

AGRO FOOD PROCESSING (AFP) FACILITIES

MULTAN

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

MUNIFF ZIAUDDIN & CO
Chartered Accountants

BKR | INDEPENDENT
INTERNATIONAL MEMBER

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Dated: May 21st, 2025



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, 2024.

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	2024 (Rupees)	2023 (Rupees)
Revenue	84,824,932	59,082,110
Other Income	17,805,283	14,687,507
Program Delivery Cost	(86,824,405)	(75,465,392)
Admin. & General expenses	(13,788,802)	(14,039,766)
Surplus / (deficit) for the year	2,017,008	(15,735,541)

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 positive for the year but still 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 20% FED on juice industry. Due to decrease in juices sale, sufficient pulp stock remained in hand of the juice industry. However, the Company is committed to gain surplus, targeting 4,400 tons of pulp extraction and 200 tons of grading of different fruits & vegetables for the next year ending on June 30, 2025. 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.

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Agro Food Processing (AFP) Facilities Multan

"A Company set up under section 42 of the Companies Act 2017"

Plot 30-33, Phase-II, Industrial Estate Multan. www.afpf.org.pk



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.

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.

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STATEMENT IN COMPLIANCE WITH THE CORPORATE GOVERNANCE RULES

We also state that:

- (a) 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;
- (b) the financial statements, prepared by the management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- (c) proper books of accounts of the Company have been maintained;
- (d) appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments; and
- (e) 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, 2024; six meetings of the Board of Directors including annual general meeting 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. Malik Aman	MOI&P	01
	Mr. Asad Islam Mahni		01
	Mr. Sajjad Azhar		02
2	Mr. Raja Hassanien Javed	SMEDA	04
3	Mr. Ashfaq Ahmed	SMEDA	04
4	Mr. Saleem Ullah	PSIC	02
	Mr. Abdul Bari Hashmi		02
5	Mrs. Ammarah Manzoor Khan	PSIC	04

PATTERN OF SHAREHOLDING:

The pattern of share holding of the Company as at June 30, 2024 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 meetings. During the year, a total of Rs. 1,302,000 was paid to directors in respect of meeting fee.

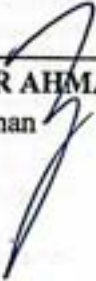
A total of Rs. 3,630,000 was charged in respect of the remuneration and other benefits of the Chief Executive of the Company as per his terms of employment

AUDITORS:

The external auditors M/s Muniff Ziauddin & Co; Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Audit Committee and Board of Directors recommended the appointment of Muniff Ziauddin & Co; Chartered Accountants as external auditors of the Company for the year ending June 30, 2025.

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.



NISAR AHMAD
Chairman



MUNAWAR HUSSAIN
Chief Executive Officer

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AGRO FOOD PROCESSING (AFP) FACILITIES, MULTAN
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the annexed financial statements of **AGRO FOOD PROCESSING (AFP) FACILITIES, MULTAN**, which comprise the statement of financial position as at 30 June 2024, and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in Equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of the surplus and other comprehensive income, the changes in general fund 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan 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.

Information other than the Financial Statements and Auditor's Report

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act 2023) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

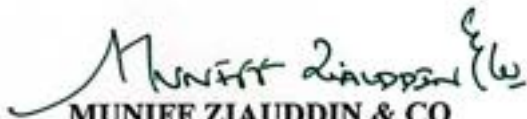
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and the SOE Act, 2023 are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Hammad Farid, ACA**.



