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AGRO FOOD PROCESSING (AFP)
FACILITIES MULTAN
ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2023

信永中和 | SHINEWING HAMEED CHAUDHRI & CO. |
ShineWing | CHARTERED ACCOUNTANTS |
a member firm of ShineWing international



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN

Report on Audit of Financial Statements

Opinion

We have audited the annexed financial statements of Agro Food Processing (AFP) Facilities Multan ("the Company"), which comprise the statement of financial position as at June 30, 2023, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in capital and accumulated funds, the statement of cash flows 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 purpose 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 income & expenditure, the statement of comprehensive income, the statement of changes in Capital and accumulated funds and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standard 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 deficit, the other comprehensive income, the changes in capital and accumulated funds and its cash flows 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 Auditors' 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 5.6 to the financial statements which describes the matter regarding the title of land and ownership of building which is still owned by Punjab Small Industries Corporation (PSIC) and have not yet been transferred in name of the Company. Our report is not qualified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Directors' Report to the Members but does not include the financial statements and our auditors' 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.

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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, the requirements of the 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 misstatements, 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.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditors' 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 misstatements, whether due to fraud or error, and to issue an auditors' 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk 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 omission, 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 the 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 Company's ability to continue as a going concern. If we conclude that 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.

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- 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 income and expenditure, the statement of comprehensive income, the statement of changes in capital and accumulated funds and the statement of cash flows together with 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) investment 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 auditors' report is Talat Javed.

Shinewing Hameed Chaudhri

Chartered Accountants

Multan

Date: October 06, 2023

UDIN: AR202310162UR3Qoy0Pd



**Independent Auditors' Review Report to the Members of Agro Food Processing (AFP) Facilities
Multan**

**Review report on statement of compliance with the Public Sector Companies (Corporate
Governance) Rules, 2013**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of Agro Food Processing (AFP) Facilities Multan (the Company) for the year ended June 30, 2023.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transaction which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, except for the non-compliance attached with the said statement, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended June 30, 2023.

Shine wing Hameed Chaudhri

Chartered Accountants
Engagement Partner: Talat Javed
Multan

Date: October 06, 2023
UDIN: CR202310162QZ0xcGJaF

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DIRECTORS' REPORT TO THE MEMBERS

The Directors of AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN are pleased to present their report together with Audited Financial Statements for the year ended June 30, 2023.

OPERATING FINANCIAL RESULTS AND FUTURE PROSPECTS

Financial results of the Company for the year under review are summarized below along with comparative data of last year:

Particulars	2023 (Rupees)	2022 (Rupees)
Income from operations	59,082,110	64,040,096
Other Income	14,687,507	9,652,200
Operating expenses	(75,465,392)	(67,193,438)
Admin. & General expenses	(14,039,766)	(10,898,630)
(Loss) / Surplus for the period	(15,735,541)	(4,399,772)

The Company is committed to promote agro food sector by providing processing facilities for grading & pulp extraction of fruits and vegetables and helping growers to have value addition to their agro food products. Financial results of current year remained lower than expected as the planned production targets for the year could not be met causing overall pulp processing activities remained limited in the country due to high inflation and imposition of new taxes on juice industry. Due to decrease in juices sale, sufficient pulp stock remained in hand of the juice industry and it just processed limited pulping orders to meet its annual demand. Further, mango season shifted ahead due to weather changes resulting less revenues in June 2023 and increased revenues in July 2023 which is evident from the reports of the 1st quarter 2023-24. However, the Company is committed to gain surplus, targeting 4,700 tons of pulp extraction and 220 tons of grading of different fruits & vegetables for the next year ending on June 30, 2024. The Company will also arrange awareness and orientation courses for growers and processor of pulp extraction and fruit grading. The Company does not charge any processing or other fee from growers and all its revenue streams are originated from processors / representatives of juice industry. Such awareness and orientation course for growers will fetch improved results for the Company in future and support the Company to meet the growing demand of the market in the long-run.



(LOSS) / EARNING PER SHARE

Total shares of the Company are 10,005 and deficit per share for the year ended June 30, 2023 is Rs. 1,573.

REMARKS ON AUDITOR'S OBSERVATION

Auditors have added an 'Emphasis of Matter' paragraph on the financial statements is based on the fact that the title / ownership of land and building under the use of the Company have not yet been transferred in its name. However, the management of the Company is striving hard to get the land and building transferred in the name of the Company after complying with required institutional formalities at the earliest, for which all the concerned authorities have given their consents. Furthermore, it is added that the Company is in process of constant follow-up and has taken up the matter to respective authorities to expedite the process of transfer of title.

INTERNAL CONTROL

The system of internal control is sound in design and has been effectively implemented and monitored. The Company is making efforts to further strengthen the internal financial controls and the implementation of the Internal Audit Charter in true letter and spirit.

MATERIAL CHANGES AND COMMITMENTS SUBSEQUENT TO THE YEAR END

There are no material changes and commitments, which may affect the financial position of the Company, from the year end till the issuance of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed various risks and uncertainties owing to the sectors in which it operates. Many risks exist in a company's operating environment and they emerge on a regular basis. The Company's Risk Management process focuses on ensuring that these risks are identified on a timely basis and addressed.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The accounts department of the Company assists the Board in developing and monitoring the Company's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The risk management policies of the Company are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

Agro Food Processing (AFP) Facilities Multan

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All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Company is not engaged in the trading of financial assets for speculative purposes nor does it write options.

The Company's management oversees and monitors compliance with the Company's risk management policies, procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Directors are assisted in oversight role by the management. Management undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

STATEMENT IN COMPLIANCE WITH THE CORPORATE GOVERNANCE RULES

We also state that:

- the Board has complied with the relevant principles of corporate governance, and has identified the rules that have not been complied with, the period in which such non-compliance continued, and reasons for such non-compliance;
- the financial statements, prepared by the management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- proper books of accounts of the Company have been maintained;
- appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments; and
- we recognize our responsibility to establish and maintain sound system of internal control, which is regularly reviewed and monitored.

NO. OF BOARD MEETINGS HELD DURING THE YEAR:

During the year ended June 30, 2023; four meetings of the Board of Directors were held. Below is detail of meetings attended by each director during the year:

Sr.	Director Name	Director nominated by	No. of Meetings attended
1	Mr. Saira Imdad Ali	MOI&P	04
2	Mr. Raja Hassaniien Javed	SMEDA	04
3	Mr. Ashfaq Ahmed	SMEDA	04
4	Mr. Abdul Khaliq Hashmi	PSIC	04
5	Mrs. Ammarah Manzoor Khan	PSIC	04

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PATTERN OF SHAREHOLDING:

The pattern of share holding of the Company as at June 30, 2023 is annexed.

REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS:

All the directors of the Company were not given any remuneration except for the fee to attend the Board or Committee meetings. During the year, a total of Rs. 729,000 was paid to directors in respect of meeting fee as follows:

Sr.	Director Name	Meetings Fee for Board Meetings and Committee Meetings (Rs.)
1	Mr. Saïm Imdad Ali	84,000
2	Mr. Raja Hassnien Javed	120,000
3	Mr. Ashfaq Ahmed	204,000
4	Mr. Abdul Khalig Hashmi	93,000
5	Mrs. Ammarah Manzoor Khan	228,000

A total of Rs. 3,300,000 was charged in respect of the remuneration and other benefits of the Chief Executive of the Company as per his terms of employment

AUDITORS:


The external auditors M/s ShineWing Hameed Chaudhri & Co; Chartered Accountants retired. The Audit Committee and Board of Directors recommended the appointment of M/s Muniff Ziauddin & Co, Chartered Accountants as external auditors of the Company for the year ending June 30, 2024.

ACKNOWLEDGEMENTS:

On behalf of directors of the Company, I would also like to express appreciation for the services, loyalty and efforts being continuously rendered by the executives, staff members and workers of the Company and hope that they will continue to do so in future.

Form added to External Auditors


SAJJAD AZHAR
Chairman


MUNAWAR HUSSAIN
Chief Executive Officer

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Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013
(SCHEDULE I - revised in accordance with Public Sector Companies (Corporate Governance Compliance) Guidelines, 2018)

Name of company: Agro Food Processing (AFP) Facilities Multan
(A Company set up under section 42 of the Companies Act, 2017)
Name of the line ministry: Ministry of Industries and Production
For the year ended: June 30, 2023

- I. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.
- II. The Company has complied with the provisions of the Rules, in the following manner:

Sr. No.	Provision of the Rules	Rule No.	Compliance																					
			Yes	No																				
1.	The Independent Directors meet the criteria of independence as defined under the Rules.	2(d)		✓																				
2.	The Board has at least one-third of its total members as independent directors. At present the Board includes: <table border="1" data-bbox="316 934 1166 1249"> <thead> <tr> <th>Category</th> <th>Names</th> <th>Date of Appointment</th> </tr> </thead> <tbody> <tr> <td>Independent Directors</td> <td>-</td> <td>-</td> </tr> <tr> <td>Executive Directors</td> <td>Munawar Hussain (CEO)</td> <td>August 20, 2020</td> </tr> <tr> <td rowspan="4">Nominee Directors (Non-Executive)</td> <td>Saira Imdad Ali</td> <td>April 20, 2022</td> </tr> <tr> <td>Ammarah Manzoor Khan</td> <td>December 1, 2021</td> </tr> <tr> <td>Abdul Khaliq Hashmi</td> <td>May 12, 2020</td> </tr> <tr> <td>Raja Hassanien Javed</td> <td>Sep 29, 2020</td> </tr> <tr> <td>Ashfaq Ahmed</td> <td>Mar 30, 2015</td> </tr> </tbody> </table>	Category	Names	Date of Appointment	Independent Directors	-	-	Executive Directors	Munawar Hussain (CEO)	August 20, 2020	Nominee Directors (Non-Executive)	Saira Imdad Ali	April 20, 2022	Ammarah Manzoor Khan	December 1, 2021	Abdul Khaliq Hashmi	May 12, 2020	Raja Hassanien Javed	Sep 29, 2020	Ashfaq Ahmed	Mar 30, 2015	3(2)		✓
Category	Names	Date of Appointment																						
Independent Directors	-	-																						
Executive Directors	Munawar Hussain (CEO)	August 20, 2020																						
Nominee Directors (Non-Executive)	Saira Imdad Ali	April 20, 2022																						
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	Raja Hassanien Javed	Sep 29, 2020																						
Ashfaq Ahmed	Mar 30, 2015																							
3.	The Directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓																					
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under provisions of the Act	3(7)	-	-																				
5.	The Chairman of the Board is working separately from the Chief Executive of the Company.	4(1)	✓																					
6.	The chairman of the Board has been elected by the Board of Directors except where Chairman of the Board has been appointed by the Government.	4(4)	✓																					
7.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)	✓																					

