits paid during the year	(16,663,663)	(8,240,697)
Experience adjustments	(171,908)	1,863,264
Remeasurement losses from changes in demographic assumptions	666,001	661,433
Closing present value of defined benefit obligations	94,549,717	84,825,136

		Note	2023 Rupees	2022 Rupees
d.	**Charge for the year**			
	Current service cost		17,485,827	13,661,984
	Interest cost		10,028,056	6,736,598
	Charge for the year		27,513,883	20,398,582

25.2 Sensitivity analysis

	2023 Rupees	2022 Rupees
Discount rate + 100 bps	88,424,631	79,272,004
Discount rate - 100 bps	101,478,937	91,131,621
Salary increase + 100 bps	101,649,358	91,286,843
Salary increase - 100 bps	88,167,229	79,036,014

The average duration of defined benefit obligation is 7 years.

26 TRADE AND OTHER PAYABLES

	Note	2023 Rupees	2022 Rupees
Trade creditors		1,163,533,399	772,975,770
Accrued expenses	26.1	485,921,867	305,717,183
Advances from customers		61,573,115	46,905,916
Deposits		863,075	437,475
Sales Tax and Special Excise duty		118,091,160	-
Workers' profit participation fund	26.2	46,738,352	23,295,419
Workers' welfare fund	26.3	38,850,891	45,844,814
Loan from employees		-	509,251
Others		23,231,073	19,804,914
		1,938,802,932	1,215,490,742

26.1 This includes GIDC provision amounting to Rs. 109.341 million (2022: 109.341 million). The Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance, 2014 in September 2014 for levying and collecting (GIDC). The Company filed a writ petition against the imposition of the GIDC before the Sindh High Court (SHC). The (SHC) 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.

26.2 Workers' Profit Participation Fund

	Note	2023 Rupees	2022 Rupees
Balance as at July 01		23,295,419	5,694,256
Add: Interest credited at prescribed rates		2,329,542	284,713
		25,624,961	5,978,969
Less: Amount paid to Fund		(24,611,926)	(6,145,668)
		1,013,035	(166,699)
Add: Current year's allocation at 5%		45,725,317	23,462,118
	26.2.1	46,738,352	23,295,419

26.2.1 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 Companies Profit (Workers' Participation) Act, 1968.

26.3 Workers' Welfare Fund

	Note	2023 Rupees	2022 Rupees
Balance as at July 01		45,844,814	39,969,924
Less: Amount paid to Govt.		(25,284,050)	(3,509,957)
		20,560,764	36,459,967
Add: Current year's allocation at 2%		18,290,127	9,384,847
		38,850,891	45,844,814

27 MARKUP ACCRUED

	Note	2023 Rupees	2022 Rupees
Running finance		108,994,909	41,671,975
Long term loan		6,672,775	5,159,404
Markup Accrued on lease term		100,091	-
		115,767,775	46,831,379

28 SHORT TERM BORROWINGS

	Note	2023 Rupees	2022 Rupees
Istasna financing	28.1	370,000,001	799,996,426
Running finance	28.2	1,635,420,848	1,465,869,818
		2,005,420,849	2,265,866,244

28.1 The facility for short-term istasna financing is obtained from a bank amounting to Rs. 370 million (2022: Rs. 800 million) having sanctioned limit of Rs. 1,200 million (2022: Rs. 1,100 million). It carries markup at the rate of 6 month KIBOR plus 1% to 1.25% (2022: 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. 1600 million.

28.2 The facilities for short-term running finance are obtained from various commercial banks aggregating to Rs. 1,635 million (2022: Rs.1,465 million), having sanctioned limit of Rs. 2,000 million. These carry markup ranging between 1 to 3 months KIBOR plus 0.5% to 1.75% (2022: 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. 2667 million.

		Note	2023 Rupees	2022 Rupees
29	**CURRENT PORTION OF LIABILITIES**			
	Liabilities against assets subject to finance lease	24	6,917,661	6,153,258
	Current portion of long term loan	23	99,990,729	119,987,652
			106,908,390	126,140,910

30 CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

a) Guarantee

There is a contingent liability in respect of guarantees issued by bank amounting to Rs. 65.80 million (2022: Rs. 65.80 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. (2022: 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 the Supreme Court of Pakistan.

30.2 Commitments

a) Commitments of the Company in respect of letters of credit as at the reporting date amounted to Rs. 636.69 million (2022: Rs. 298.820 million).

b) 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. 5.683 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.