MUNIFF ZIAUDDIN & CO
Chartered Accountants

Place: Islamabad

Date: 21 May 2025

UDIN: AR202410834bvuokVAmB

AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	2024 Rupees	2023 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	287,976,187	306,184,095
Long term deposits	6	9,692,000	9,692,000
		297,668,187	315,876,095
CURRENT ASSETS			
Stores, spares and loose tools	7	16,601,155	12,123,344
Trade debts	8	39,404,068	22,078,956
Short term investments	9	67,979,120	93,000,000
Loan and advances	10	4,721,493	3,154,206
Deposits and other receivables	11	12,821,488	13,265,193
Tax refunds due from the Government	12	9,357,073	12,440,674
Cash and bank balances	13	27,616,744	4,832,022
		178,501,141	160,894,395
		476,169,328	476,770,490
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
32,100,000 (2023:32,100,000) 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	135,772,056	141,052,227
REVENUE RESERVE			
General reserve	17	12,262,184	10,987,971
Accumulated fund		221,555,687	214,293,934
		370,089,977	366,834,182
NON-CURRENT LIABILITIES			
Deferred Government grant	18	76,579,386	82,323,863
Staff retirement benefit - Gratuity	19	4,233,395	3,158,137
		80,812,781	85,482,000
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	20	25,266,570	24,454,308
CONTINGENCIES AND COMMITMENTS			
	21	-	-
		476,169,328	476,770,490

Annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



MANAGER FINANCE

DIRECTOR

**AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 Rupees	2023 Rupees
Revenue	22	84,824,932	59,082,110
Program delivery cost	23	(86,824,405)	(75,465,392)
Gross loss		<u>(1,999,473)</u>	<u>(16,383,282)</u>
Administrative and general expenses	24	(13,788,802)	(14,039,766)
Other income	25	17,805,283	14,687,507
Surplus/ (deficit) before taxation		<u>2,017,008</u>	<u>(15,735,541)</u>
Taxation	26	-	-
Surplus/ (deficit) for the year		<u>2,017,008</u>	<u>(15,735,541)</u>
Earning/ (loss) per share (basic and diluted)	27	<u>201.60</u>	<u>(1,572.77)</u>

Annexed notes form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER


MANAGER FINANCE


DIRECTOR

**AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 Rupees	2023 Rupees
Surplus/ (deficit) for the year		2,017,008	(15,735,541)
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	1,238,787	(231,680)
Total comprehensive income / (loss) for the year		<u><u>3,255,795</u></u>	<u><u>(15,967,221)</u></u>

Annexed notes form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER


MANAGER FINANCE


DIRECTOR

AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Share Capital	Contribution by sponsors	Capital Reserve	Revenue Reserves		Total
			Surplus on revaluation of property, plant and equipment	General Reserve	Accumulated Fund	
	(Rupees)					
Balance as at 01 July 2022	100,050	400,000	146,974,797	10,165,833	225,160,723	382,801,403
Total comprehensive loss for the year						
Deficit for the year	-	-	-	-	(15,735,541)	(15,735,541)
Other comprehensive loss	-	-	-	-	(231,680)	(231,680)
	-	-	-	-	(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 30 June 2023	100,050	400,000	141,052,227	10,987,971	214,293,934	366,834,182
Total comprehensive income for the year						
Surplus for the year	-	-	-	-	2,017,008	2,017,008
Other comprehensive income	-	-	-	-	1,238,787	1,238,787
	-	-	-	-	3,255,795	3,255,795
Transfer to general reserve from accumulated fund	-	-	-	1,274,213	(1,274,213)	-
Transfer to accumulated fund on account of incremental depreciation	-	-	(5,280,171)	-	5,280,171	-
Balance as at 30 June 2024	100,050	400,000	135,772,056	12,262,184	221,555,687	370,089,977


CHIEF EXECUTIVE


MANAGER FINANCE


Director

AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 (Rupees)	2023 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before taxation		2,017,008	(15,735,541)
Amortization of Government grant	18	(5,744,477)	(6,027,116)
Profit on bank deposits and investments		(15,602,834)	(11,866,118)
Depreciation	5	20,079,258	22,272,898
Provision for gratuity	19.5	2,699,329	1,756,674
Sales tax adjusted	12	3,705,039	2,364,782
Operating cashflows before changes in working capital		7,153,323	(7,234,421)
Changes in working capital			
(Increase) in trade and other receivables	8	(17,325,112)	(2,364,809)
(Increase) in store, spares & loose tools	7	(4,477,811)	(2,293,284)
(Increase)/ decrease in loan and advances	10	(1,567,287)	80,208
Decrease in deposits and other receivable		-	717,147
Increase/(Decrease) in creditors, accrued and other liabilities	20	812,262	(1,615,262)
Cash used in operations		(15,404,625)	(12,710,421)
Staff post-retirement benefits paid	19	(385,284)	-
Income tax paid		(621,438)	(17,727)
Cash used in operating activities		(16,411,347)	(12,728,148)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment against acquisition of property and equipment	5	(1,871,350)	(610,577)
Receipt of profit on bank deposits and investments		16,046,539	8,134,452
Receipt/ (payment) against short term investment	9	25,020,880	(7,000,000)
Cash generated from investing activities		39,196,069	523,875
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/ (decrease) in cash and cash equivalents during the year		22,784,722	(12,204,273)
Cash and cash equivalents at the beginning of the year		4,832,022	17,036,295
Cash and cash equivalents at the end of the year	13	27,616,744	4,832,022

