



**LEINER PAK GELATINE LTD.**

ANNUAL  
REPORT

2022

# C O N T E N T S

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**COMPANY INFORMATION****BOARD OF DIRECTORS**

|                     |                                     |
|---------------------|-------------------------------------|
| Mr.Ahmed Ali Riaz   | Chairman                            |
| Khwaja Imtiaz Ahmed | Chief Executive & Managing Director |
| Ibrar Ahmed Khwaja  | Executive Director                  |
| Ijaz Ahmed Khwaja   | Non-Executive Director              |
| Ayesha Ahmed        | Non-Executive Director              |
| Rashid Minhas       | Independent Director                |
| Syed Rizwan Haider  | Independent Director                |

**AUDIT COMMITTEE**

Rashid Minhas (Chairman)  
Ijaz Ahmed Khwaja (Member)  
Ahmed Ali Riaz (Member)

**HUMAN RESOURCE AND REMUNERATION COMMITTEE**

Rashid Minhas (Chairman)  
Khwaja Imtiaz Ahmed (Member)  
Ayesha Ahmed (Member)

**COMPANY SECRETARY**

Ibrar Ahmed Khwaja

**CHIEF FINANCIAL OFFICER**

Mr. Muhammad Javaid

**AUDITORS**

M. Almas & Co.

Chartered Accountants

207-Sadiq Plaza, 2<sup>nd</sup> Floor, 69-The Mall, Lahore.

**LEGAL ADVISOR**

Labeeb Zafar Bajwa

Advocate

4-A, Mozang Road, Lahore

**REGISTRAR**

CORPLINK (PVT) LTD.,

Wings Arcade, 1-K Commercial,

Model Town, Lahore

**REGISTERED OFFICE**

17-G, Gulberg-2, G/Postmall No. 3529, Lahore-54660

Ph. #: 0092-42-35756953-54

**PLANT**

19<sup>th</sup> Kilometer,

Shahrah-e-Pakistan, Kala Shah Kaku,

District Sheikhpura.

Ph. #: 0092-42-37950018 – 37980179

**BANKERS**

Bank Al Habib Limited

Summit Bank Limited

United Bank Limited

National Bank of Pakistan

Bank Islami Pakistan Limited

MCB Bank Limited-Islamic Banking

Bank Alfalah Limited-Islamic Banking



**LEINER PAK GELATINE LIMITED.**

DON'T ONLY ASK FOR GELATINE !  
INSIST ON "HALAL"  
GELATINE AND ITS PRODUCTS

**NOTICE OF 39<sup>TH</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the 39<sup>th</sup> Annual General Meeting of LEINER PAK GELATINE LTD., will be held on Friday, the 28<sup>th</sup> October, 2022 at 10.00 A.M. at the Registered office of the Company, 17/G, Gulberg-2, Lahore-54660 to transact the following business :

1. Recitation from the Holy Quran.
2. To confirm the minutes of the Extra Ordinary General Meeting held on Tuesday, 18<sup>th</sup> January, 2022.
3. To receive and adopt the Annual Accounts of the Company for the Year ended 30<sup>th</sup> June, 2022 together with Directors' and Auditors' Report thereon.
4. To appoint the Auditors of the Company for the year ending 30<sup>th</sup> June, 2023 and to fix their remuneration.

**Ordinary Business**

5. To transact or discuss any other business with the permission of the Chair.

**BY ORDER OF THE BOARD,**

**(IBRAR AHMED KHWAJA),  
COMPANY SECRETARY.**

LAHORE:

DATED: 07<sup>th</sup> October, 2022.

**NOTES:**

1. The Share Transfer Books of the Company will remain closed from 22<sup>nd</sup> October, 2022 to 28<sup>th</sup> October, 2022 (both days inclusive). Shares may be lodged for transfer with our Registrar M/s CORPLINK (PVT) LTD., Wings Arcade, 1-K, Commercial, Model Town, Lahore. Phone Nos: 042-35839182, 35887262, 35916719 Fax No: 042-35869037.
2. The Shareholders are advised to notify the Registrar of any change in their address.
3. A member entitled to attend and vote at this meeting may appoint another member as proxy to attend and vote instead of him. The Proxy Form duly signed and stamped must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
4. Any individual beneficial owner of the share in the Central Depository Company (CDC) entitled to vote at this meeting with him/her to prove him/her identity together with his/her Account number in CDC and in case of proxy, must enclose an attested copy of his/her CNIC. Representative of Corporate Members should bring the usual documents required for such purpose.
5. Pursuant to the directive of the Securities and Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatory required on dividend warrants. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to the Shares Registrar. In case of non-receipt of the copy of a valid CNIC, the company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under SECP order dated July 13, 2015 to withhold the dispatch of dividend warrants of such shareholders.



6. Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/s Corplink (Pvt) Limited to collect / enquire about their unclaimed dividend or pending shares, if any.
7. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. [www.leinerpakgelatine.com](http://www.leinerpakgelatine.com).
8. As per section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP. The shareholders having physical shareholding are therefore requested to open CDC sub-account with any of the brokers or investor account directly with CDC to place their physical shares into scrip less form.
9. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company received consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Leiner Pak Gelatine limited, holder of \_\_\_\_\_ ordinary Share(s) as per Registered Folio No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_."