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Sr. No	Provision of the Rules	Rule No.	Compliance	
			Yes	No
8.	(a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures, including posting the same on the Company's website. (www.afpf.org.pk) (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓	
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests and the procedure for disclosing such interest.	5(5)(b)(ii)	✓	
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	5(5)(b)(vi)	✓	
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c)(ii)	✓	
13.	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	✓	
14.	The Board has developed a vision or mission statement, corporate strategy of the Company.	5(6)	✓	
15.	The Board has developed significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.	5(7)	✓	
16.	Board has quantified the outlay of any action in respect of any services delivered or goods sold by the Company as a public service obligation and have submitted its request for appropriate compensation to the Government for consideration.	5(8)	-	-
17.	The Board has ensured compliance with policy directions received from Government from time to time.	5(11)	✓	
18.	(a) The Board has met at least four times during the year (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✓ ✓ ✓	
19.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)	✓	
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the Audit Committee. A party wise record of transactions entered into with related parties during the year is maintained.	9	-	-

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Sr. No.	Provision of the Rules	Rule No.	Compliance																		
			Yes	No																	
21.	The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end; and The board has placed the annual financial statements on the Company's website.	10	✓																		
22.	All Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in Rules.	11	✓																		
23.	(a) The Board has formed the requisite Committees, as specified in the Rules. (b) The Committees were provided with written terms of reference defining their duties, authority and composition. (c) Meeting Minutes of the Committees were circulated to all the Board members. (d) The Committees were chaired by the following Non-Executive Directors:	12	✓ ✓ ✓ ✓																		
	<table border="1"> <thead> <tr> <th>Committee</th> <th>No. of Members</th> <th>Name of Chair & Member(s)</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>02</td> <td>Mr. Abdul Khaliq Hashmi (Chairman) Mr. Raja Hassanien Javed (Member)</td> </tr> <tr> <td>Risk Management Committee</td> <td>03</td> <td>Mrs. Ammarah Manzoor Khan (Chair) Mr. Raja Hassanien Javed (Member) Mr. CEO - AFP (Member)</td> </tr> <tr> <td>Human Resources Committee</td> <td>04</td> <td>Mrs. Saira Imdad Ali (Chairperson) Mrs. Ammarah Manzoor Khan (Member) Mr. Ashfaq Ahmed (Member) Mr. CEO-AFP (Member)</td> </tr> <tr> <td>Procurement Committee</td> <td>03</td> <td>Mr. Raja Hassanien Javed (Chair) Mr. Abdul Khaliq Hashmi (Member) Mr. CEO-AFP (Member)</td> </tr> <tr> <td>Nomination Committee</td> <td>04</td> <td>Mrs. Saira Imdad Ali (Chairperson) Mr. Abdul Khaliq Hashmi (Member) Mr. Ashfaq Ahmed (Member) Mr. CEO-AFP (Member)</td> </tr> </tbody> </table>	Committee	No. of Members	Name of Chair & Member(s)	Audit Committee	02	Mr. Abdul Khaliq Hashmi (Chairman) Mr. Raja Hassanien Javed (Member)	Risk Management Committee	03	Mrs. Ammarah Manzoor Khan (Chair) Mr. Raja Hassanien Javed (Member) Mr. CEO - AFP (Member)	Human Resources Committee	04	Mrs. Saira Imdad Ali (Chairperson) Mrs. Ammarah Manzoor Khan (Member) Mr. Ashfaq Ahmed (Member) Mr. CEO-AFP (Member)	Procurement Committee	03	Mr. Raja Hassanien Javed (Chair) Mr. Abdul Khaliq Hashmi (Member) Mr. CEO-AFP (Member)	Nomination Committee	04	Mrs. Saira Imdad Ali (Chairperson) Mr. Abdul Khaliq Hashmi (Member) Mr. Ashfaq Ahmed (Member) Mr. CEO-AFP (Member)		
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24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment.	13	✓																		
25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	✓																		
26.	The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓																		
27.	The Directors' Report for this year has been prepared in compliance with the requirements of the Ordinance and the Rules and fully describes the salient matters required to be disclosed.	17	✓																		
28.	The directors, CEO and executives or their relatives' are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.	18	✓																		
29.	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. (b) The annual report of the company contains criteria and details of remuneration of each director.	19	✓ ✓																		
30.	The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer, before approval of the Board.	20	✓																		

Agro Food Processing (AFP) Facilities Multan

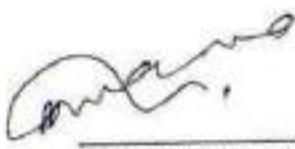
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Sr. No	Provision of the Rules	Rule No.	Compliance										
			Yes	No									
31.	<p>The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members as at 30 June 2021:</p> <table border="1"> <thead> <tr> <th>Name of Member</th> <th>Category</th> <th>Professional Background</th> </tr> </thead> <tbody> <tr> <td>Abdul Khaliq Hashmi</td> <td>Non-Executive</td> <td>Regional Director – PSIC</td> </tr> <tr> <td>Raja Hassanien Javed</td> <td>Non-Executive</td> <td>GM OR-II (SMEDA)</td> </tr> </tbody> </table> <p>The chief executive and chairman of the Board are not members of the audit committee.</p>	Name of Member	Category	Professional Background	Abdul Khaliq Hashmi	Non-Executive	Regional Director – PSIC	Raja Hassanien Javed	Non-Executive	GM OR-II (SMEDA)	21 (1) and 21(2)	✓	
		Name of Member	Category	Professional Background									
		Abdul Khaliq Hashmi	Non-Executive	Regional Director – PSIC									
Raja Hassanien Javed	Non-Executive	GM OR-II (SMEDA)											
32.	(a) The chief financial officer, the chief internal auditor and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.	✓											
	(b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.	✓											
	(c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.	✓											
33.	<p>(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.</p> <p>(b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.</p> <p>(c) The internal audit reports have been provided to the external auditors for their review.</p>	22	✓										
			✓										
			✓										
34.	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓										
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓										


 MUNAWAR HUSSAIN
 Chief Executive


 SAJJAD AZHAR
 Chairman






**Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013
(SCHEDULE II - revised in accordance with the Public Sector Companies (Corporate Governance Compliance) Guidelines, 2018)**

Name of company: Agro Food Processing (AFP) Facilities Multan
(A Company set up under section 42 of the Companies Act, 2017)
Name of the line ministry: Ministry of Industries and Production
For the year ended: June 30, 2023

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year:-

Sr. No.	Rule/ Sub Rule no.	Provision of the Rules	Reasons for non-Compliance	Future Course of Action
1	2 (d) 3(2)	The Independent Directors meet the criteria of independence as defined under the Rules. The Board has the requisite percentage of independent directors.	Presently there is no independent director. All directors are nominated by the Government and are employees of the Government entities.	Panels for appointment of Independent Directors have been sent to the line ministry (Ministry of Industries & Production) on June 22, 2022 and said appointments are expected soon.


MUNAWAR HUSSAIN
Chief Executive Officer


SAJJAD AZHAR
Chairman

AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
(A Company set up under Section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	306,184,095	327,846,416
Long term deposits	6	9,692,000	9,692,000
Long term portion of loans and advances	10	2,146,028	2,325,826
		318,022,123	339,864,242
Current Assets			
Stores, spares and loose tools	7	12,123,344	9,830,060
Trade debts	8	22,078,956	19,714,147
Short term investments	9	93,000,000	86,000,000
Loan and advances	10	1,008,178	908,588
Deposits, prepayments and other receivables	11	13,265,193	10,250,674
Tax refunds due from the Government	12	12,440,674	14,787,729
Cash and bank balances	13	4,832,022	17,036,295
		158,748,367	158,527,493
Total Assets		476,770,490	498,391,735
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized share capital			
32,100,000 (2022: 32,100,000) ordinary shares of Rs. 10 each		321,000,000	321,000,000
Issued, subscribed and paid-up share capital	14	100,050	100,050
Contribution by the sponsors	15	400,000	400,000
Capital reserve			
Surplus on revaluation of property, plant and equipment	16	141,052,227	146,974,797
Revenue reserves			
General reserve	17	10,987,971	10,165,833
Accumulated fund		214,293,934	225,160,723
		366,834,182	382,801,403
Non-Current Liabilities			
Deferred Government grant	18	82,323,863	88,350,979
Staff retirement benefits - Gratuity	19	3,158,137	1,169,783
		85,482,000	89,520,762
Current Liabilities			
Creditors, accrued and other liabilities	20	24,454,308	26,069,570
Contingencies And Commitments			
	21	-	-
Total Equity And Liabilities		476,770,490	498,391,735

The annexed notes from 1 to 36 form an integral part of these financial statements.


CHIEF EXECUTIVE


MANAGER FINANCE

Sub: 10


DIRECTOR



AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
 (A Company set up under Section 42 of the Companies Act, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Income from operations	22	59,082,110	64,040,096
Operating expenses	23	(75,465,392)	(67,193,438)
Gross deficit		(16,383,282)	(3,153,342)
Administrative and general expenses	24	(14,039,766)	(10,898,630)
Other income		(30,423,048)	(14,051,972)
Net deficit for the year	25	14,687,507	9,652,200
		(15,735,541)	(4,399,772)
Loss per share (basic and diluted)	26	(1,573)	(440)

The annexed notes from 1 to 36 form an integral part of these financial statements.