	Note	2023 Rupees	2022 Rupees
Not later than one year		4,151,457	6,544,490
Later than one year but not later than five years		1,531,434	5,892,731
		5,682,891	12,437,221

31 SALES - NET

	Note	2023 Rupees	2022 Rupees
Local sales - Gross		20,069,850,772	16,202,386,072
Export sales - Gross	31.1	525,543,956	101,118,462
		20,595,394,729	16,303,504,534
Less:			
Sales tax		(2,711,627,578)	(2,199,089,721)
Trade discount		(388,739,573)	(353,730,936)
		(3,100,367,151)	(2,552,820,657)
		17,495,027,578	13,750,683,877

31.1 This include export sales of Banaspati and Margarine in consumer boxes and tins made to multiple customers in Afghanistan.

32 COST OF SALES

	Note	2023 Rupees	2022 Rupees
Material consumed			
Oil consumed	32.1 & 32.2	13,703,829,176	10,822,744,917
Seed Consumed	32.3	-	177,083,753
Chemical consumed	32.4	136,729,763	104,925,391
Packing material consumed	32.5	856,987,591	700,621,538
		14,697,546,530	11,805,375,599
Salaries, wages and other benefits	32.6	186,448,466	164,222,715
Water		19,983,678	15,673,784
Gas		113,309,239	104,352,633
Consumable stores		49,244,585	23,099,643
Insurance		9,641,733	7,745,380
Power and electricity		84,723,470	58,708,152
Repairs and maintenance		5,603,015	5,809,862
Cartage		55,706,372	20,475,865
Depreciation		36,009,216	35,486,917
Consultancy charges		5,045,675	462,228
Fees and subscription		5,800,800	4,829,195
Ijara rentals		1,146,676	1,217,877
Legal and professional		2,089,000	2,055,400
Miscellaneous		3,168,704	1,956,825
		15,275,467,159	12,251,472,075
Less: Insurance claim received		(2,511,593)	(4,073,174)
Cost of goods manufactured		15,272,955,566	12,247,398,901

	Note	2023 Rupees	2022 Rupees
Finished goods			
Opening stock		433,689,036	219,245,276
Closing stock	11	(661,106,678)	(433,689,036)
		(227,417,642)	(214,443,760)
		15,045,537,924	12,032,955,141

32.1 Oil consumed

	Note	2023 Rupees	2022 Rupees
Opening stock		1,541,839,535	654,279,406
Purchases -Imports		6,145,333,389	4,445,373,832
Purchases -Locals		7,726,439,412	7,264,931,214
		15,413,612,336	12,364,584,452
Less: Closing stock	11	(1,861,474,050)	(1,541,839,535)
		13,552,138,286	10,822,744,917

32.2 This includes sales tax amounting to Rs. 151.691 million (2022: Rs. 162.705 million) in respect of sales made to FATA, PATA and hospital which are exempt from sales tax. Hence the input tax paid on these goods cannot be adjusted against the output tax. Therefore, the Company has charged the input tax in profit or loss account.

32.3 Seeds consumed

	Note	2023 Rupees	2022 Rupees
Opening stock		-	-
Purchases		-	169,382,856
Toll manufacturing		-	7,700,897
		-	177,083,753
Less: Closing stock		-	-
		-	177,083,753

32.4 Chemical consumed

	Note	2023 Rupees	2022 Rupees
Opening stock		31,802,730	25,144,796
Purchases		190,154,134	111,583,325
		221,956,864	136,728,121
Less: Closing stock	11	(85,227,101)	(31,802,730)
		136,729,763	104,925,391

32.5 Packing material consumed

	Note	2023 Rupees	2022 Rupees
Opening stock		44,633,226	47,269,698
Purchases		876,566,307	697,985,066
		921,199,533	745,254,764
Less: Closing stock	11	(64,211,942)	(44,633,226)
		856,987,591	700,621,538

32.6 Salaries, wages and other benefits include Rs. 10.986 million in respect of retirement benefits (2022: Rs. 7.949 million).

		Note	2023 Rupees	2022 Rupees
33	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration		27,414,326	22,485,990
	Salaries, wages and other benefits	33.1	111,776,151	88,741,223
	Insurance		8,317,291	7,517,885
	Depreciation	6	13,930,823	9,012,521
	Telephone and telex		4,655,642	3,491,910
	Traveling and conveyance		1,240,225	538,841
	Charity and donation		10,037,850	204,540
	Legal and professional charges		8,311,461	8,766,447
	Fees and subscription		878,811	416,990
	Repair and maintenance		5,648,971	4,630,377
	Rent, rates and taxes		1,626,947	1,151,917
	Ijarah rentals		1,676,463	1,602,615
	Audit fee	33.2	1,196,640	772,200
	Software		1,160,559	1,410,953
	Entertainment		1,245,072	545,386
	Postage and telegram		486,873	270,652
	Printing and stationery		75,798	99,040
	Miscellaneous		7,361,010	14,033,701
			207,040,913	165,693,188

33.1 Salaries, wages and other benefits include Rs. 5.509 million in respect of retirement benefits (2022: Rs. 4.325 million).