## **VISION STATEMENT**

Continue to lead the domestic industry in Gelatine manufacturing with technology and quality of the product along with persistent recognition in international market in the line of code of conduct and best practices of corporate governance.

### **MISSION**

The mission of the management of the company is to focus on the vision and its accomplishment by:

- Adoption of advanced technologies in Gelatine manufacturing.
- Investment in human resources to create and strengthen professional environment.
- Developing company's code of conduct and pursuance of best practices of corporate governance.
- Exploring new international markets with the satisfaction of existing customers.
- Continuous improvement of quality system, environmental management system from ISO-9001:2000, ISO 14000 (already obtained) to other achievements of quality management.
- Fetching and delivering healthy returns to all stakeholders.
- Contribution towards economic and social uplift of employees and community in general.

# **CORPORATE STRATEGY**

## **OBJECTIVES**

Our corporate strategy is very much in line with vision and mission statement. Strategic objectives are covering the following areas.

- Sustainable growth.
- Promotion for efficient use of energy.
- Innovation in product line.
- Customer satisfaction.
- Adherence to the code of conduct.
- Safeguard the share holders interest.
- Continuous improvement of human capital.

## **STRATEGIC PLANNING**

It is planned to innovate the product line with scheduled R&D activities. Energy Conservation through calibration, expert advises and induction of efficient machinery and replacing the old production line which shall lead to sustainable growth. Well equipped quality assurance department is maintained to achieve consistency in quality of the products. Optimal utilization of Company resources to achieve the economy level. Investment in human capital by participating in workshops, conferences, and different technical courses offered by reputed institutions. Formulation of Code of Conduct for better governance and to bring corporate culture in Company.



## CHAIRMAN'S REVIEW

On behalf of the Board of Directors, I am pleased to present the company's 39<sup>th</sup> Annual Report.

During this fiscal year 2022, Pakistan economy showed mixed performance. In 2<sup>nd</sup> half of the fiscal year economic condition of Pakistan remained unstable and it posed so many challenges to the manufacturing entities. Rising fuel and commodity prices over shadowed post COVID recovery and increased trade deficit. Foreign exchange reserves also remained under pressure which resulted in the depreciation of the Pak Rupee.

In this financial year, company's top line is registered at Rs.1,012.39 million as compared to Rs. 941.51 million last year. Management decision to enhance exports share in total sales revenue amid devaluations of Pak Rupee proved to be beneficial for the company. Persistent increase in electricity and gas tariff and increase in raw material prices marginally raised cost of production of our products. Our export remittances in Pak Rupee helped to fizzle out these effects to certain extent and company achieved profit before tax at Rs. 21.12 million.

Company policies and procedures have been framed and implemented to ensure compliance with applicable laws, regulations and best practices including Code of Corporate Governance Regulations, 2019. The Board and its committees (Audit Committee and Human Resources and Remuneration Committee) are functioning according to guidelines of Code of Corporate Governance. Board is having two independent and one female director in total seven directors. Board met six times during the year.

Company has placed a system of evaluation of Directors in accordance with provisions of Code of Corporate Governance. This evaluation is made on annually basis. Company has also adopted a well defined CSR policy with a special emphasis on education and health of the communities.

Board of Directors recognizes the contribution of company employees to the success of your company.

LAHORE.  
Dated: October 07, 2022.

AHMED ALI RIAZ  
Chairman

## چیمبر مین کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے میں کمپنی کی ۳۹ ویں سالانہ رپورٹ پیش کرنے پر خوشی محسوس کرتا ہوں۔ مالی سال ۲۰۲۲ء میں پاکستان کی معیشت نے ملی جلی کارکردگی دکھائی ہے۔ مالی سال کے دوسرے آدھے حصے میں پاکستانی معیشت مستحکم نہ رہی اور اس کی وجہ سے مینوفیکچرنگ کرنے والے اداروں کے لیے بہت سی مشکلات درپیش ہو گئی ہیں۔ تیل / ایندھن اور تجارتی اشیاء کی بڑھتی ہوئی قیمتوں نے کووڈ کے بعد ہونے والی بہتری کو کم کر دیا ہے اور اس سے تجارتی خسارہ بھی بڑھا ہے۔ اس مالی سال میں کمپنی ہذا کی فروخت پچھلے سال کی فروخت مبلغ ۹۴۱.۵۱ بلین روپے کے مقابلے میں مبلغ ۱۰۱۲.۳۹ بلین روپے رہی ہے۔ انتظامیہ کا مکمل فروخت میں ایکسپورٹ کا حصہ بڑھانے کا فیصلہ روپے کی قدر میں ہونے والی کمی کے دوران کمپنی کے لیے فائدہ مند ثابت ہوا ہے۔ بجلی اور گیس کے نرخ میں مسلسل اضافہ اور خام مال کی قیمت میں ہونے والے اضافہ سے ہماری مصنوعات کی پیداواری لاگت بڑھ گئی ہے۔ ہماری برآمدات کی مد میں آنے والے پاکستانی روپے نے ان اثرات کو کسی حد تک کم کیا ہے اور کمپنی ہذا کا قبل از ٹیکس منافع مبلغ ۲۱.۱۲ بلین روپے رہا ہے۔