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CHIEF EXECUTIVE OFFICER


MANAGER FINANCE


DIRECTOR

AGRO FOOD PROCESSING (AFP) FACILITIES MULTAN
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 Rupees	2023 Rupees
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	279,425,234	297,633,142
Capital work-in-progress	5.7	8,550,953	8,550,953
		<u>287,976,187</u>	<u>306,184,095</u>

5.1 OPERATING FIXED ASSET

COST/REVALUED AMOUNT	Freehold land	Building	Plant and machinery	Electric installation	Gas installations	Office equipment	Furniture and fittings	Computers and accessories	Vehicle	Total
	As at 01 July 2022	100,000,000	145,440,747	131,867,795	1,960,000	5,000,000	732,263	479,818	399,200	2,975,000
Addition	-	143,440	33,687	-	-	235,000	99,200	99,250	-	616,577
As at 30 June 2023	100,000,000	145,584,187	131,901,482	1,960,000	5,000,000	967,263	579,018	498,450	2,975,000	389,464,600
Addition	-	1,454,930	416,400	-	-	-	-	-	-	1,871,330
As at 30 June 2024	100,000,000	147,039,117	132,317,882	1,960,000	5,000,000	967,263	579,018	498,450	2,975,000	391,235,950
As at 30 June 2022	-	28,333,747	28,428,705	460,000	1,500,000	319,263	255,645	269,200	-	69,558,560
For the year	-	11,716,677	9,344,990	150,000	350,000	43,258	23,164	49,809	595,000	22,272,899
As at 30 June 2023	-	40,050,424	41,765,695	610,000	1,850,000	362,521	278,809	319,009	595,000	91,831,458
For the year	-	18,589,758	8,413,877	135,000	315,000	68,478	29,941	99,215	476,000	20,879,218
As at 30 June 2024	-	58,640,174	56,179,572	745,000	2,165,000	432,999	308,750	418,224	1,071,000	111,918,716
Written down value as at 30 June 2023	100,000,000	105,533,763	84,135,787	1,350,000	3,150,000	604,742	299,409	179,441	2,380,000	297,633,142
Written down value as at 30 June 2024	100,000,000	96,298,963	76,138,310	1,215,000	2,835,000	544,368	269,468	128,226	1,904,000	279,425,234
Annual rate of depreciation	-	10%	15%	15%	20%	15%	15%	15%		
		2024	2023							
		Rupees	Rupees							
Depreciation charge is allocated as following:										
Program delivery cost		18,394,652	20,389,999							
Administrative expenses		1,684,605	1,882,899							
		<u>20,079,258</u>	<u>22,272,898</u>							

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.

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.

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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	
		2024	2023	2024	2023	2024	2023
		Rupees					
Operating expenses	23	18,394,652	20,389,999	5,526,403	5,995,740	12,868,249	14,394,259
Administrative and general expenses	24	1,684,605	1,882,899	218,074	31,376	1,466,531	1,851,523
Total	5.3	<u>20,079,257</u>	<u>22,272,898</u>	<u>5,744,477</u>	<u>6,027,116</u>	<u>14,334,780</u>	<u>16,245,782</u>