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 MANAGER FINANCE


 DIRECTOR



AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
 (A Company set up under Section 42 of the Companies Act, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Net deficit for the year		(15,735,541)	(4,399,772)
Other comprehensive income for the year			
Items that will not be reclassified to statement of income and expenditure:			
- Remeasurement of defined benefit obligation	19.2	(231,680)	305,417
- Surplus on revaluation of property, plant and equipment	16	-	48,145,119
Total comprehensive (loss) / Income for the year		(15,967,221)	44,050,764

The annexed notes from 1 to 36 form an integral part of these financial statements.

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 MANAGER FINANCE


 DIRECTOR

AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
 (A Company set up under Section 42 of the Companies Act, 2017)
STATEMENT OF CHANGES IN CAPITAL AND ACCUMULATED FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Share Capital	Contribution by sponsors	Capital Reserve Surplus on revaluation of property, plant and equipment	Revenue Reserves		Total
				General Reserve	Accumulated Fund	
Balance as at June 30, 2021	100,050	400,000	102,054,204	9,133,738	227,062,647	338,750,639
Total Comprehensive income for the year	-	-	-	-	(4,399,772)	(4,399,772)
Net deficit for the year	-	-	48,145,119	-	305,417	48,450,536
Other comprehensive income	-	-	48,145,119	-	(4,094,355)	44,050,764
Transfer to General Reserve from Accumulated Fund	-	-	-	1,032,095	(1,032,095)	-
Transfer to accumulated fund on account of incremental depreciation	-	-	(3,224,526)	-	3,224,526	-
Balance as at June 30, 2022	100,050	400,000	146,974,797	19,165,833	225,160,723	382,801,403
Total Comprehensive income for the year	-	-	-	-	(15,735,541)	(15,735,541)
Net deficit for the year	-	-	-	-	(231,680)	(231,680)
Other comprehensive income	-	-	-	-	(15,967,221)	(15,967,221)
Transfer to General Reserve from Accumulated Fund	-	-	-	822,138	(822,138)	-
Transfer to accumulated fund on account of incremental depreciation	-	-	(5,922,570)	-	5,922,570	-
Balance as at June 30, 2023	100,050	400,000	141,052,227	10,987,971	214,293,934	366,834,182

The annexed notes from 1 to 36 form an integral part of these financial statements. Sd/-

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 MANAGER FINANCE

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 DIRECTOR





AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
 (A Company set up under Section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers - schedule attached		59,729,968	63,920,643
Cash received from suppliers for goods - schedule attached		71,498	2,081,912
Cash paid to creditors for expenses - schedule attached		(72,511,887)	(65,213,494)
Cash (outflow) / inflow from operations		(12,710,421)	789,061
Income tax paid		(17,727)	(350,162)
Net cash (outflow) / inflow from operating activities		(12,728,148)	438,899
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to operating fixed assets	5.1	(610,577)	(6,310,780)
Capital work-in-progress - net	5.7	-	6,157,825
Short term investments - TDRs (net)	9	(7,000,000)	(11,500,000)
Profit on short term deposits		8,134,452	5,889,915
Net cash inflow / (outflow) from investing activities		523,875	(5,763,040)
Net decrease in cash and cash equivalents		(12,204,273)	(5,324,141)
Cash and cash equivalents at beginning of the year		17,036,295	22,360,436
Cash and cash equivalents at end of the year	13	4,832,022	17,036,295

The annexed notes from 1 to 36 form an integral part of these financial statements.

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 MANAGER FINANCE


 DIRECTOR

SCHEDULE OF CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2023 Rupees	2022 Rupees
CASH RECEIVED FROM CUSTOMERS			
Income from operations - net of sales tax			
Fruit processing charges			
Fruit grading charges		41,106,881	52,456,331
Cold storage charges		-	180,497
		17,975,229	11,403,268
Other income	22	59,082,110	64,040,096
Sale of pulp waste			
Reversal of payable balance		1,865,392	1,216,767
Tender fee		-	1,499,857
Miscellaneous		27,000	16,000
		928,997	-
Total income	25	2,821,389	2,732,624
Add: Opening balance of trade debts		61,903,499	66,772,720
Add: Closing balance of advances from customers	8	27,926,177	24,562,000
Less: Closing balance of trade debts	20	2,093,020	1,901,742
Less: Opening balance of advances from customers	8	(30,290,986)	(27,926,177)
Total cash receipts from customers	20	(1,901,742)	(1,389,642)
		59,729,968	63,920,643
CASH RECEIVED FROM SUPPLIERS			
Add: Opening balance of stores, spares and loose tools	7	9,830,060	10,605,474
Less: Closing balance of stores, spares and loose tools	7	(12,123,344)	(9,830,060)
Less: Opening balance of creditors relating to capital work in progress including sales tax adjustable	20.1	(5,704,979)	(5,704,979)
Add: Closing balance of creditors relating to capital work in progress including sales tax adjustable	20.1	5,704,979	5,704,979
Add: Sales tax adjustable	12	6,069,821	7,376,319
Less: Sales tax adjustable	12	(3,705,039)	(6,069,821)
Total cash received from suppliers		71,498	2,881,912
CASH PAID TO CREDITORS FOR EXPENSES			
Salaries, wages and other benefits	23 & 24	(39,195,971)	(36,821,162)
Travelling expenses	24	(1,022,813)	(565,458)
Communication expenses	24	(87,335)	(71,059)
Utilities	23 & 24	(25,840,701)	(21,771,205)
Advertisement and promotional expenses	24	(75,750)	(100,000)
Entertainment	24	(257,709)	(368,025)
Repair and maintenance	23 & 24	(3,751,270)	(1,852,413)
Printing, stationery and newspapers	24	(76,765)	(70,253)
Legal and professional charges	24	(330,000)	(210,000)
Fee and subscription	24	(79,150)	(209,623)
Auditors' remuneration	24	(157,500)	(157,500)
Vehicle insurance	24	(52,069)	(52,020)
Plant running expenses	23	(949,166)	(490,390)
Consultancy and certification fee	24	(359,486)	(301,649)
Stores consumed	23	(118,319)	(1,032,282)
Rent, rates and taxes	24	(10,180)	(9,680)
Janitorial expenses	24	(42,623)	(37,578)
Others / miscellaneous expenses	23 & 24	(852,569)	(483,218)
Less: Opening balance of creditors, accrued and other liabilities and gratuity	19 & 20	(25,643,028)	(23,909,236)
Less: Closing balance of deposits, prepayments and other receivables & loans and advances	10 & 11	(7,936,223)	(8,733,578)
Add: Closing balance of creditors, accrued and other liabilities and gratuity	19 & 20	25,593,162	25,643,028
Add: Opening balance of deposits, prepayments and other receivables & loans and advances	10 & 11	8,733,578	6,189,807
Total cash paid to creditors for expenses		(72,511,887)	(65,213,494)

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DIRECTOR

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AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
(A Company set up under Section 42 of the Companies Act, 2017)
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Agro Food Processing (AFP) Facilities (the Company) is a Company set up under section 42 of the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The Company was registered as a Company limited by guarantee as on July 09, 2012. The main objectives of the Company are to provide consultancy services, support and exposure to growers about latest fruit and vegetables processing techniques, provide pulp extraction facilities at lower cost and help the growers to go for value addition and minimize the post-harvest losses. The registered office and processing facilities of the Company are situated at Plot no. 30-33, Phase II, Industrial Estate, Multan.

1.2 Prior to incorporation of AFP as a limited Company, it was operating as a PSDP and ADP Funded Project (the Project) jointly executed and managed by Small and Medium Enterprises Development Authority (SMEDA) and Punjab Small Industries Corporation (PSIC). The Project commenced operations in 2009 after its inauguration by the Prime Minister of Pakistan on 25th August, 2009. Lately, AFP Project was incorporated with SECP on 9th July, 2012 as a Public Company Limited by Guarantee. At the time of its incorporation as a Company under section 42 of the repealed Ordinance, all assets (including the land and building) and liabilities of the Project as per its Audited Financial Statements for the year ended June 30, 2012 were physically handed over to the newly formed Company - AFP.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (NPOs) 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 the directives issued under the Companies Act, 2017 differ from the IFRS Standards or the Accounting Standards for NPOs, the provisions and directives of the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention without taking into account the effects of inflation or carrying values, except otherwise stated in the forthcoming policies and notes.

2.3 Functional and presentation currency

The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.4 Significant accounting estimates and judgments

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

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

Significant areas requiring the use of management estimates in these financial statements are detailed in forthcoming paragraphs. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities.

Property, plant and equipment

The Company reviews the rates of depreciation, useful lives, residual values and values of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Provision for doubtful debts

The Company reviews its receivable balances against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into account expected recoveries, if any.

Stores, spares and loose tools

The Company reviews the stores, spares and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores, spares and loose tools with a corresponding effect on the provision.

Provisions

The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. However, provisions are reviewed at each financial position date and adjusted to reflect current best estimates.

Impairment of assets

The management of the Company reviews carrying amounts of its assets including receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

Taxation

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

Contingencies

The Company discloses its contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisor for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the financial position date.

3 INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.1 Standards, amendments and interpretations to accounting and reporting standards that became effective during the year

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

- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework.

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- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use.
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - cost of fulfilling a contract.
- Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41).