کمپنی کی پالیسیاں اور دیگر طریقہ کار قابل اطلاق قوانین، ضابطوں اور بہترین عوامل بشمول کوڈ آف کارپوریٹ گورننس ۲۰۱۹ء کے نفاذ کے لیے بنائے گئے ہیں۔ بورڈ اور اس کی کمیٹیاں (آڈٹ کمیٹی اور انسانی وسائل اور اجرتی کمیٹی) کوڈ آف کارپوریٹ گورننس کی ہدایات کے مطابق کام کر رہی ہیں۔ بورڈ میں سات میں سے دو خود مختار اور ایک خاتون ڈائریکٹر شامل ہے۔ بورڈ نے ۶ سال ۶۶ عدد مینٹننگس کی ہیں۔ کمپنی ہذا نے ڈائریکٹرز کی کارکردگی کا جائزہ لینے کے لیے کوڈ آف کارپوریٹ گورننس کی شقوں کے مطابق نظام وضع کر رکھا ہے۔ یہ کارکردگی کا جائزہ سالانہ بنیادوں پر ہے۔ کمپنی نے کارپوریٹ سماجی ذمہ داری کی بہترین شکل کو اپنایا ہوا ہے، جس میں خاص طور پر تعلیم اور لوگوں کی صحت پر زور دیا گیا ہے۔

بورڈ آف ڈائریکٹرز کمپنی کی کامیابی میں اپنے ملازمین کی خدمات کا اعتراف کرتے ہیں۔

احمد علی ریاض

چیمبر مین

لاہور

۷ اکتوبر ۲۰۲۲ء



## **DIRECTORS' REPORT**

The Directors are pleased to present the 39<sup>th</sup> Annual Report along with company's financial statements for the year ended 30<sup>th</sup> June, 2022 together with Auditors' Report thereon.

### **PRINCIPAL ACTIVITY**

Leiner Pak Gelatine Limited is involved in manufacturing "Halal" Gelatine and Di-calcium Phosphate (by product).

### **OPERATIONS**

During this year Pakistan economy demonstrated boom and bust. Impressive GDP growth rate was over shadowed by fiscal and current account deficit. Geo political situation, high international fuel and commodity prices and significant depreciation of Pak Rupee further increased trade deficit. These factors have been translated in to year – on – year inflation.

The company recorded growth of 7.5% in its sales for the year despite increasingly difficult economic conditions and competitive pressures. Company's top line is registered at Rs.1,012.39 as compared to Rs. 941.51 million last year. Company's strategic resolve to make shift from local market to export market really worked out and exports of this year remained at Rs.455.21million which contributed in achieving ever highest sales revenue.

Incessant increase in electricity and gas tariff coupled with rise in prices of raw material (crushed bone) and other allied production related materials / chemicals affected the production process and company could not achieve its optimal production level.

Export proceed realizations of U.S. Dollars in Pak rupees amid significant devaluation of local currency provided certain compensation against up surged cost of production and profit before tax arrived at Rs.21.12 million as compared to profit before tax Rs. 18.25 million last year.

Continuous profitability of last few years has eased operational capabilities but company is still exposed to certain digressions. The company has negative cash flow from operating activities during the year ended June 30, 2022 and company's current liabilities exceeded its current assets by Rs.7.299 million. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as going concern and, therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business.

This year company's gross profit margin reflected a growth from 11.14% to 14.32% due to increase in sales revenue and company achieved profit after tax at Rs.8.28 million as compared to previous year profit after of tax Rs.5.004 million. Marginal increase in top line and continuous profitability for the last many years is improving financial health of the company. Keeping in view the following factors, the management foresees that the company will continue as going concern: -



- There is continued demand for the products of the Company. Demand of “Halal” Gelatine exists in foreign and local markets as “Halal” Gelatine is equally consumed in Muslim and Non-Muslim countries.
- 'There is continued financial support of the Company's sponsors. The sponsor's of the Company have inducted up to June 30, 2022 Rupees 54.828 million (June 30, 2021: Rupees 111.166 million) interest free loans and a new sponsor's loan Rupees 82.5 million. They are also committed to induct further funds, if the need arises, to address any liquidity issues for smooth operations; and
- The existence of new sales orders (local as well as exports) along with advance payments received there against.

These financial statements have, therefore, been prepared using going concern basis of accounting and, accordingly, do not include any adjustments relating to realization of its assets and the liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

The auditors' report contains emphasis of matter paragraph to draw attention towards the going concern matter. In this regard management's assessment is detailed in note 2 in the annexed financial statements.

#### **CORPORATE AND FINANCIAL REPORTING FRAME WOK**

Company is fully compliant with the Code of Corporate Governance and Corporate and Financial Reporting framework of the Securities & Exchange Commission of Pakistan (SECP). Board is pleased to place following statement on record:

1. The financial statements prepared by the management of the company present fairly its state of the affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. The accounting estimates wherever required are based on reasonable and prudent judgment.
4. IFRS and International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. The management has explained their review in detail regarding going concern ability of the company in note 2 to the annexed financial statements.
7. There has been no material departure from the best practices of corporate governance, as detailed in listing regulations.
8. Outstanding taxes, duties and charges have been disclosed in the financial statements.

**KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS**

| Years ending on June:        | 2021      | 2020    | 2019    | 2018    | 2017    | 2016    |
|------------------------------|-----------|---------|---------|---------|---------|---------|
|                              | Rupees    | Rupees  | Rupees  | Rupees  | Rupees  | Rupees  |
|                              | (000s)    | (000s)  | (000s)  | (000s)  | (000s)  | (000s)  |
| Turnover                     | 941,515   | 660,888 | 779,659 | 752,297 | 692,372 | 727,664 |
| Profit/(Loss) after Taxation | 5,004     | 1,928   | 2,537   | (3,956) | (3,009) | 2,748   |
| Assets                       | 1,145,211 | 994,892 | 860,191 | 715,769 | 661,874 | 652,850 |
| Dividend                     | -         | -       | -       | -       | -       | -       |
| Non-current Liabilities      | 23,378    | 13,423  | 864     | 1,043   | 504     | 856     |

**ADEQUACY OF INTERNAL CONTROL**

Internal control system of the company is properly designed keeping in view the nature of business and materiality of the transactions involved. Internal control system is periodically reviewed by the audit committee and improvements in the system are made keeping in view recommendations of internal audit department.

**STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION**

The "Statement of Value Addition and its Distribution is annexed to the report.

**DIRECTORS' REMUNERATION**

Remuneration of the Board of Directors is approved by the Board. Non-executive Directors and independent Directors are entitled for fee for attending the meetings. Remuneration of Directors and Chief Executive Officer are disclosed in Note No. 42 to the financial statements for the year ended June 30, 2022.

**DIRECTORS OF THE COMPANY**

During the year following Directors served on the Board of the company.

| Sr. No. | Name of Directors           | Number of Meetings |
|---------|-----------------------------|--------------------|
| 1.      | Ahmed Ali Riaz              | 6                  |
| 2.      | Khwajalmtiaz Ahmed          | 6                  |
| 3.      | Ijaz Ahmed Khwaja           | 6                  |
| 4.      | Ibrar Ahmed Khwaja          | 6                  |
| 5.      | Ayesha Ahmed                | 6                  |
| 6.      | Rashid Minhas (independent) | 6                  |

|    |                                  |   |
|----|----------------------------------|---|
| 7. | Syed Rizwan Haider (independent) | 3 |
| 8. | Mian Zia-Ud-Din * (independent)  | 3 |

\* Retired on Completion of his terms as independent director on January 18, 2022

### **APPROPRIATIONS**

In view of the low profitability and to ease business operations, it has been decided to omit the dividend for the current year.

### **EARNING RATIO:**

The earning per share after tax works out to Rs. 1.10{last year Rs.0.67 }.

### **PROVIDENT FUND**

The company operates an approved contributory provident fund covering all permanent employees. The value of the fund at the year ended 30<sup>th</sup> June, 2022 is Rs.165.582 million. The investment values of the respective fund is as follows:

#### **Provident Fund**

#### **Last audited statements**

**June 30, 2022**

Investments at fair value **Rs.(000s)**

**98,748**

These funds are invested as given below:

Rs.(000s)

|                          |        |
|--------------------------|--------|
| Unit Trust Schemes       | 44,700 |
| Mutual Funds             | 1,664  |
| Savings Schemes of Banks | 3,285  |
| Bank Deposits            | 27,522 |
| Listed Securities        | 21,577 |

**98,748**

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**



Corporate social responsibility or CSR, refers to the belief that businesses have an obligation to society beyond their commitments to their shareholders or investors. Company is committed to support the community and making donations to hospitals and educational sector.

### **OUT STANDING STATUTORY PAYMENTS**

All outstanding payments are of routine nature.

### **CODE OF CONDUCT**

Company has developed and adopted a comprehensive Code of conduct in accordance with Code of Corporate Governance Regulations 2019. This code of conduct prescribes rules and regulations to be followed by every employee of the company. Board has also adopted controls for timely identification and redressal of unethical practices performed on the part of employees. Code of conduct is fully disseminated throughout the company.

### **BOARD COMMITTEES**

#### **AUDIT COMMITTEE**

Company has formulated Audit Committee in accordance with code of corporate governance. This committee is headed by an independent Director. Names of Audit Committee members are given below:

#### **Name of Directors**

|                   |            |
|-------------------|------------|
| Rashid Minhas     | (Chairman) |
| Ijaz Ahmed Khwaja | (Member)   |
| Ahmed Ali Riaz    | (Member)   |

Audit Committee provides assistance to the Board of Directors in discharging their responsibilities in accordance with provisions of code of corporate governance and financial reporting framework. This committee is also entrusted to implement an effective internal control system and forward recommendations to the Board of Directors for further improve of the systems.