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

	Note	2024		2023	
		Cost	Depreciation	Cost	Depreciation
		Rupees			
Grant assets	18	221,035,670	5,744,477	221,035,670	6,027,116
Other assets		130,294,314	9,054,610	128,422,964	10,323,212
		<u>351,329,984</u>	<u>14,799,087</u>	<u>349,458,634</u>	<u>16,350,328</u>
Elimination of accumulated depreciation		(128,535,734)	-	(128,535,734)	-
		<u>222,794,250</u>	<u>14,799,087</u>	<u>220,922,900</u>	<u>16,350,328</u>
Revaluation surplus / incremental depreciation		168,541,700	5,280,171	168,541,700	5,922,570
	5.1	<u>391,335,950</u>	<u>20,079,258</u>	<u>389,464,600</u>	<u>22,272,898</u>

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- 5.4 Had the revaluations of these assets not been made, the carrying value of these assets as at June 30, 2024 would have been as under:

	As at June 30, 2024			As at June 30, 2023			Rate
	Cost	Accumulated Depreciation	Net book value	Cost	Accumulated Depreciation	Net book value	
Freehold Land	9,800,000	-	9,800,000	9,800,000	-	9,800,000	0%
Building	142,795,871	62,224,212	80,571,659	141,340,921	53,396,705	87,944,216	10%
Plant and machinery	185,107,181	135,934,909	49,172,272	184,690,781	130,514,014	54,176,767	10%
Electric installations	2,408,997	1,581,901	827,096	2,408,997	1,490,001	918,996	10%
Gas installations	5,000,904	3,160,323	1,840,581	5,000,904	2,955,814	2,045,090	10%
Office equipments	1,332,237	729,297	602,940	1,332,237	662,304	669,933	10%
Furniture and fittings	973,442	641,551	331,891	973,442	604,674	368,768	10%
Computers and accessories	1,006,546	908,749	97,797	1,006,546	860,581	145,965	33%
Vehicles	2,904,806	2,495,862	408,944	2,904,806	2,393,626	511,180	20%
	351,329,984	207,676,805	143,653,179	349,458,634	192,877,720	156,580,914	

- 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 were 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.e.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 implementation of this matter.

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.

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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	<u>5,000,904</u>
	68,460,507
Security deposit to SNGPL and WAPDA	<u>7,159,000</u>
	<u><u>75,619,507</u></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, 2024		<u>8,550,953</u>	-	-	<u>8,550,953</u>
June 30, 2023		<u>8,550,953</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 30 June 2024 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 (2023: 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).

	2024 Rupees	2023 Rupees
6. LONG TERM DEPOSITS		
Sui Northern Gas Pipe Line (SNGPL)	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>
7. STORES, SPARES AND LOOSE TOOLS		
Stores and spares	16,588,866	12,117,841
Loose tools	12,289	5,503
	<u>16,601,155</u>	<u>12,123,344</u>
8. TRADE DEBTS		
Considered good	8.1 39,404,068	22,078,956
Considered doubtful	8.2 8,212,030	8,212,030
	47,616,098	30,290,986
Provision for expected credit loss	(8,212,030)	(8,212,030)
	<u>39,404,068</u>	<u>22,078,956</u>
8.1 Considered good		
Shakarganj Food Products Limited	14,333,969	7,984,388
Shezan International Limited	778,754	-
Noor Food Industries	5,531	30,230
Link International	-	9,776,810
Other parties	24,285,814	4,287,528
	<u>39,404,068</u>	<u>22,078,956</u>

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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).

	2024 Rupees	2023 Rupees
8.2 Considered doubtful		
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% (2023: 100%) of such debts has been provided for in these financial statements as dictated by prudence.

9. SHORT TERM INVESTMENTS

Term Deposit Receipts (TDRs) - amortized cost

Allied Bank Limited	20,979,120	14,000,000
The Bank of Punjab	47,000,000	79,000,000
	<u>67,979,120</u>	<u>93,000,000</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 20.55% to 22.15% per annum (2023: 7.10% to 20.55% per annum).

10. LOANS AND ADVANCES

Loans to key management personal	10.1	1,015,300	1,495,300
Loans and advances to employees		1,998,784	1,658,906
Advances to supplier		1,707,409	-
		<u>4,721,493</u>	<u>3,154,206</u>

10.1 These represent loans given to Mr. Muhammad Latif (Manager F&A) and Mr. Abdul Mueed (Manager Marketing) as per policy of the Company. These loans are secured against gratuity and will be deducted from their salary.