3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2022 and have not been early adopted by the Company:

IAS-1	Presentation of Financial Statements (Amendments) - Disclosure of accounting policies	January 01, 2023
IAS-8	Accounting Policies, Changing in Accounting Estimates and Errors (Amendments) - Definition of accounting estimates	January 01, 2023
IAS-12	Income Taxes (Amendments) - deferred tax related to assets and liabilities arising from a single transaction	January 01, 2023
IAS-12	Amendments to 'Income taxes' - International Tax Reform - Pillar Two Model Rules	January 01, 2023
IAS-1	Amendments to 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
IFRS-4	Insurance Contracts (Amendments)	January 01, 2023
IFRS-7	Financial Instruments	January 01, 2023
IFRS-16	Amendments - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024

The Company has assessed that the impact of these amendments is not expected to be significant.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies used in the preparation of these financial statements have been consistently applied by the Company for all periods presented in these financial statements. These accounting policies are set out below:

4.1 Property, plant and equipment

Property, plant and equipment except land and capital work-in-progress (CWIP) are stated at revalued amount being the fair value at the date of revaluation, less accumulated depreciation and any identified impairment in value. Land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses.

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Any revaluation increase arising on the revaluation of such assets is credited to 'Surplus on revaluation of property, plant and equipment', while decrease in the carrying amount arising on revaluation is charged to income and expenditure to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to a previous revaluation of that asset.

Depreciation on all items of property, plant and equipment, except land and CWIP is charged to income by applying reducing balance method so as to write-off the depreciable amounts over estimated remaining useful life of the assets. The useful life and depreciation method are consistent with the expected pattern to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of operating property, plant and equipment. Rates of depreciation are stated in note 5.1 to these financial statements.

Depreciation is charged on additions from the month in which an asset is acquired or capitalized and no depreciation is charged for the month in which asset is disposed off. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

The assets' residual value and useful lives are reviewed at each financial year end and adjusted if expectations differ significantly from previous estimates and impact on depreciation is significant.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Capital work-in-progress is stated at cost accumulated to the financial position date. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to relevant categories of property, plant and equipment as and when these assets are available for use.

4.2 Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost.

The finance cost is charged to the statement of income and expenditure over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of income and expenditure. Short-term leases are leases with a lease term of 12 months or less.

Share



4.3 Impairment of non-financial assets

The Company assesses at each financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether these are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of income and expenditure.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized for that asset. Reversal of impairment loss is recognized as income.

4.4 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets in the development phase are carried at cost accumulated to the financial position date.

All intangible assets are estimated to have definite useful lives and are amortized using the straight line method over a period of five years. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method.

Useful lives of intangible operating assets are reviewed, at each date of statement of financial position and adjusted if the impact of amortization is significant. The effect of any adjustment to residual values and useful lives is recognized prospectively as a change in accounting estimate.

The carrying amount of the intangible is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the statement of income and expenditure for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversal of impairment losses are also recognized in the statement of income and expenditure, however, it is restricted to the original cost of the asset.

4.5 Stores, spares and loose tools

These are valued at the lower of cost and net realizable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost plus directly attributable expenses incidental thereto accumulated up to the date of statement of financial position. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for identified obsolete and slow moving items based on their condition at the reporting date depending upon the management's judgement.

Net realizable value specifies the estimated selling price in the ordinary course of business less the estimated cost of completion and cost necessarily to be incurred to make the sale.

4.6 Trade debts and other receivables

Trade debts are initially recognized at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less loss allowance, if any. The Company always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Trade debts and other receivables considered irrecoverable are written off.

4.7 Deposits and prepayments

Deposits and prepayments are included in current assets, except for maturities greater than twelve months after the financial position date, which are classified as non-current assets and are stated at amortized cost. These are carried at cost less any estimate made for doubtful receivables based on review of outstanding balances and management estimates. Deposits considered bad and doubtful are charged to the statement of income and expenditure.

4.8 Taxation

The income of the Company is exempt from tax under section 2(36) of the Income Tax Ordinance, 2001, being a charitable and non-profit organization (NPO). The Company has obtained Certificate of NPO from Pakistan Centre for Philanthropy (PCP) valid till January 26, 2024 and thereby granted exemption from Commissioner Inland Revenue under the Income Tax Ordinance, 2001 valid till June 30, 2023 (renewable afterwards).

4.9 Employees' retirement benefits

Defined benefit plans

Defined benefit plan is a post-employment benefit plan other than the defined contribution plan. Defined benefit plans define an amount of gratuity that an employee will receive on retirement, usually dependent on one or more factors such as age and years of service. The liability recognized in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The Company has established separate funded gratuity schemes for its staff who completes qualifying period of service. Contributions under the schemes are made on the basis of actuarial valuation using Projected Unit Credit Method, related details of which are given in note 19 to the financial statements.

The amount arising as a result of remeasurements are recognized in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost are recognized immediately in statement of income and expenditure.

4.10 Creditors, accrued and other liabilities

Liabilities for creditors and other amounts payable are initially recognized at fair value of consideration to be paid in future for the goods and services received, whether or not billed to the Company, which is normally the transaction cost.

4.11 Government grants

Government grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Fair value signifies the amount received in cash.

Government grants, where there is primary condition to purchase, construct or otherwise acquire long-term assets, are accounted for as "deferred income" in statement of financial position and credited to the statement of income and expenditure on a systematic basis over the expected useful lives of the related long-term assets.

All other grants are recognized in the statement of income and expenditure in the year of receipt.

4.12 Related party transactions

Transactions and contracts with related parties are carried out at arm's length prices determined in accordance with comparable uncontrolled price method as approved by the Board of directors, except in rarely extreme circumstances, subject to the approval of the Board, where it is in the interests of the Company to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa.

4.13 Provisions

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

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If it is no longer probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation, the provisions are reversed. However, the provisions are adjusted at each financial position date to reflect the current best estimate.

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise; cash in hand and balances with banks in current and deposit accounts. These also include highly liquid short term investments that are readily convertible to known amounts of cash and are subject to insignificant change in value.

4.15 Financial assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through income or expenditure), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

a) Initial recognition and measurement of financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through statement of income and expenditure are initially recognized at fair value and transaction costs are expensed in the statement of income and expenditure.

i) Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1).

For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

- Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

- Fair value through profit or loss (FVTPL)

Changes in the fair value of equity investments at fair value through income or expenditure are recognized in other income / (other expenses) in the statement of income and expenditure as applicable.

Dividends from such investments continue to be recognized in statement of income and expenditure as other income when the Company's right to receive payments is established.

ii) Debt instruments

Subsequent measurement of debt instrument depends on the Company's business model for managing the assets and the cash flows characteristics of the assets. Three categories in which the Company classifies its debt instruments are:

- Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method.

- Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI.

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- **Fair value through profit or loss (FVTPL)**

Financial assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL.

Gains and losses arising on debt instrument measured at amortized cost and as FVTPL are recognized in statement of income and expenditure. Interest calculated under effective interest method, dividend, impairment and foreign exchange gains and losses on these debt instrument are also recognized in statement of income and expenditure.

Gains and losses from changes in fair value of debt instruments measured as FVTOCI are recognized in other comprehensive income and are reclassified to statement of income and expenditure on derecognition or reclassification.

b) Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

4.16 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 costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of income and expenditure.

4.17 Impairment of financial assets

The Company recognizes a loss allowance for ECL on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always recognizes lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

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The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- a) The financial instrument has a low risk of default,
- b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

ii) Definition of default

The Company employs statistical models to analyze the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event (see (ii) above);
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organization; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

4.18 Off setting of financial assets and financial liabilities

A financial asset and financial liability is off set 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 intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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4.19 Capital and fund balances

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits, if any. Accumulated fund balances include all current and prior period accumulated surplus/(deficit).

4.20 Earnings per share (EPS)

Basic EPS is calculated by dividing the surplus or deficit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in statement of income and expenditure attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.21 Contingencies and commitments

These are not accounted for in the financial statements unless these are actual liabilities and are only disclosed when:

- a) there is a possible obligation that arises from past events and whose existence 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
- b) there is present 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.

The assessment of contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

4.22 Revenue recognition**Rendering of Services**

Revenue from pulp extraction and cold storage facilities involves contract for provision of the services and are recognized at the point in time when the services are rendered.

Sale of Goods

Revenue from sale of goods is recognized when the Company satisfies a performance obligation under a contract by transferring promised goods to the customer. Goods are considered to be transferred at the point in time when the customer obtains control over the goods (i.e. on dispatch of goods from the plant to the customer).

Return on Bank deposits and Investments

Return on bank deposits / interest income is recognized using applicable effective interest rate method. Income is accrued as and when the right to receive the income establishes.

4.23 Right-of-use assets

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated over the lease term on the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Company recognized right of use assets equal to the present value of lease payments.

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	Note	2023 Rupees	2022 Rupees
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	5.1	297,633,142	319,295,463
Capital work-in-progress	5.7	8,550,953	8,550,953
		<u>306,184,095</u>	<u>327,846,416</u>

5.1 Operating fixed assets - tangible

Particulars	Cost / Revalued Amount			Accumulated Depreciation			Net Book value as at June 30, 2023	Rate
	At July 01, 2022	Additions/ (disposal)	At June 30, 2023	At July 01, 2022	Charge for the year	At June 30, 2023		
	Rupees							
Owed								
Freehold land	100,000,000	-	100,000,000	-	-	-	100,000,000	-
Building	145,440,747	143,440	145,584,187	28,333,247	11,716,677	40,050,424	105,533,763	10%
Plant and machinery	131,867,795	33,687	131,901,482	38,420,205	9,344,990	47,765,695	84,135,787	10%
Electric installations	1,960,000	-	1,960,000	460,000	150,000	610,000	1,350,000	10%
Gas installations	5,000,000	-	5,000,000	1,500,000	350,000	1,850,000	3,150,000	10%
Office equipments	132,263	235,000	967,263	319,263	43,258	362,521	604,742	10%
Furniture and fixtures	479,018	99,200	578,218	235,645	23,164	278,809	299,409	10%
Computer and accessories	399,200	99,250	498,450	269,200	49,809	319,009	179,441	33%
Vehicles	2,975,000	-	2,975,000	-	195,900	595,000	2,380,000	20%
As at June 30, 2023	388,854,813	610,577	389,465,390	68,558,500	22,372,898	91,831,458	297,633,142	