Audit Committee's other responsibilities in the light of code of corporate governance also include the following:

1. Determination of appropriate measures to safeguard the company's assets;
2. Review of annual and interim financial statements of the company, prior to their approval by the board, focusing on;
  - a) major judgmental areas;
  - b) significant adjustments resulting from the audit;

- c) going concern assumption;
  - d) any changes in accounting policies and practices;
  - e) compliance with applicable accounting standards;
  - f) compliance with the regulations of code of corporate governance and other statutory and regulatory requirements; and
  - g) all related party transactions;
3. Review of the preliminary announcements of results prior to external communication and publication;
  4. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
  5. Review of management letter issued by external auditors and managements' response thereto;
  6. Ensuring coordination between the internal and external auditors of the company;
  7. Review of the scope and extent of internal audit, audit plan, reporting frame work and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
  8. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
  9. Ascertaining the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
  10. Review of the company's statement on internal control systems prior to endorsement by the Board and internal audit reports;
  11. Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with Chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
  12. Determination of compliance with relevant statutory requirements;
  13. Monitoring compliance with these regulations (including code of corporate governance) and identification of significant violation thereof;
  14. Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
  15. Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the regulations. The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;
  16. Consideration of any other issue or matter as may be assigned by the board;

#### **HUMAN RESOURCES AND REMUNERATION COMMITTEE**



Human resource management is an important faction of management that deals with most valuable assets of an organization which is human resource. Human Resource and Remuneration committee of the company comprises three directors, which include one executive director and one non-executive director being the members and one independent director as chairman of the committee. Following three members are entrusted by the board to form the Human Resource and Remuneration Committee:

|                    |            |
|--------------------|------------|
| Rashid Minhas      | (Chairman) |
| Khwajalmtiaz Ahmed | (Member)   |
| Ayesha Ahmed       | (Member)   |

In accordance with code of corporate governance, the responsibilities of the committee include:

1. Recommendation to the Board for consideration and approval a policy framework for determining remuneration of Directors (both executive and non-executive Directors and members of senior management). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the chief executive officer level;
2. undertaking annually, a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the Directors' report disclosing therein name and qualification of such consultant and major terms of his/its appointment;
3. recommending human resource management policies to the Board;
4. recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary, and head of internal audit;
5. consideration and approval on recommendation of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
6. where human resource and remuneration consultants are appointed, they shall disclose to the committee their credentials and as to whether they have any other connection with the company.

### **RISK AND UNCERTAINTIES**

Company's ability to create value for its share holders is affected primarily by macroeconomic variables of an economy and some associated risks with respect to its nature of business.

At present company is exposed to following risk areas which can affect the business operations and profitability of the company:

Raw material prices (crushed bone).



Foreign currency exchange rate.

Energy (availability and prices of gas & electricity)

Animal bones are pre requisite to produce high quality Gelatine. Raw material of the company (bovine bone) is being exported to China, Japan and other neighboring countries from Pakistan. Company has to buy animal bones on export parity price for its own consumption. Devaluation of Pak Rupee can further aggravate the situation and procurement of animal bone at feasible prices may become more difficult.

Devaluation of Pak Rupee always stimulates the cost-push inflation. Devaluation of Pak Rupee will increase the prices of our industrial inputs including raw material and it can reduce the intensity of capacity utilization.

Energy crises in the country are still not over. Pakistan is facing multifaceted energy crises. Manufacturing sector is consuming very high priced gas, fuel and electricity. Government is importing LNG to cater the industrial requirement. Escalation in gas prices in furtherance to the existing tariff will further increase the manufacturing cost of the industrial concerns including Gelatine manufacturing which can affect profitability of the company.

### **IMPACT ON ENVIRONMENT**

Management strongly believe in maintaining the highest standard in health, safety and environment to ensure the well being of the people who work with us as well as of the communities where we operate. To achieve these standards, company has attained HACCP and FSSC 22000 certifications. Manufacturing process of Gelatine adopted at factory premises is strictly in accordance with international practices and no any hazardous impact on environment is traced so far.

### **FUTURE PROSPECTS**

Pakistan economy can slow down in fiscal year 2023. Main reasoning of this slow down are effects of devastating flood, policy tightening and unfavorable balance of trade and payments. Pak rupee is also under pressure due to these imbalances. These factors are generating cost push inflation for manufacturing entities.

Management believes that economic volatility be settled in 2<sup>nd</sup> quarter of financial year 2023 as post flood negotiations have been started by the Government with intimated financial institutions.

We have well negotiated fresh appreciated prices for our products with local and foreign buyers. Company is also pursuing to scale up its exports besides increase in prices which will fetch not only foreign exchange but some more favorable pricing in terms of Pak rupee for our products.

### **TRAINING PROGRAMME OF DIRECTORS**

Directors training is an ongoing process in the company. Company offers refresher courses to Directors and other executives for their capacity building.

Orientation programmes during the COVID – 19 pandemic could not be carried out. Our three Directors out of seven are exempt from training as provided by the Code of Corporate Governance. One Director had completed his Directors Training Program (DTP). Newly elected independent director will complete his training in specified time period as per provisions of Code of Corporate Governance Regulations, 2019. Remaining two directors will also complete their training till the end of current financial year.

### **TRADE IN SHARES OF THE COMPANY**

There is no any sale/purchase/transfer of the company shares during this year by Directors, Executives, their spouse and minor children.

### **AUDITORS**

The present auditors, M/s M. Almas & Co. Chartered Accountants, Lahore, has completed their assignment for the year ended June 30, 2022 and shall retire on the conclusion of 39<sup>th</sup> Annual General Meeting. The retiring auditors M/s M. Almas & Co. Chartered Accountants are eligible for re-appointment.

In accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, the audit committee considered and recommended the re-appointment and remuneration of M/s M. Almas & Co. Chartered Accountants as statutory auditors for the year 2022-2023.

### **PATTERN OF SHAREHOLDING**

It appears on page no:.....**72**.....

### **ACKNOWLEDGEMENT**

The Board of Directors would like to express their appreciation for the efforts and dedication of all employees which enabled the company management to run the business affairs smoothly.

KH. IMTIAZ AHMED  
Chief Executive Officer & Managing Director  
Lahore.

IBRAR AHMED KHAWAJA  
Director

Dated: October 07, 2022



## ڈائریکٹرز رپورٹ

ڈائریکٹرز کو ۳۹ ویں سالانہ رپورٹ جو کہ ۳۰ جون ۲۰۲۲ء کو ختم ہونے والے سال کے لیے کمپنی نے مالیاتی نتائج اور آڈیٹران کی رپورٹ پر مشتمل ہے۔ پیش کرنے پر خوشی محسوس ہو رہی ہے۔

بنیادی کاروبار:-

لائنیر پاک جیلاٹین لمیٹڈ ”حلال“ جیلاٹین اور ڈائری کیلشیم فاسفیٹ (بائی پراڈکٹ) کو تیار کرنے کا کام کرتی

ہے۔

کاروباری عمل:- (Operations)

اس سال کے دوران پاکستانی معیشت اتار چڑھاؤ کا شکار رہی ہے۔ جی ڈی پی میں بہتر بڑھوتری کی شرح کرنٹ اکاؤنٹ کے مالی خسارے کی وجہ سے ماند پڑ گئی۔ جغرافیائی سیاسی صورت حال بین الاقوامی طور پر ہونے والے ایندھن اور تجارتی اشیاء کی قیمتوں میں ہونے والے اضافے کی وجہ سے پاکستانی روپے کی قدر میں خاطر خواہ کمی ہوئی اور جس کی وجہ سے تجارتی خسارہ مزید بڑھ گیا۔

ان عوامل کی وجہ سے سال بہ سال مہنگائی میں اضافہ ہوا ہے۔

کمپنی ہذا نے نامساعد معیشت اور مسابقتی دباؤ کے باوجود اپنی فروخت کی مد میں ۵.۷ فیصد بڑھوتری دکھائی ہے۔ کمپنی کی فروخت پچھلے سال کی فروخت مبلغ ۹۴۱.۵۱ ملین روپے کے مقابلے میں مبلغ ۱۰۱۲.۳۹ ملین روپے رہی ہے۔ کمپنی کا مقامی فروخت سے برآمدات میں منتقلی کا عزم سود مند ثابت ہوا اور اس سال برآمدات نے جو کہ مبلغ ۲۱.۵۵ روپے رہی سب سے زیادہ فروخت کے حصول میں اپنا حصہ ڈالا مسلسل بڑھتے ہوئے بجلی اور گیس کے نرخ بشمول خام مال (کرش بون) اور دوسرے پیداوار سے متعلق مال / کیمیکل کی قیمتوں میں ہونے والے اضافہ نے پیداواری عمل کو متاثر کیا اور کمپنی پیداوار کی بہتر سطح کو حاصل نہ کر سکی۔

برآمدات سے حاصل ہونے والے امریکی ڈالر کے پاکستانی روپے میں ہونے والے حصول نے بڑھتی ہوئی پیداواری لاگت کی کسی حد تک تلافی کی ہے اور کمپنی ہذا کا قبل از ٹیکس منافع پچھلے سال کے قبل از ٹیکس منافع مبلغ ۱۸.۲۵ ملین روپے کے مقابلے میں مبلغ ۲۱.۱۲ ملین روپے رہا ہے۔

پچھلے چند سالوں سے ہونے والے منافع کی وجہ سے کمپنی کا کاروباری عمل بہتر ہوا ہے مگر کمپنی کو اب بھی چند انحراف کا سامنا ہے۔ ۳۰ جون ۲۰۲۲ء میں ختم ہونے والے سال میں آپریٹنگ سرگرمیوں کی مد میں پیسے کا بہاؤ منفی رہا اور



کمپنی کے موجودہ واجبات اس کے موجودہ اثاثہ جات سے مبلغ ۲۹۹.۷ ملین روپے سے بڑھ گئے ہیں۔ یہ حالات زیادہ غیر یقینی صورت حال کی طرف اشارہ کرتے ہیں اور ان کی وجہ سے کمپنی کے کاروبار کے مسلسل چلنے کی صلاحیت پر شکوک و شبہات پیدا ہو سکتے ہیں اور شاید معمول کے کاروباری عمل کے نتیجے میں اپنے اثاثہ جات کی فروخت اور واجبات کی ادائیگی نہ کر سکے گی۔

امسال کمپنی کی فروخت میں ہونے والے اضافے کی وجہ سے گراس پرافٹ کی شرح ۱۱ فیصد سے بڑھ کر ۱۴.۳۳ فیصد ہو گئی ہے اور کمپنی نے پچھلے سال کے بعد از ٹیکس منافع مبلغ ۵.۰۰۴ ملین روپے کے مقابلے میں مبلغ ۸.۲۸ ملین روپے بعد از ٹیکس منافع حاصل کیا ہے۔ فروخت کی مد میں ہونے والے بہتر اضافے اور پچھلے کافی سالوں سے مسلسل منافع کے حصول کی وجہ سے کمپنی کی مالی صورت حال بہتر ہوئی ہے۔ درج ذیل عوامل کو مد نظر رکھتے ہوئے انتظامیہ کا خیال ہے کہ کمپنی اپنے کاروباری عمل کو مسلسل جاری رکھے گی:

- ہماری کمپنی کی مصنوعات کی مانگ مسلسل موجود ہے۔ ”حلال“ جیلاٹین کی مانگ بیرون ملک اور اندرون ملک موجود ہے کیونکہ ”حلال“ جیلاٹین مسلم اور غیر مسلم ملکوں میں برابر کی سطح پر استعمال ہو رہی ہے۔
  - کمپنی کے مالکان کی طرف سے مالی امداد کی مسلسل فراہمی ہے۔ کمپنی کے مالکان نے امسال ۳۰ جون ۲۰۲۲ء تک بلا سود مبلغ ۸۲۸.۸۲ ملین روپے قرضہ جات کی مد میں کمپنی کو فراہم کیے ہیں (۳۰ جون ۲۰۲۱ء: مبلغ ۱۱۱.۱۶۶ ملین روپے)۔ وہ اس بات کا عزم بھی رکھتے ہیں کہ اگر مستقبل میں (Liquidity) کا مسئلہ درپیش ہوا تو بغیر رکاوٹ کے کاروباری عمل کو بڑھاتے ہوئے مزید مالی معاونت بھی کریں گے۔
  - فروخت کے نئے معاہدوں (مقامی اور برآمدی) کا وجود اور ان کے عوض پیشگی ادائیگی کا حصول۔
- یہ مالیاتی دستاویزات کمپنی کے مسلسل چلنے کی اکاؤنٹنگ بنیاد پر تیار کی گئی ہیں، اور ان مالیاتی نتائج میں کسی قسم کی (Adjustment) (اگر کمپنی کاروبار جاری رکھنے کی اہلیت نہ رکھتی ہو) جس کا تعلق اثاثہ جات کی قیمت اور واجبات کی مالیت سے ہو، موجود نہ ہے۔

آڈیٹران کی رپورٹ میں ”کمپنی کے کاروبار کے چلنے کے معاملات کی طرف توجہ دلانے کے لیے“ ایک پیراگراف میں کمپنی کے کاروبار کے چلنے کے متعلق اہم غیر یقینی صورت حال کا ذکر کیا گیا ہے۔ اس کے جواب میں انتظامیہ کا نقطہ نظر مالیاتی نتائج کے نوٹ نمبر ۲ میں شامل کیا گیا ہے۔

کارپوریٹ اور مالیاتی دستاویز کا ضابطہ:-

کمپنی کوڈ آف کارپوریٹ گورننس اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے کارپوریٹ اور مالیاتی رپورٹنگ کے دائرہ کار پر پوری طرح عمل درآمد کر رہی ہے۔ بورڈ درج ذیل بیانات قلمبند کرنے میں خوشی محسوس کرتے ہیں۔

- ۱- مالی دستاویز، جو کہ کمپنی انتظامیہ کی جانب سے تیار کی گئی ہے جو منصفانہ امور کی نشاندہی، اپنے آپریٹرز، نقدی کا بہاؤ اور ایکوٹی میں تبدیلی کا نتیجہ ہے۔
- ۲- کمپنی کے اکاؤنٹ کی مناسب کتابوں کو برقرار رکھا گیا ہے۔
- ۳- مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ مالی اکاؤنٹ کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ اندازے معقول اور دانش مندانہ فیصلے پر مبنی ہیں۔
- ۴- انٹرنیشنل فنانشل رپورٹنگ سٹینڈرز اور انٹرنیشنل اکاؤنٹنگ سٹینڈرز جو پاکستان میں قابل عمل ہیں کی مالی بیانات کی تیاری میں پیروی کی گئی ہے۔
- ۵- اندرونی کنٹرول کے نظام کا ڈیزائن صحیح ہے اور اس پر موثر طریقے سے عملدرآمد اور اس کی نگرانی کی گئی ہے۔
- ۶- کمپنی کی انتظامیہ نے کمپنی کو جاری رکھنے کی صلاحیت کے بارے میں مالیاتی نتائج کے نوٹ نمبر ۲ میں تفصیل سے ذکر کیا گیا ہے۔
- ۷- کارپوریٹ گورننس کے بہترین طریقوں پر بغیر کسی انحراف کے عمل کیا گیا ہے جو کہ لسٹنگ کے ضابطے میں موجود ہے۔
- ۸- واجب الادا ٹیکس، ڈیوٹیز اور واجبات مالی دستاویزات میں ظاہر کیے گئے ہیں۔