11. DEPOSITS AND OTHER RECEIVABLES

Deposits

Margin against letters of credit

11.1

4,782,017

4,782,017

Other receivables

Accrued profit on term deposit receipts

8,039,471

8,483,176

12,821,488

13,265,193

11.1 This represents margin deposit held with National Bank of Pakistan (NBP) against Inland Letters of Credit opened for the purchase of Electronic Fruit Grading Machine. These LCs were expired during the year ended June 30, 2017. However, this margin deposit is still kept with the said Bank to be released after the outcome of the civil suit is decided. During the previous year the outcome of the case was decided in favour of the Company and the management is pursuing this matter to get this balance released from NBP very soon (Note 21.1).

12. TAX REFUNDS DUE FROM THE GOVERNMENT

Sales tax adjustable
Income tax refundable

-

3,705,039

9,357,073

8,735,635

9,357,073

12,440,674

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	2024 Rupees	2023 Rupees
13. CASH AND BANK BALANCES		
Cash in hand	23,373	1,461
Cash at banks in current accounts	27,593,371	4,830,561
	<u>27,616,744</u>	<u>4,832,022</u>

14. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2024 (No. of shares)	2023 (No. of shares)		2024 Rupees	2023 Rupees
<u>10,005</u>	<u>10,005</u>	Ordinary shares of Rs. 10 each, fully paid up in cash	<u>100,050</u>	<u>100,050</u>

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

2024 (No. of shares)	2023 (No. of shares)	Name of Government entity	2024 Rupees	2023 Rupees
2,001	2,001	Ministry of Industries and Production	20,010	20,010
4,002	4,002	Small and Medium Enterprises Development Authority	40,020	40,020
4,002	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

Balance as at July 01,	141,052,227	146,974,797
Transferred to accumulated funds on account of - incremental depreciation for the year	(5,280,171)	(5,922,570)
Balance as at June 30,	<u>135,772,056</u>	<u>141,052,227</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 @ 2% of processing and grading charges, net of sales tax. Accordingly, the amount of Rs.1.274 million (2023: Rs. 0.8222 million) on account of this general reserve has been accumulated from accumulated funds to general reserve.

18. DEFERRED GOVERNMENT GRANT

Gross grant	283,348,292	283,348,292
Accumulated Amortization:		
Opening balance	(201,024,429)	(194,997,313)
Amortization (equivalent to depreciation) for the year	(5,744,477)	(6,027,116)
Closing balance	<u>(206,768,906)</u>	<u>(201,024,429)</u>
	<u>76,579,386</u>	<u>82,323,863</u>

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	Note	2024 Rupees	2023 Rupees
19. STAFF RETIREMENT BENEFIT - GRATUITY			
Liability recognized in statement of financial position	19.1	<u>4,233,395</u>	<u>3,158,137</u>
19.1 Liability recognized in statement of financial position			
Present value of defined benefit obligation	19.3	19,251,975	16,054,819
Fair value of plan assets	19.4	(15,018,580)	(12,896,682)
		<u>4,233,395</u>	<u>3,158,137</u>
19.2 Movement in net liability			
Opening balance		3,158,137	1,169,783
Charge for the year	19.5	2,699,329	1,756,674
Contributions		(385,284)	-
Remeasurement chargeable in other comprehensive income		(1,238,787)	231,680
		<u>4,233,395</u>	<u>3,158,137</u>
19.3 Changes in present value of defined benefit obligation			
Opening defined benefits obligation		16,054,819	12,284,617
Current service cost		2,232,263	1,598,754
Interest cost on defined benefits obligation		2,498,293	1,658,423
Benefits paid		(385,284)	-
Actuarial loss/(gain) in financial assumptions		(53,808)	86,584
Experience adjustments		(1,094,308)	426,441
		<u>19,251,975</u>	<u>16,054,819</u>
19.4 Changes in fair value of plan assets			
Opening plan assets		12,896,682	11,114,834
Contributions		385,284	-
Interest income on plan assets		2,031,227	1,500,503
Benefits paid		(385,284)	-
Return on plan assets, excluding interest income		90,671	281,345
		<u>15,018,580</u>	<u>12,896,682</u>
19.5 Charge for the year			
Current service cost		2,232,263	1,598,754
Interest cost on defined benefit obligation		2,498,293	1,658,423
Interest income on plan assets		(2,031,227)	(1,500,503)
		<u>2,699,329</u>	<u>1,756,674</u>
19.6 Plan assets comprise of:			
Cash and/or deposits		100.00%	100.00%
		<u>100.00%</u>	<u>100.00%</u>
19.7 Sensitivity analysis for actuarial assumptions			
Discount rate +100 bps		17,475,372	14,526,170
Discount rate -100 bps		21,315,763	17,835,966
Salary increase +100 bps		21,343,771	17,861,158
Salary increase -100 bps		17,421,108	14,478,818
The actuarial valuation was carried out as on June 30, 2024 by Nouman Associates using Projected Unit Credit (PUC) Actuarial Cost Method, the following significant assumptions have been used for calculation of plan:			
		2024	2023
Discount rate used for interest cost in income and expenditure		15.75%	13.50%
Discount rate used for year end obligation		14.50%	15.75%
Expected rate of salary increase in future years		13.50%	14.75%
Mortality rates	Setback 1 year		Setback 1 year
Retirement assumption	Age 60		Age 60