For comparative period

Particulars	Cost / Revalued Amount				Accumulated Depreciation				Net Book Value as at June 30, 2022	Rate
	As at July 01, 2021	Additions	Effect of Revaluation	As at June 30, 2022	As at July 01, 2021	Charge for the year	Effect of Revaluation	As at June 30, 2022		
	Rupees									
Owed										
Freehold Land	100,000,000	-	20,000,000	100,000,000	-	-	-	-	100,000,000	-
Building	141,979,967	408,710	-	145,440,747	28,362,643	11,676,740	(11,905,616)	28,333,247	117,107,000	10%
Plant and machinery	126,017,795	5,890,000	-	131,867,795	43,115,271	8,610,501	(13,328,667)	38,420,205	93,447,090	10%
Electric installations	1,960,000	-	-	1,960,000	718,152	174,185	(302,337)	460,000	1,500,000	10%
Gas installations	5,000,000	-	-	5,000,000	1,304,773	519,323	(626,896)	1,500,000	3,500,000	10%
Office equipment	714,920	-	(51,657)	732,263	267,523	58,740	-	319,263	413,000	10%
Furniture and fittings	600,000	-	(120,582)	479,018	217,383	18,282	-	235,645	223,773	10%
Computers and accessories	399,200	-	-	399,200	275,813	40,975	(46,808)	269,200	130,000	33%
Vehicles	2,965,136	-	309,674	2,975,000	1,404,344	215,796	(1,722,140)	-	2,975,000	20%
As at June 30, 2022	362,407,268	6,318,710	20,176,835	388,854,813	76,449,121	22,118,522	(28,009,881)	68,558,500	319,295,463	

5.1.1 The Company had its land, buildings, plant & machinery, electric installations, gas installations, office equipment, furniture & fixtures, computer & accessories and vehicles situated at its factory premises revaluated through Messrs. Medallion Services (Pvt) Limited, an independent valuer approved by Pakistan Banks' Association (PBA) in any amount category, on June 30, 2022. The revaluation resulted in surplus on revaluation of property, plant and equipment amounting to Rs. 48.145 million. The basis used for revaluation were as follows:

Land

Valuation of land has been determined by obtaining current market data from the Punjab Industrial Estate, property brokers/dealers and estate agents to ascertain the asking and selling price for properties of the same nature in the immediate neighborhood and adjoining areas. Neighboring properties, which have been recently sold or purchased, have been investigated to determine a reasonable selling/buying price.

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Building

Survey of building was carried out for class and type of construction, quality of material used, standard of workmanship and finish. The price of building has been assessed according to the observations.

The assessment of the building has been made on existing outlook, appearance, face value, individual merits, class and type of construction, quality and standard of material used for construction, finish of the building and exercising all possible care and applying suitable price adjustments as existed on the day of survey.

Plant and machinery

The subject machinery is properly maintained in good working and operational condition. Detail of each machinery with valuation is incorporated in report in next section. For valuation purposes, the supplier and different Manufacturing consultants in the Country and out of Country have been contacted and information regarding the valuation of Plant & Machinery has been collected. Completing the above exercise, current replacement value of plant and machinery has been determined.

After settling the Current Replacement Value, depreciation factor of each item according to their physical condition, usage, maintenance etc., has been incorporated and then fair market values were calculated.

All other assets

All assets of the Company other than land, building and plant & machinery are maintained in good condition. However, the written down value truly represents their fair market value on the replacement cost basis. Accordingly, we have assumed that the carrying amount of such assets approximates their fair market value and no surplus arises on their revaluation except for vehicles which have been taken at their fair market value.

The forced sale values of the above-mentioned operating fixed assets as at the date of latest revaluation were as follows:

	Rupees
Freehold Land	85,000,000
Building	99,015,950
Plant and machinery	74,757,672
Electric installations	1,200,000
Gas installations	2,800,000
Office equipment	330,400
Furniture and fittings	178,698
Computers and accessories	104,000
Vehicles	2,380,000
	<u>265,766,720</u>

5.2 The depreciation charge and amortization of Government grant for the year has been allocated as follows:

	Note	Depreciation		Amortization of Government grant		Depreciation on assets other than grant	
		2023	2022	2023	2022	2023	2022
		Rupees					
Operating expenses	23	20,388,599	19,584,075	5,995,740	7,145,433	14,394,259	12,438,642
Administrative and general expenses	24	1,882,899	1,534,447	31,376	284,536	1,851,523	1,249,911
Total	53	22,272,898	21,118,522	6,027,116	7,429,969	16,245,782	13,688,553

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5.3 The breakup of cost and depreciation related to grant assets, other assets and revaluation surplus is as follows:

Note	2023		2022	
	Cost	Depreciation	Cost	Depreciation
	Rupees			
Grant assets	221,035,670	6,027,116	221,035,670	7,429,969
Other assets	128,422,964	10,323,212	127,812,387	10,464,027
	349,458,634	16,350,328	348,848,057	17,893,996
Elimination of accumulated depreciation	(128,535,734)	-	(128,535,734)	-
	220,922,900	16,350,328	220,312,323	17,893,996
Revaluation surplus / incremental depreciation	168,541,700	5,922,570	168,541,700	3,224,526
5.1	389,464,600	22,272,898	388,854,023	21,118,522

5.4 Had the revaluations of these assets not been made, the carrying value of these assets as at June 30, 2023 would have been as under:

	As at June 30, 2023			As at June 30, 2022		
	Cost	Accumulated Depreciation	Net book value	Cost	Accumulated Depreciation	Net book value
	Rupees					
Freehold Land	9,800,000	-	9,800,000	9,800,000	-	9,800,000
Building	141,340,911	53,396,705	87,944,216	141,197,481	43,634,423	97,563,058
Plant and machinery	184,690,781	130,514,014	54,176,767	184,637,094	124,497,804	60,139,290
Electric installations	2,408,997	1,490,001	918,996	2,408,997	1,387,890	1,021,107
Gas installations	5,000,904	2,955,814	2,045,090	5,000,904	2,728,582	2,272,322
Office equipments	1,332,237	662,304	669,933	1,097,237	611,802	485,435
Furniture and fittings	973,442	601,074	368,768	874,242	573,804	300,438
Computers and accessories	1,006,546	860,581	145,965	907,296	827,260	80,036
Vehicles	2,904,806	2,393,624.80	511,181	2,904,806	2,265,824	638,982
	349,458,634	192,877,719	156,580,915	348,848,057	176,527,390	172,320,668

5.5 There are no major spare parts and stand by equipment qualifying as property, plant and equipment.

5.6 The title of land and ownership of building which are owned by Punjab Small Industries Corporation (PSIC) have not yet been legally transferred in name of the Company. Formal requests for such transfer have been forwarded to PSIC by the Company vide its letter # AFP/CEO/14/006 dated January 21, 2014, and letter # AFP/SEC/15/081 dated August 06, 2015, as well as by the Ministry of Industries and Production (MOI&P) vide letter # 3(5)2006-Project dated January 31, 2014. After approval from PSIC Board in its meeting dated September 02, 2014, it was conveyed to the Company regarding handing over of land and building as well as plant and machinery, electric installations and gas installations vide letter no. PSIC/ RDM/ ADM/1717 dated January 19, 2015 and PSIC/RDM/ADM/1738 dated January 22, 2015.

Accordingly, these have been accounted for in these financial statements w.o.f. January, 2015. Furthermore, in persuasion of this matter, the Ministry of Industries and Production vide letter # 3(2)2017-ME-IV dated July 27, 2017 has instructed the Managing Director, PSIC to expedite the remaining process and take necessary action for the transfer of title of land in the name of the Company. Moreover, PSIC vide letter no. PSIC/ PEN/100/7252 has appointed Regional Director, PSIC, Regional Office, Multan (AFP Director), as focal person to oversee the matter as regards to the proposed transfer of assets in the name of AFP. Planning and Development Department (Government Of the Punjab) upon the request of MOI&P held meeting on October 25, 2018 in which it was unanimously resolved that PSIC will amend its rules and complete all formalities to transfer the title of land and building to AFP. Further a letter bearing reference number 3(2)2017 - (ME-IV) dated March 21, 2019 was sent to Planning and Development department from MOI&P for follow up of this matter.

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Letter bearing reference no. 3(2)2017-(ME-IV) dated December 17, 2020 was sent to Planning and Development Department from MOI&P and another letter to Secretary, Industries, commerce, investment & Skills Development Department, Government of Punjab and Managing Director, PSIC from Planning and Development department vide its letter No. 2(399)IND/P&D/2018/ Provisional dated December 22, 2020 in order to inquire the implementation status of decision taken in the meeting held on October 25, 2018. During the financial year ended 2021 and 2022 various reminder letters were sent by AFP to MOI&P and PSIC in order to followup and inquire regarding the implementation status of transfer of assets, however the matter has not yet been resolved.

In view of the deliberations / correspondences exchanged between the Government officials as regards to the aforementioned facts, the Company believes that the matter will now be resolved in a reasonable period of time; and formal approval for the transfer of ownership of land and building in the name of Company would be forthcoming, as all the other formalities and consents for the same have already been made by the respective authorities.

The detail of WDV of assets transferred to the Company as at January 01, 2015 is as follows:

	Rupees
Land	9,800,000
Building	43,150,734
Plant and machinery	7,559,872
Electric installations	2,948,997
Gas installations	5,000,904
	<u>68,460,507</u>
Security deposit to SNGPL and WAPDA	7,159,000
	<u>75,619,507</u>

These assets had been accounted for in these financial statements at the approximate Written Down Value (WDV) calculated at the date of handing over the assets to the Company i.e. January, 2015, as conveyed to it by PSIC. The corresponding effect of such assets had been credited to the deferred government grant (note 18).