		Note	2023 Rupees	2022 Rupees
33.2	**Auditors' remuneration:**			
	Audit remuneration		780,000	650,000
	Other services		250,000	-
	Out of pocket		78,000	65,000
	Sindh sales tax		88,640	57,200
			1,196,640	772,200
34	**SELLING AND DISTRIBUTION EXPENSES**			
	Salaries, wages and other benefits	34.1	185,339,503	143,742,606
	Transport charges		216,611,838	122,223,150
	Advertisement and marketing expense		537,426,311	428,210,207
	Traveling		5,388,959	5,803,776
	Rent, rates and taxes		29,908,817	22,622,076
	Ijarah rentals		3,610,048	3,612,760

	Note	2023 Rupees	2022 Rupees
Electricity		4,933,028	3,065,221
Repair and maintenance		971,726	787,519
Telephone		1,430,015	1,489,481
Insurance		4,282,029	2,884,980
Postage and telegram		732,651	132,051
Printing and stationery		768,424	705,615
Gas		77,812	43,095
Legal and professional charges		-	9,540
Fees and subscription		132,853	498,641
Miscellaneous		2,867,192	2,232,369
		994,481,206	738,063,087

34.1 Salaries, wages and other benefits include Rs. 11.019 million in respect of retirement benefits (2022: Rs. 8.183 million).

35 OTHER CHARGES

	2023 Rupees	2022 Rupees
Workers' Profit Participation Fund	45,725,317	23,462,118
Sindh Workers' Welfare Fund	18,290,127	9,384,847
Loss on disposal of subsidiary	-	85,391,872
	64,015,444	118,238,837

36 FINANCIAL CHARGES

	2023 Rupees	2022 Rupees
Secured finances and letter of credit	332,623,856	194,918,210
Interest on long term loan	40,088,078	66,753,066
Interest on Workers' Profit Participation Fund	2,329,541	284,713
Finance leases	7,367,520	2,074,197
	382,408,995	264,030,186
Bank charges	14,552,417	5,064,661
	396,961,412	269,094,847

37 OTHER INCOME

	2023 Rupees	2022 Rupees
Sale of scrap material	5,058,998	1,815,627
Gain on sale of fixed assets	13,601,657	3,732,966
Interest income on short term investment	16,297,986	2,946,166
Capital grant income	-	1,261,852
Gain on final settlement of subsidiary	26,385,020	-
Reversal of loan from employees	509,251	-
Gain on foreign exchange	1,647,311	-
	63,500,223	9,756,611

		Note	2023 Rupees	2022 Rupees
38	**TAXATION**			
	Current	38.2	222,937,131	127,772,245
	Prior year tax		39,209	-
	Deferred		97,644,011	(46,699,196)
			320,620,351	81,073,049

38.1 Relationship between tax expense and accounting profit

	2023	2022
Applicable tax rate	29%	29%
Super tax	10%	4%
Others	13%	4%
Average effective tax rate	26%	29%

38.2 This includes the provision of super tax at the rate of 10%.

39 TRANSACTIONS WITH RELATED PARTIES

Related parties of the company comprise the directors and key management personnel and staff retirement benefits. All the transactions with related parties are entered into at agreed terms in the normal course of business as approved by the Board of directors of the company. Detail of transactions with related parties during the year, other than disclosed elsewhere in the financial statements, are as follows:

Name of related party	Nature of Relation	Basis of Relation
Chief Executive Officer	Key executives	Chief Executive Officer
Director	Directorship	Chairman
Director	Directorship	Director

Nature of transaction	Nature of relation	Basis of relation	2023 Rupees	2022 Rupees
Remuneration and other benefits	Key management personnel	Employees	11,416,418	9,895,056
Directors's remuneration	Directors	Directors	15,997,908	12,590,534

39.1 The outstanding balance with related parties as at reporting date have been disclosed in the respective notes to these financial statements.