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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, 2025 is Rs.2.077 million.

	Note	2024 Rupees	2023 Rupees
20. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Creditors	20.1	7,757,911	7,757,911
Accrued liabilities		13,188,629	9,848,920
Advances from customers	20.2	2,633,008	2,093,020
Income tax deducted at source		505,442	39,457
Sales tax payable on services		266,580	-
Performance securities payable	20.3	915,000	4,715,000
		<u>25,266,570</u>	<u>24,454,308</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:		
		915,000	915,000
The Extreme Engineering & Automation		-	3,800,000
Pakistan Air Conditioning Engineers		<u>915,000</u>	<u>4,715,000</u>

21. CONTINGENCIES AND COMMITMENTS**21.1. Contingencies**

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.

Case No. 261/08-06-2016 AFP vs Maj (R) Syed Zahid Ali Bukhari / M/S Zea En Enterprises for recovery suit of Rs 1,407,931/-. According to lawyer Favourable outcome is expected as management is intensely pursuing the case.

Commitments

There are no commitments as at 30 June 2024 (30 June 2023: Nil)

22. REVENUE

Fruit processing charges		67,725,082	43,162,225
Fruit grading charges		509,065	-
Cold storage charges		20,832,032	18,873,990
		89,066,179	62,036,216
Sales tax	22.1	(4,241,247)	(2,954,106)
		<u>84,824,932</u>	<u>59,082,110</u>

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

	Note	2024 Rupees	2023 Rupees
23. PROGRAM DELIVERY COST			
Salaries, wages and other benefits	23.1	33,717,939	28,423,310
Utilities		32,317,942	25,065,780
Plant running expenses		222,036	752,601
Laboratory expenses		2,085,604	1,727,057
Weighbridge expenses		754,774	601,806
Training, awareness, seminars and promotional activities		641,157	117,052
Consultancy and certifications		1,429,580	450,000
Stores consumed		82,384	118,319
Repair and maintenance		2,480,575	3,651,398
Depreciation	5.2	18,394,652	20,389,999
Government grant amortized during the year	5.2	(5,526,403)	(5,995,740)
		12,868,249	14,394,259
Other operating expenses		224,165	163,810
		<u>86,824,405</u>	<u>75,465,392</u>