5.7 CAPITAL WORK-IN-PROGRESS

The breakup and movement in capital work-in-progress is as follows:

		Opening Balance	Additions	Transfers	Closing Balance
	Note	Rupees			
Plant and machinery	5.7.1	8,550,953	-	-	8,550,953
June 30, 2023		<u>8,550,953</u>	-	-	<u>8,550,953</u>
June 30, 2022		<u>14,708,778</u>	-	<u>(6,157,825)</u>	<u>8,550,953</u>

5.7.1 This represents cost incurred on purchase of Electronic Grading (by weight) from Messrs. Arcadia. The machine has been delivered at the premises of the Company, but its commissioning has not been completed till June 30, 2023 as the party has not yet executed its commitments as contracted. However, the contractor has secured complete execution of contract by depositing an amount of Rs. 0.898 million (2022: Rs. 0.898 million) with Jubilee General Insurance Company Limited, as performance security and has also issued a performance bond in favor of the Company (Note 21.1).

6. LONG TERM DEPOSITS

	Note	2023 Rupees	2022 Rupees
Sui Northern Gas Pipe Line (SNGPL)	5.6	7,159,000	7,159,000
Water And Power Development Authority (WAPDA)		2,533,000	2,533,000
		<u>9,692,000</u>	<u>9,692,000</u>

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	Note	2023 Rupees	2022 Rupees
7. STORES, SPARES AND LOOSE TOOLS			
Stores and spares		12,117,841	9,822,729
Loose tools		5,503	7,331
		<u>12,123,344</u>	<u>9,830,060</u>
8. TRADE DEBTS			
Considered good - secured	8.1	22,078,956	19,714,147
Considered doubtful - unsecured	8.2	8,212,030	8,212,030
		30,290,986	27,926,177
Provision for expected credit loss		(8,212,030)	(8,212,030)
		<u>22,078,956</u>	<u>19,714,147</u>
8.1 Considered good- secured:			
Shakarganj Food Products Limited		7,984,388	4,219,115
Shezan International Limited		-	8,003,558
Noor Food Industries		30,230	3,296,184
Link International		9,776,810	1,773,175
Receivable from miscellaneous processors / parties		4,287,528	2,422,115
		<u>22,078,956</u>	<u>19,714,147</u>

8.1.1 These are secured by way of lien over goods to be delivered to customers. As per terms agreed with the customers, the goods are not dispatched unless the amount has been recovered. In addition to this, the Company is also entitled to recover cold storage charges from these parties for the provision of storage facilities for their goods (Note 22). Furthermore, these are also partially secured against advances received from customers against the respective orders (Note 20.2).

	2023 Rupees	2022 Rupees
8.2 Considered doubtful - unsecured		
Bilal and Co.	3,002,431	3,002,431
Top Star Enterprises	2,179,569	2,179,569
Zea En (Private) Limited	1,407,931	1,407,931
Rubicon Enterprises	1,622,099	1,622,099
	<u>8,212,030</u>	<u>8,212,030</u>

8.2.1 These amounts are overdue and outstanding for more than five years in spite of several requests for recovery. The Company is in litigation with aforementioned parties and filed a law suit against them for recovery of these amounts in the Civil Court of law, pending adjudication at the reporting date. The management of the Company and its legal advisor are of the firm view that the decision of the case will be made in favor of the Company and all amounts due from the above-named parties including the legal costs will be recovered in full. However, an amount equivalent to 100% (2022: 100%) of such debts has been provided for in these financial statements as dictated by prudence.

	2023 Rupees	2022 Rupees
9. SHORT TERM INVESTMENTS		
Term Deposit Receipts (TDRs) - amortized cost		
Allied Bank Limited	14,000,000	11,000,000
The Bank of Punjab	79,000,000	75,000,000
	<u>93,000,000</u>	<u>86,000,000</u>

9.1 These represents Term Deposit Receipts (TDRs) having different maturity periods (ranging from 1 month to one year). These TDRs bear profit ranging from 7.10% to 20.55% per annum (2022: 5.75% to 9.75% per annum).

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14.1 At the year end, shares of the Company are held by the Government entities through their nominees as detailed below:

2023 (No. of shares)	2022 Name of Government entity	2023 Rupees	2022 Rupees
2,001	Ministry of Industries and Production	20,010	20,010
4,002	Small and Medium Enterprises Development Authority	40,020	40,020
4,002	Punjab Small Industries Corporation	40,020	40,020
<u>10,005</u>	<u>10,005</u>	<u>100,050</u>	<u>100,050</u>

14.2 Ministry of Industries and Production, Small and Medium Enterprise Development Authority, and Punjab Small Industries Corporation have implied powers to appoint any of its official on the board of the Company and to take decisions for the selection of board members.

15. **CONTRIBUTION BY THE SPONSORS**

This represents the amount of contribution in the sum of Rs. 500,000 by all the subscribers to the Memorandum of Association of the Company as per conditions mentioned in the license under section 42 of the Act. Out of the total contribution, shares amounting to Rs. 100,000 were issued against minimum subscription pursuant to Article-3 of the Articles of Association of the Company with respect to Certificate of Commencement of Business.

16. **SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**

	2023 Rupees	2022 Rupee
Balance as at July 01,	146,974,797	102,054,204
Revaluation during the year	-	48,145,119
Transferred to accumulated funds on account of - incremental depreciation for the year	(5,922,570)	(3,224,526)
Balance as at June 30,	<u>141,052,227</u>	<u>146,974,797</u>

16.1 This reserve is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

17. **GENERAL RESERVE**

The Board of Directors in their 12th meeting held on April 03, 2015 passed a resolution for the creation of reserve for the provision for doubtful debts @ 2% of processing and grading charges, net of sales tax in addition to charging of specific provision for doubtful debts. Accordingly, the provision of Rs.0.822 million (2022: Rs. 1.032 million) on account of this general reserve has been made in these financial statements.

18. **DEFERRED GOVERNMENT GRANT**

	Note	2023 Rupees	2022 Rupees
Gross grant		283,348,292	283,348,292
Accumulated Amortization:			
Opening balance		(194,997,313)	(187,567,344)
Amortization (equivalent to depreciation charge) for the year	5.3	(6,027,116)	(7,429,969)
Closing balance		<u>(201,024,429)</u>	<u>(194,997,313)</u>
		<u>82,323,863</u>	<u>88,350,979</u>

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	Note	2023 Rupees	2022 Rupees
19. STAFF RETIREMENT BENEFITS - GRATUITY			
Staff retirement benefits - Gratuity	19.1	<u>3,158,137</u>	<u>1,169,783</u>
19.1 Liability recognized in statement of financial position			
Present value of defined benefit obligation	19.3	16,054,819	12,284,617
Fair value of plan assets	19.4	(12,896,682)	(11,114,834)
		<u>3,158,137</u>	<u>1,169,783</u>
19.2 Movement in net liability			
Opening balance		1,169,783	1,715,163
Charge for the year	19.5	1,756,674	1,475,200
Contributions		-	(1,715,163)
Remeasurement chargeable in other comprehensive income		231,680	(305,417)
		<u>3,158,137</u>	<u>1,169,783</u>
19.3 Changes in present value of defined benefit obligation			
Opening defined benefits obligation		12,284,617	10,675,153
Current service cost		1,598,754	1,457,558
Interest cost on defined benefits obligation		1,658,423	1,067,515
Benefits paid		-	-
Actuarial loss		86,584	117,473
Experience adjustments		426,441	(1,033,082)
		<u>16,054,819</u>	<u>12,284,617</u>
19.4 Changes in fair value of plan assets			
Opening plan assets		11,114,834	9,641,150
Contributions		-	1,715,163
Interest income on plan assets		1,500,503	1,049,873
Benefits paid		-	(681,160)
Return on plan assets, excluding interest income		281,345	(610,192)
		<u>12,896,682</u>	<u>11,114,834</u>
19.5 Charge for the year			
Current service cost		1,598,754	1,457,558
Interest cost on defined benefit obligation		1,658,423	1,067,515
Interest income on plan assets		(1,500,503)	(1,049,873)
		<u>1,756,674</u>	<u>1,475,200</u>
		2023	2022
19.6 Plan assets comprise of:			
Bonds		0.00%	0.00%
Equity		0.00%	25.20%
Cash and/or deposits		100.00%	74.80%
		<u>100.00%</u>	<u>100.00%</u>
		2023	2022
		Rupees	Rupees
19.7 Sensitivity analysis for actuarial assumptions			
Discount rate +100 bps		14,526,170	11,000,476
Discount rate -100 bps		17,835,966	13,791,850
Salary increase +100 bps		17,861,158	13,813,853
Salary increase -100 bps		14,478,818	10,959,658

The actuarial valuation was carried out as on June 30, 2023 by Nourman Associates using Projected Unit Credit (PUC) Actuarial Cost Method, the following significant assumptions have been used for calculation of plan:

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	2023	2022
Discount rate used for interest cost in income and expenditure	13.50%	10.00%
Discount rate used for year end obligation	15.75%	13.50%
Expected rate of salary increase in future years	14.75%	12.50%
Mortality rates	Setback 1 year	Setback 1 year
Retirement assumption	Age 60	Age 60

19.8 Expected expense for the next year

The expected expense to be charged in statement of income and expenditure for the year ending June 30, 2024 is Rs.2.730 million.

	Note	2023 Rupees	2022 Rupees
20. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Creditors	20.1	7,757,911	7,757,911
Accrued liabilities		9,848,920	9,361,953
Advances from customers	20.2	2,093,020	1,901,742
Income tax deducted at source		39,457	156,817
Sales tax payable on services		-	29,147
Performance securities payable	20.3	4,715,000	6,862,000
		<u>24,454,308</u>	<u>26,069,570</u>

20.1 These include Rs. 5.705 million (2022: Rs. 5.705 million) owed to Messrs. Arcadia (the supplier of Electronic Grading by weight), which is payable subject to installation and commissioning of the machine purchased. The contractor / party is in dispute with the Company at the reporting date (Note 21.1).

20.2 These represent advances received @ 10% of total order value from customers at the reporting date. These are interest free and adjustable on completion of agreed activities and dispatch of goods to the customers.