39.2 There are no transactions with key management personnel other than under their terms of employment.

40 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

		2023			2022		
		Chief Executive	Directors	Total	Chief Executive	Directors	Total
		Rupees			Rupees		
Managerial remuneration		11,416,418	15,997,908	27,414,326	9,895,056	12,590,934	22,485,990
Total		11,416,418	15,997,908	27,414,326	9,895,056	12,590,934	22,485,990
Number of persons	40.2	1	6	7	1	6	7

40.2 This includes 5 Non-Executive directors have not drawn any remuneration from the Company.

41 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Description	Liabilities			Leases		Total
	Long Term	Short Term	Dividend	Long term	Short term	
	Rupees					
Balance as at July 1, 2022	289,978,385	799,996,426	-	38,381,931	6,153,258	1,089,974,811
Repayment of short term borrowing	-	(429,996,424)	-	-	-	(429,996,424)
Repayment of long-term financing	(119,987,652)	-	-	-	-	(119,987,652)
Repayment of lease liabilities	-	-	-	-	(6,192,263)	-
Transfer to current portion	-	-	-	(6,956,666)	6,956,666	-
Repayment of dividend	-	-	78,944,928	-	-	-
Balance as at June 30, 2023	169,990,733	370,000,002	78,944,928	31,425,265	6,917,661	539,990,735

42 CASH AND CASH EQUIVALENTS

	Note	2023 Rupees	2022 Rupees
Running finance	28	(1,635,420,848)	(1,465,869,818)
Cash and bank balances	19	159,105,259	184,878,613
		(1,476,315,589)	(1,280,991,205)

43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarised as follows:

43.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns. Market risk comprise three types of risk: interest rate risk, foreign currency risk and other price risk.

43.1.1 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. As at reporting date, the Company has not invested in the equity instruments hence, not exposed to any other price risks.

43.1.2 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, short-term financing arrangements, lease arrangements and saving account 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, 2023 can be evaluated from following schedule:

	Note	2023 Rupees	2022 Rupees
Variable rate instruments			
Long term loans		169,990,733	289,978,385
Lease Liability		38,342,926	44,535,189
Short term borrowings		2,005,420,849	2,265,866,244

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 amounts 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.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the profit before taxation for the year ended would increase / decrease by Rs. 8.496 million (2022: Rs. 4.364 million). This is mainly attributable to the exposure to interest rates on its variable rate and fixed rate borrowings.

43.2.3 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:

Commitments	636,690,000	298,820,907

The following significant exchange rates have been applied:

	Reporting date rate	
USD to PKR	287.50	206.60

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	63,669,000	29,882,091

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.

43.2.4 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. 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 ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to customers from any single country or single customer.

Credit risk of the Company arises principally from trade debts, deposits, loans, other receivables and investment, and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2023 Rupees	2022 Rupees
Long term loans	6,715,657	8,285,646
Long term deposits	13,523,966	12,928,166
Loans and advances	31,222,921	30,235,308
Short term deposits	45,014,763	44,030,357
Trade debts	2,246,394,523	1,791,714,968
Short term investments	135,081,529	65,805,187
Loan receivables	-	-
Other receivables	135,189,394	340,442,967
Bank balances	148,263,970	180,314,742
	2,761,406,723	2,473,757,341

The ageing of trade receivables at the reporting date is:

Not yet due	1,299,680,618	1,414,813,630
Past due 1-30 days	449,744,130	166,898,766
Past due 31-60 days	275,433,137	31,184,755
Past due 61-90 days	184,662,506	20,814,290
Past due over 90 days	199,612,479	320,741,874
	2,409,132,870	1,954,453,315

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

The trade debts are due from local customers for sales. At the end of the reporting period, there are past due trade debt balances which in management view are recoverable as disclosed in the notes. 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.

Customer credit risk is managed by each business unit subject to the established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on past experience with the customer. Outstanding customer receivables are regularly monitored. The Company does not hold collateral as security.

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. At the end of the reporting period, financial assets are held with counterparties with a good credit rating or are due to be settled in short term or on demand. As at the reporting period, the Company has charged an allowance for expected credit loss amounting to Rs. 162.738 million (2022: Rs. 162.738 million) on outstanding balance.

Investments and bank balances

The exposure to banks and investment is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. The credit quality of cash at bank (in Current and deposit accounts) as per credit rating agencies is as follows:

Name of Banks	Ratings	
	Rating agency	Short-term
Bank AL-Habib Limited	PACRA	A-1+
Habib Bank Limited	VIS	A-1+
Soneri Bank Limited	PACRA	A-1+
Meezan Bank Limited.	VIS	A-1+
Dubai Islamic Bank	VIS	A-1+
AL-Falah Bank Limited	PACRA	A-1+
Habib Metropolitan Bank Limited	PACRA	A-1+
Bank Of Khyber	VIS	A-1
National Bank of Pakistan	VIS	A-1+
Faysal Bank Limited	PACRA	A-1+
Bank of Punjab	PACRA	A-1+

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.