23.1. These include contribution to gratuity fund amounting to Rs 2.2 million (2023: Rs. 1.338 million).

24. ADMINISTRATIVE AND GENERAL EXPENSES

Director's / chief executive remuneration		363,000	3,300,000
Salaries, wages and other benefits	24.1	6,061,822	5,340,363
Travelling expenses		1,296,203	1,022,813
Communication expenses		65,999	87,335
Utilities		787,984	774,921
Advertisement and promotional expenses		274,049	75,750
Entertainment		282,499	257,709
Repair and maintenance		173,189	99,872
Printing, stationery and newspapers		83,537	76,765
Legal and professional charges		1,514,483	330,000
Vehicle insurance		8,241	52,069
Fee and subscription		125,586	79,150
Rent, rates and taxes		10,180	10,180
Consultancy and certification fee		760,394	359,486
Auditors' remuneration - annual audit fee	24.2	183,750	157,500
Depreciation	5.2	1,684,605	1,882,899
Government grant amortized during the year	5.2	(218,074)	(31,376)
		1,466,531	1,851,523
Janitorial expenses		28,079	42,623
Miscellaneous		303,276	121,707
		<u>13,788,802</u>	<u>14,039,766</u>

24.1. These include contribution to gratuity fund amounting to Rs. 0.499 million (2023: Rs.0.418 million).

24.2. This head includes audit fee for the year

	Note	2024 Rupees	2023 Rupees
25. OTHER INCOME			
Income from financial assets			
Return on TDRs	9	15,602,434	11,866,118
Income from assets other than financial assets			
Sale of pulp waste		1,963,889	1,865,392
Tender fee		55,000	27,000
Miscellaneous		183,960	928,997
		2,202,849	2,821,389
		<u>17,805,283</u>	<u>14,687,507</u>

26. TAXATION

Agro Food Processing has been recognized as a Not-for-Profit organization under section 2(36) and is entitled to 100% tax credit under section 100 (C) of the Income Tax Ordinance 2001 and exemption from Commissioner Inland Revenue under the Income Tax Ordinance, 2001 valid till 31 December 2024 (renewable afterwards).

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27. EARNINGS PER SHARE - basic and diluted

Surplus/Deficit for the year attributable to ordinary shareholders	Rupees	<u>2,017,008</u>	<u>(15,735,541)</u>
Weighted average number of ordinary shares	Number	<u>10,005</u>	<u>10,005</u>
Gain/(Loss) per share - basic	Rupees	<u>202</u>	<u>(1,573)</u>

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

28. 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	2,341,931	-	4,713,714
Housing	1,053,876	-	2,121,187
Utilities	234,193	-	471,371
Meeting fee	-	1,302,000	-
30 June 2024	<u>3,630,000</u>	<u>1,302,000</u>	<u>7,306,272</u>
Number of persons	<u>1</u>	<u>5</u>	<u>3</u>
Comparative for 30 June 2023			
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	-
30 June 2023	<u>3,300,000</u>	<u>729,000</u>	<u>6,642,072</u>
Number of persons	<u>1</u>	<u>6</u>	<u>3</u>

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

No remuneration, in any kind, was given to any of the executive or non-executive directors of the Company (2024: Nil)

29. 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.

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.

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29.1 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:

Financial assets

Long term deposits	9,692,000	9,692,000
Trade debts	39,404,068	22,078,956
Short term investments	67,979,120	93,000,000
Deposits and other receivables	12,821,488	13,265,193
Bank balances	27,593,371	4,830,561
	<u>157,490,047</u>	<u>142,866,710</u>

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:

	2024 Rupees	2023 Rupees
Customers	39,404,068	22,078,956
Banks and financial institutions		
- deposits in current accounts	27,593,371	4,830,561
- investments - amortized cost	67,979,120	93,000,000
- Accrued profit on TDR's	8,039,471	8,483,176
Others	16,181,426	14,474,017
	<u>157,490,047</u>	<u>142,866,710</u>

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

	Rating		2024 Rupees	2023 Rupees
	Short term	Agency		
Balances with banks:				
The Bank of Punjab	A1+	PACRA	2,390,392	4,688,501
Allied Bank Limited	A1+	PACRA	25,202,979	142,060
			<u>27,593,371</u>	<u>4,830,561</u>
Short term deposits / investments:				
National Bank of Pakistan	A1+	PACRA	-	4,782,017
Allied Bank Limited	A1+	PACRA	20,979,120	14,000,000
The Bank of Punjab	A1+	PACRA	47,000,000	79,000,000
Exposure to credit risk - cash deposits			<u>67,979,120</u>	<u>97,782,017</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.