20.3 This represents performance security payable against construction of cold storage facility within one year of completion to following:

	2023 Rupees	2022 Rupees
The Extreme Engineering & Automation	915,000	915,000
AR. Associates Engineers	-	2,147,000
Pakistan Air Conditioning Engineers	3,800,000	3,800,000
	<u>4,715,000</u>	<u>6,862,000</u>

21. CONTINGENCIES AND COMMITMENTS**Contingencies**

21.1. The contractor Messrs. Arcadia had filed a law suit against the Company in February, 2016 in the Civil Court-07 Multan, alleging that the Company was in breach of contract as executed between the parties and defaulted in payment of remaining amount to the contractor in the sum of Rs. 5.705 million as consideration of its services (Note. 20.1). The contractor contested for the recovery of its outstanding dues in addition to the reimbursement of all legal costs incurred in connection with the filing of suit for recovery and to refrain the Company from calling of performance security as mentioned in (Note. 5.7.1).

The case was dismissed in the Court of the law with the consent of both the parties and the Court ordered to refer the matter for arbitration under section 34 of the Arbitration Act 1940. In this connection, Messrs. SMEDA is appointed to act as arbitrator for the resolution of disputes between the parties concerned. CEO SMEDA acting as an arbitrator held separate meetings with AFP and M/S Arcadia and it was decided that one last opportunity to be given to M/S Arcadia for a final trial production. CEO SMEDA in this regard constituted a committee which supervised trials in the presence of AFP and M/S Arcadia. On the basis of results of final trial production, committee reached the conclusion that Electronic Fruit and Vegetable Grader by Weight at AFP Multan doesn't fulfill the requirement and therefore is proposed to be rejected.

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After the conclusion of arbitration procedure AFP sent a notices (of defaulter by contract) under clause 12.1 of the conditions of contract agreement through its letter no. AFP/Admin/20/287, dated September 21, 2020 and AFP/Admin/20/349 dated October 13, 2020 and directed M/S Arcadia to replace the Electronic Fruit and Vegetable Grader by Weight at AFP within a period of 60 days. M/S Arcadia vide its letter dated October 19, 2020 refused to replace the Electronic Fruit and Vegetable Grader and rather claimed for the balance payment. Finally, AFP through its letter no. AFP/Admin/20/389, dated November 05, 2020 terminated the contract on the ground that M/S Arcadia defaulted under clause 12.1 of the contract agreement dated June 24, 2014 by abandoning the work and refusing to comply with the valid instructions after which M/S Arcadia filed an application for restoration of suit for recovery titled M. Riaz Mirza Vs. SMEDA / AFP. The Company and its legal counsel were of the firm belief that the contractor has not executed its performance regarding the commissioning of the machinery under the contract and that the machinery had not produced the desired results; consequently during the previous year, the case was decided in favor of the Company and the contractor will have to discharge its obligations arising under the contract. During the year consequent to the court order dated November 29, 2021, AFP has written letter to SMEDA dated August 30, 2022 no. AFP/Admn/22/382 requesting to initiate forfeiting of performance bond and security deposits submitted by M/s Arcadia and allow AFP to initiate process of auction of machinery to recover the amount.

- 21.2. Previously, the Company/Project was holding FTN (Free Tax Number) issued by the Government of Pakistan. Lately on 28th October 2014, Company obtained NTN and was in the process of attaining Non-Profit Organization (NPO) certificate under the Income Tax Ordinance, 2001. Moreover, Pakistan Centre of Philanthropy (PCF) had successfully completed its procedural audit and the issuance of certificate was under process. Accordingly, no provision for income tax was accounted for in the financial statements as per provisions of section 100C of the said Ordinance. The estimated accumulated provision for tax till June 30, 2020 not accounted for in the financial statements amounted to Rs. 26.395 million. During the year ended June 30, 2021, the Company was granted NPO status as per order under section 2(36)(c) of Income Tax Ordinance 2001. The NPO status of the Company is valid till June 30, 2023 accordingly no provision / contingent liability has been made in these financial statements for the current year.
- 21.3. The Company has filed an Appeal with the Appellate Tribunal Inland Revenue against the Order of the Commissioner Inland Revenue Appeals (Multan) for the tax year 2017. The CIR (Appeals) had allowed the Order of the Additional Commissioner u/s 122 (5A) who had demanded Rs. 8.425 million by unlawfully disallowing the Tax Credit u/s 100C. The appeal is pending adjudication, however the tax advisor of the Company is hopeful that the decision will be made in favor of the Company accordingly no provision for the said liability has been incorporated in these financial statements.
- 21.4. The Company has filed an Appeal with the Appellate Tribunal Inland Revenue against the Order of the Commissioner Inland Revenue Appeals (Multan) for the tax year 2020. The CIR (Appeals) had allowed the Order of the Additional Commissioner u/s 122 (5A) who had demanded Rs. 10.077 million by unlawfully disallowing the Tax Credit u/s 100C. The appeal is pending adjudication, however the tax advisor of the Company is hopeful that the Company has valid grounds to defend the case and it is likely that the decision will be made in favour of the Company accordingly no provision for the said liability has been incorporated in these financial statements.

Commitments

There are no commitments as at June 30, 2023 (June 30, 2022: Nil)

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	Note	2023 Rupees	2022 Rupees
22. INCOME FROM OPERATIONS			
Fruit processing charges		43,162,225	55,079,148
Fruit grading charges		-	189,522
Cold storage charges		18,873,990	11,973,433
		<u>62,036,216</u>	<u>67,242,103</u>
Sales tax	22.1	(2,954,106)	(3,202,007)
		<u>59,082,110</u>	<u>64,040,096</u>

22.1. Sales tax includes sales tax on services charged under section 3 of the Punjab Sales Tax on Services Act, 2012.

	Note	2023 Rupees	2022 Rupees
23. OPERATING EXPENSES			
Salaries, wages and other benefits	23.1	30,555,608	29,836,985
Utilities		25,065,780	21,270,125
Plant running expenses		949,166	490,390
Stores consumed		118,319	1,032,282
Repair and maintenance		3,651,398	1,752,822
Depreciation	5.2	20,389,999	19,584,075
Government grant amortized during the year	5.2	(5,995,740)	(7,145,433)
		<u>14,394,259</u>	<u>12,438,642</u>
Other operating expenses		730,862	372,192
		<u>75,465,392</u>	<u>67,193,438</u>

23.1. These include contribution to gratuity fund amounting to Rs. 1.338 million (2022: Rs. 1.158 million).

	Note	2023 Rupees	2022 Rupees
24. ADMINISTRATIVE AND GENERAL EXPENSES			
Chief executive's remuneration		3,300,000	3,000,000
Salaries, wages and other benefits	24.1	5,340,363	3,784,177
Travelling expenses		1,022,813	565,458
Communication expenses		87,335	71,059
Utilities		774,921	501,080
Advertisement and promotional expenses		75,750	100,000
Entertainment		257,709	368,025
Repair and maintenance		99,872	99,591
Printing, stationery and newspapers		76,765	70,253
Legal and professional charges		330,000	210,000
Vehicle insurance		52,069	52,020
Fee and subscription		79,150	209,623
Rent, rates and taxes		10,180	9,680
Consultancy and certification fee		359,486	301,649
Auditors' remuneration - annual audit fee		157,500	157,500
Depreciation	5.2	1,882,899	1,534,447
Government grant amortized during the year	5.2	(31,376)	(284,536)
		<u>1,851,523</u>	<u>1,249,911</u>
Janitorial expenses		42,623	37,578
Others		121,707	111,026
		<u>14,039,766</u>	<u>10,898,630</u>

24.1. These include contribution to gratuity fund amounting to Rs. 0.419 million (2022: Rs.0.317 million).

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	Note	2023 Rupees	2022 Rupees
25. OTHER INCOME			
Income from financial assets			
Profit on TDRs	9	11,866,118	6,919,576
Income from assets other than financial assets			
Sale of pulp waste		1,865,392	1,216,767
Reversal of payable balance		-	1,499,857
Tender fee		27,000	16,000
Miscellaneous		928,997	-
		2,821,389	2,732,624
		14,687,507	9,652,200
		2023	2022

26. LOSS PER SHARE - basic and diluted			
Deficit for the year attributable to ordinary shareholders	Rupees	(15,735,541)	(4,399,772)
Weighted average number of ordinary shares	Number	10,005	10,005
Loss per share - basic	Rupees	(1,573)	(440)

There is no dilutive effect on the basic earnings per share as the Company has no such commitments at the reporting date.

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Managerial remuneration including allowances and benefits given during the year to Chief Executive, executives and meeting fee given to Directors of the Company are as follows:

	Chief Executive	Directors	Executives
	Rupees		
Managerial remuneration:			
Salary - basic	2,129,028	-	4,285,199
Housing	958,069	-	1,928,353
Utilities	212,903	-	428,520
Meeting fee	-	729,000	-
June 30, 2023	3,300,000	729,000	6,642,072
Number of persons	1	5	3
Comparative for June 30, 2022			
Managerial remuneration:			
Salary - basic	1,935,480	-	3,895,633
Housing	870,972	-	1,753,048
Utilities	193,548	-	389,563
Meeting fee	-	810,000	-
June 30, 2022	3,000,000	810,000	6,038,244
Number of persons	1	6	3

In addition to above, Company's maintained vehicle is given to Chief Executive of the Company for official purposes only.

Except for above meeting fee, no remuneration, in any kind, was given to any of the executive or non-executive directors of the Company (2022: Nil)

28. FINANCIAL RISK MANAGEMENT

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The accounts department of the Company assist the Board in developing and monitoring the Company's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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The risk management policies of the Company are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Company is not engaged in the trading of financial assets for speculative purposes nor does it write options.

The Company's management oversees and monitors compliance with the Company's risk management policies, procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Directors are assisted in oversight role by the management. Management undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

The Company is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk.

28.1 Credit risk and concentration of credit risk

The Company is exposed to credit risk from its operating activities (primarily for trade receivables and advances) and from its investing activities, including deposits with banks.