43.2.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The 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 stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient bank balances, realizable investments and availability of financing through banking arrangements, which includes short-term and long term borrowings.

	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years
	(Rupees)					
2023						
Long term loan	169,990,733	169,990,733	79,990,739	39,996,913	50,003,081	-
Lease liabilities	31,425,265	31,425,265	3,076,629	3,076,629	7,296,946	24,892,722
Trade and other payables	1,829,982,616	1,829,982,616	1,829,982,616	-	-	-
Markup accrued	115,767,775	115,767,775	115,767,775	-	-	-
Short term borrowings	2,005,420,849	2,005,420,849	2,005,420,849	-	-	-
	4,152,587,238	4,152,587,238	4,034,238,608	43,073,542	57,300,027	24,892,722
2022						
Long term loan	289,978,385	289,978,385	59,993,826	59,993,826	99,990,733	70,000,000
Lease liabilities	44,535,189	44,535,189	3,076,629	3,076,629	7,296,946	31,084,984
Trade and other payables	1,135,843,042	1,135,843,042	1,135,843,042	-	-	-
Markup accrued	46,831,379	46,831,379	46,831,379	-	-	-
Short term borrowings	2,265,866,244	2,265,866,244	2,265,866,244	-	-	-
	3,783,054,239	3,783,054,239	3,511,611,120	63,070,455	107,287,679	101,084,984

44 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2023 Rupees	2022 Rupees
Financial assets at amortized cost			
Long term loans		16,613,505	5,616,990
Long term deposits		13,523,966	12,928,166
Trade debts - unsecured		2,246,394,523	1,791,714,968
Short term deposits		45,014,763	40,893,335
Loans and advances		21,325,073	3,867,818
Loan receivables		-	330,391,912
Other receivables		135,189,394	10,051,055
Short term investments		135,081,529	65,805,187
Bank balances		148,263,970	180,314,742
		2,761,406,723	2,441,584,173
Financial liabilities at amortized cost			
Lease liabilities		31,425,265	44,535,189
Long term loans		169,990,733	289,978,385
Trade and other payables		1,829,982,616	1,135,843,042
Markup accrued		115,767,775	46,831,379
Short term borrowings		2,005,420,849	2,265,866,244
		4,152,587,238	3,783,054,239

45 CAPACITY AND PRODUCTION

	2023		2022	
	Annual	Actual	Annual	Actual
	Tons			
Vegetable Ghee, Cooking Oil & Margarine	90,000	39,150	90,000	41,283
Sauces	18,000	346	18,000	435

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

46 CAPITAL MANAGEMENT

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. The Company is not subject to any externally imposed capital requirements.

The Company's objectives, policies and processes for managing capital are as follows:

The objective of the Company when managing capital is to safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

The Company sets the amount of capital in proportion to the risk and manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

Consistently with others in the industry, the Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and bank balances. Adjusted capital comprises all components of equity (i.e. issued, subscribed and paid up capital, share premium, general reserve and unappropriated profit).

The debt-to-adjusted capital ratio at the end of the reporting period were as follows:

	2023 Rupees	2022 Rupees
Short term borrowings	2,005,420,849	2,265,866,244
Long term loans	70,000,004	169,990,733
Lease liabilities against assets subject to finance	31,425,265	38,381,931

	2023 Rupees	2022 Rupees
Markup accrued	115,767,775	46,831,379
Current portion of long term loan	169,990,733	126,140,910
	2,392,604,627	2,647,211,197
Less: Cash and bank balance	(159,105,259)	(184,878,613)
Net debt	2,233,499,368	2,462,332,584
Share capital	1,199,473,964	1,199,473,964
Reserves	994,391,723	540,222,242
Total equity	2,193,865,687	1,739,696,206
Total capital and equity	4,427,365,055	4,202,028,790
Gearing ratio	50%	59%

47 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms' length transaction.

The Company discloses the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value hierarchy:

' 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.

As at the reporting date, none of the financial instruments of the Company are classified and measured at fair value. The carrying amount of all financial assets and liabilities reflected in the financial statements approximate their fair values.

48 NUMBER OF EMPLOYEES

Number of employees at head office and factory as at June 30	188	207
Average number of employees at head office and factory	198	201

49 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30 SEP 2023 by the Board of Directors of the Company.

50 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison. However, no reclassification has been made during the year.

51 GENERAL

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

DIRECTOR **DIRECTOR**