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29.1.2 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	Past 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 -----								
2024	-	13,370,665	-	11,628,109	14,333,969	71,325	8,212,030	47,616,098
2023	-	12,810,024	-	9,197,607	71,325	-	8,212,030	30,290,986

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.

29.2 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 asset, 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.

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 summaries the maturity profiles of Company's financial liabilities as on June 30, 2024 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, 2024					
Creditors, accrued and other liabilities	14,793,307	525,000		9,176,241	24,494,548
As at June 30, 2023					
Creditors, accrued and other liabilities	11,271,970	-	400,000	12,742,881	24,414,851

29.3. 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.

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29.3.1 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:

	2024	2023
	Rupees	Rupees
Variable interest rate financial assets		
Term Deposit Receipts (TDRs) - amortized cost	<u>67,979,120</u>	<u>93,000,000</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.679,792 (2023: Rs. 930,000). This analysis is prepared without taking in account taxation effect and applying +/-1% discount factor on the outstanding balance of TDRs.

29.3.2 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.

29.3.3 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.

29.4 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.

29.5 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, 2024			June 30, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	Rupees					
Property, plant and equipment	-	279,425,234	-	-	297,633,142	-

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29.6. 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.

	2024 Rupees	2023 Rupees
Financial instruments by category		
Financial assets at amortized cost		
Long term deposits	9,692,000	9,692,000
Trade debts	39,404,068	22,078,956
Short term investments	67,979,120	93,000,000
Deposits and other receivables	12,821,488	13,265,193
Cash and bank balances	27,616,744	4,832,022
	<u>157,513,420</u>	<u>142,868,171</u>
Financial liabilities at amortized cost :		
Creditors, accrued and other liabilities	<u>21,861,540</u>	<u>22,321,831</u>

30. 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.

	2024 ----- (Number) -----	2023
31. NUMBER OF EMPLOYEES		
Number of employees at year end	<u>28</u>	<u>30</u>
Average number of employees during the year	<u>29</u>	<u>29</u>

32. RELATED PARTY DISCLOSURE

A. Related Party Relationships

Name of party	Nature of relationship	Basis of relationship	Percentage of shareholding	No of shares held
Ministry of Industries and Production	Associated undertaking	Shareholding & common directorship	20%	2,001
Small and Medium Enterprises Development Authority	Associated undertaking	Shareholding & common directorship	40%	4,002
Punjab Small Industries Corporation	Associated undertaking	Shareholding & common directorship	40%	4,002
Key management personnel	Executives	Employment	-	-
Employees Gratuity Fund	Employees	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 respective note. 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	2024 ----- Rupees -----	2023
Employees' Gratuity Fund Trust	Employees	Employer's contribution	<u>2,699,329</u>	<u>1,756,674</u>
Key management personnel	Executives	Loan	<u>140,122</u>	<u>80,208</u>

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33. CAPACITY AND PRODUCTION

	Hourly (24* hours/day)	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%.

Actual production remained at 3,261 tons (2023: 2,468 tons).

	2024	2023
	----- Tons -----	
Pulp production - Stoned fruit	3,155	2,326
Pulp production - Non-stoned fruit	106	142

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.

34. ENTITY-WIDE INFORMATION AND DISCLOSURE

34.1. Information about products

Pulp extraction represents 76% (2023: 73%) of the total income from operations of the Company.

34.2. Information about geographical areas

All non-current assets of the Company as at June 30, 2024 are located in Pakistan.

100% (2023: 100%) of the income from pulp extraction relates to customers in Pakistan.

34.3. Information about customers

During the year, revenue from six customers (2023: five) comprises approximately 84.15% (2023: 83.98%) of the total revenue earned from operations of the Company.

35. RE-CLASSIFICATION

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

FROM	TO	AMOUNT
STATEMENT OF FINANCIAL POSITION		
NON-CURRENT ASSETS		CURRENT ASSETS
Long term portion of loans and advances	Loan and advances	2,146,028

36. GENERAL

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

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37. DATE OF AUTHORIZATION

21 MAY 2025

These financial statements were authorized for issue on _____ by the Board of Directors of the Company.

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CHIEF EXECUTIVE OFFICER



MANAGER FINANCE

Bailani
DIRECTOR