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties to the financial instruments fail to perform as contracted. The management believes that the Company is not exposed to major concentration of credit risk. The management monitors and limits the Company's exposure to credit risk through monitoring of clients' credit exposure review and conservative estimates of provision for doubtful receivables.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk as at the reporting date is tabulated below:

	2023 Rupees	2022 Rupees
Financial assets		
Long term deposits	9,692,000	9,692,000
Trade debts	22,078,956	19,714,147
Short term investments	93,000,000	86,000,000
Deposits, prepayments and other receivables	13,265,193	9,533,527
Bank balances	4,830,561	16,905,534
	142,866,710	141,845,208

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2023 Rupees	2022 Rupees
Customers	22,078,956	19,714,147
Banks and financial institutions		
- deposits in current accounts	4,830,561	16,905,534
- investments - amortized cost	93,000,000	86,000,000
- Accrued profit on TDR's	8,483,176	4,751,510
- Margin against letter of credit	4,782,017	4,782,017
Others	9,692,000	9,692,000
	142,866,710	141,845,208

28.1.1 Credit risk related to financial instruments and cash deposits

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. Credit quality of customers and other receivables are assessed by reference to historical defaults rates and present ages.

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Banks and financial institutions have external credit ratings determined by various credit rating agencies as listed below :

	Rating		2023	2022
	Short term	Agency	Rupees	Rupees
Balances with banks:				
The Bank of Punjab	A1+	PACRA	4,688,501	7,227,611
Allied Bank Limited	A1+	PACRA	142,060	9,677,923
			<u>4,830,561</u>	<u>16,905,534</u>
Short term deposits / investments:				
National Bank of Pakistan	A1+	PACRA	4,782,017	4,782,017
Allied Bank Limited	A1+	PACRA	14,000,000	11,000,000
The Bank of Punjab	A1+	PACRA	79,000,000	75,000,000
			<u>97,782,017</u>	<u>90,782,017</u>

Due to Company's long standing relationship with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

28.1.2 Credit risk related to trade receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. New customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Sales limits are established for each customer based on internal rating criteria and reviewed regularly. Trade debts consist of a small number of customers, spread across geographical areas. Any sales exceeding these limits require special approval. Outstanding customer receivables are regularly monitored. Ongoing credit evaluation is performed on the financial condition of accounts receivables, where appropriate. The analysis of ages of trade debts of the Company as at the reporting date is as follows:

Exposure to credit risk - trade receivables

Year	Fast due but not impaired						Pass due and impaired	Total
	Neither past due nor impaired	Less than 90 days	90-180 days	180-365 days	1-3 years	Above 3 years		
	Rupees							
2023	-	12,810,024	-	9,268,932	-	-	8,212,030	30,290,986
2022	-	12,806,323	1,767,140	5,140,684	-	-	8,212,030	27,926,177

The Company's risk in terms of trade receivables is minimal because, these are secured by way of lien over goods to be delivered to customers. As per terms agreed with the customers, the goods are not dispatched unless outstanding balances have been recovered in full.

The Company always measures the loss allowance for trade debts at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on local trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

28.2 Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Company. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Signature



The Company manages liquidity risk by maintaining adequate funds and reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarizes the maturity profiles of Company's financial liabilities as on June 30, 2023 based on contractual undiscounted payments date and present market interest rates.

	1 to 3 months	3 to 6 months	More than 6 months and up to 12 months	More than 1 year and up to 5 years	Total
	Rupees				
As at June 30, 2023					
Staff retirement benefits - gratuity	-	-	-	3,158,137	3,158,137
Creditors, accrued and other liabilities	11,271,970	-	13,142,881	-	24,414,851
	<u>11,271,970</u>	<u>-</u>	<u>13,142,881</u>	<u>3,158,137</u>	<u>27,572,988</u>
As at June 30, 2022					
Staff retirement benefits - gratuity	-	-	-	1,169,783	1,169,783
Creditors, accrued and other liabilities	17,647,003	140,000	8,096,603	-	25,883,606
	<u>17,647,003</u>	<u>140,000</u>	<u>8,096,603</u>	<u>1,169,783</u>	<u>27,053,389</u>

28.3. Market risk management

Market risk is the risk that changes market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The management of the Company continuously monitors its investments to avoid such risks. The Company is not exposed to market risk except rate of interest on short term investment.

28.3.1 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	2023 Rupees	2022 Rupees
Variable interest rate financial assets		
Term Deposit Receipts (TDRs) - amortized cost	<u>93,000,000</u>	<u>86,000,000</u>

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in the relevant notes to these financial statements.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, deficit for the year would have been decreased / (increased) by Rs. 930,000 (2022: Rs. 860,000). This analysis is prepared without taking in account taxation effect and applying +/-1% discount factor on the outstanding balance of TDRs.

28.3.2 Currency risk

Currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivable & payables that exist due to transactions in foreign currencies.

The Company is not exposed to any foreign currency financial instrument at the financial position date.

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28.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of 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 being traded in the market.

The Company is not exposed to commodity price risk and equity price risk as the Company has no derivative financial instruments and listed equity investments at the terminal date.

28.4 Fair value of financial instruments

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

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values except short term investments which are carried at amortized cost.

28.5 Fair value hierarchy

The Company measures fair value using valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1	Quoted prices (unadjusted) in active market for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derive from prices).
Level 3	Inputs for asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

	June 30, 2023			June 30, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	Rupees					
Property, plant and equipment	-	297,633,142	-	-	319,295,463	-

28.6. Financial instruments by category

The Company finances its operations through the extraction of pulp / grading of various fruits and provision of processing and cold storage facilities to different parties and local growers along with management of working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	2023	2022
	Rupees	Rupees
Financial instruments by category		
Financial assets as per statement of financial position		
Long term deposits	9,692,000	9,692,000
Trade debts	22,078,956	19,714,147
Short term investments	93,000,000	86,000,000
Advances, deposits and other receivables	13,265,193	9,533,527
Cash and bank balances	4,832,022	17,036,295
	<u>142,868,171</u>	<u>141,975,969</u>
Financial liabilities as per statement of financial position		
Financial liabilities measured at amortized cost :		
Creditors, accrued and other liabilities	22,321,831	23,981,864

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29. FUND MANAGEMENT

The Company's objectives when managing fund are to safeguard the Company's ability to continue as a going concern in order to provide services for the general public and benefit for other stakeholders.

Consistently with others in the industry, the Company manages its fund structure and makes adjustment to it in the light of changes in economic conditions. There were no changes to the Company's approach to fund management during the year.

	2023	2022
	----- (Number) -----	
30. NUMBER OF EMPLOYEES		
Number of employees at year end	30	28
Average number of employees during the year	29	28

31. RELATED PARTY DISCLOSURE

A. Related Party Relationships

Name of party	Nature of relationship	Basis of relationship	Percentage of shareholding
Ministry of Industries and Production	Associated undertaking	Shareholding & common directorship	20%
Small and Medium Enterprises Development Authority	Associated undertaking	Shareholding & common directorship	40%
Punjab Small Industries Corporation	Associated undertaking	Shareholding & common directorship	40%
Key management personal	Executives	Employment	-

B. Related Party Transactions

The related parties comprise associated undertakings, directors of the Company, key management staff and staff retirement funds. Outstanding balances with these parties and remuneration to chief executive, directors and executives have been disclosed in note 27. There were no material transactions with the related parties during the year that may require disclosure in these financial statements other than those mentioned below:

Name of party	Relationship	Nature of transaction	2023	2022
			----- Rupees -----	
Employees' Gratuity Fund Trust	Employees	Employer's contribution	1,756,674	1,475,200
Key management personal	Executives	Loan	1,495,300	1,933,582

32. CAPACITY AND PRODUCTION

	Hourly	Daily (24* hours/day)
Standard / Installed input capacity - Season		
Pulp production - Stoned fruit	10 tons	200 tons
Pulp production - Non-stoned fruit	5 tons	100 tons
Standard / Installed output capacity - Season		
Pulp production - Stoned fruit	5 tons	100 tons
Pulp production - Non-stoned fruit	5 tons	80 tons

*Installed capacity is 10 tons / hour for input of stoned fruit and 5 tons / hour for non-stoned fruit while output is 5 tones per hour for stoned and non-stoned fruits. Four hours daily required for cleaning in process (CIP), rest 20 hours production / processing can be proceeded daily. Optimum level for plant usage is 85% to 90%.

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Actual production remained at 2,468 tons (2022: 3,741 tons).

	2023	2022
	----- Tons -----	
Pulp production - Stoned fruit	2,326	3,626
Pulp production - Non-stoned fruit	142	115

Reasons for under-utilization of capacity

Under-utilization of installed capacity was due to seasonal un-availability of the fruits. Availability of fruit for processing (pulping) was as follows:

Item	Period	No. of days
Mango	1st of June to 31st of July	71
Guava	1st of November to 15th of December 10th of February to 15th of March	79

Availability of fruit for processing (pulping) was as follows:

Citrus Grading 21st of December to 10th of March

Moreover, production for the year was based on market demand and orders received for pulp extraction.

33. ENTITY-WIDE INFORMATION AND DISCLOSURE

33.1 Information about products

Pulp extraction represents 73% (2022: 86%) of the total income from operations of the Company.

33.2 Information about geographical areas

All non-current assets of the Company as at June 30, 2023 are located in Pakistan.

100% (2022: 100%) of the income from pulp extraction relates to customers in Pakistan.

33.3 Information about customers

During the year, revenue from five customers (2022: four) comprises approximately 83.98% (2022: 87.87%) of the total revenue earned from operations of the Company.

34. RE-CLASSIFICATION

Figures of the corresponding period have been re-arranged / re-grouped where considered necessary for better comparison.

35. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 06-Oct-2023 by the Board of Directors of the Company.

36. GENERAL

Figures in these financial statements have been rounded off to the nearest Pakistani Rupee.

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Chief Executive Officer


Manager Finance


Director