گزشتہ چھ سالوں میں کلیدی آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ

| ۲۰۱۶ء         | ۲۰۱۷ء         | ۲۰۱۸ء         | ۲۰۱۹ء         | ۲۰۲۰ء         | ۲۰۲۱ء         | ماہ جون پر ختم ہونے والے سال   |
|---------------|---------------|---------------|---------------|---------------|---------------|--------------------------------|
| روپے<br>(000) | روپے<br>(000) | روپے<br>(000) | روپے<br>(000) | روپے<br>(000) | روپے<br>(000) |                                |
| ۷۲۷,۶۶۴       | ۶۹۲,۳۷۲       | ۷۵۲,۲۹۷       | ۷۷۹,۶۵۹       | ۶۶۰,۸۸۸       | ۹۴۱,۵۱۵       | فروخت (Turnover)               |
| ۲,۷۴۸         | (۳,۰۰۹)       | (۳,۹۵۶)       | ۲,۵۳۷         | ۱,۹۲۸         | ۵,۰۰۴         | بعد از ٹیکس خالص منافع (نقصان) |
| ۶۵۲,۸۵۰       | ۶۶۱,۸۷۴       | ۷۱۵,۷۶۹       | ۸۶۰,۱۹۱       | ۹۹۴,۸۹۲       | ۱,۱۳۵,۲۱۱     | اثاثہ جات                      |
| ---           | ---           | ---           | ---           | ---           | ---           | تقسیم شدہ منافع                |

|     |     |       |     |        |        |                            |
|-----|-----|-------|-----|--------|--------|----------------------------|
| ۸۵۶ | ۵۰۴ | ۱۰۰۴۳ | ۸۶۴ | ۱۳،۴۲۳ | ۲۳،۳۷۸ | قرضہ جات (لبے عرصہ کے لئے) |
|-----|-----|-------|-----|--------|--------|----------------------------|

موزوں اندرونی کنٹرول:-

کمپنی کے اندرونی کنٹرول سسٹم کو کاروبار کی نوعیت اور ٹرانزیکشن کی مالیت (materiality) کو مد نظر رکھتے ہوئے پوری طرح ترتیب دیا گیا ہے۔ آڈٹ کمیٹی وقتاً فوقتاً اندرونی کنٹرول سسٹم کا جائزہ لیتی ہے اور انٹرنل آڈٹ شعبہ کی سفارشات کو مد نظر رکھتے ہوئے سسٹم میں بہتری لائی گئی ہے۔

قدر میں اضافہ اور اس کی تقسیم کی دستاویز:-

”قدر میں اضافہ اور اس کی تقسیم کی دستاویز“ رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹران کا معاوضہ:-

ڈائریکٹران کا معاوضہ بورڈ آف ڈائریکٹرز سے منظور کیا گیا ہے۔ نان ایگزیکٹو ڈائریکٹران اور خود مختار ڈائریکٹران میٹنگوں میں شمولیت کی فیس کے اہل ہیں۔ ڈائریکٹران اور چیف ایگزیکٹو آفیسر کا معاوضہ مالیاتی دستاویزات ۳۰ جون ۲۰۲۲ء کے نوٹ نمبر 42 میں دکھایا گیا ہے۔

کمپنی کے ڈائریکٹران:-

دوران سال درج ذیل ڈائریکٹران نے کمپنی کے بورڈ پر اپنی خدمات پیش کیں:-

| سیریل نمبر | ڈائریکٹران کے نام | میٹنگز میں شرکت |
|------------|-------------------|-----------------|
| ۱          | احمد علی ریاض     | ۶               |
| ۲          | خواجہ امتیاز احمد | ۶               |
| ۳          | اعجاز احمد خواجہ  | ۶               |
| ۴          | ابرار احمد خواجہ  | ۶               |
| ۵          | عائشہ احمد        | ۶               |
| ۶          | راشد منہاس        | انڈیپنڈنٹ       |
| ۷          | سید رضوان حیدر    | انڈیپنڈنٹ       |
| ۸          | * میاں ضیاء الدین | انڈیپنڈنٹ       |

\* ۱۸ جنوری ۲۰۲۲ کو آزاد ڈائریکٹر کے طور پر اپنی مدت پوری ہونے پر ریٹائر ہوئے



## منافع کی تقسیم: (Appropriations)

کم منافع اور کاروباری عمل میں آسانی کے لیے امسال منافع کی تقسیم نہ کرنے کا فیصلہ کیا گیا ہے۔

منافع کا تناسب:

ہر حصے کا بعد از ٹیکس منافع مبلغ ۱۰ روپے ہے۔ (پچھلے سال منافع مبلغ ۰.۶۷ روپے)۔

پراویڈنٹ فنڈ:-

کمپنی اپنے تمام مستقل ملازمین کیلئے ایک منظور شدہ شراکتی پراویڈنٹ فنڈ چلا رہی ہے۔ اس سال ۳۰ جون ۲۰۲۲ء تک فنڈ کی قدر مبلغ ۱۶۵.۵۸۱ ملین روپے ہے اس فنڈ کی سرمایہ کاری کی قدر درج ذیل ہے:-

پراویڈنٹ فنڈ

۳۰ جون ۲۰۲۲ء

۹۸،۷۴۸

سرمایہ کاری کی منصفانہ قدر (000) روپے

(000) روپے

فنڈ کی سرمایہ کاری درج ذیل ہے:-

۴۴،۷۰۰

یونٹ ٹرسٹ سکیمز

۱،۶۶۴

میوچل فنڈز

۳،۲۸۵

بینکوں کی بچت سکیم

۲۷،۵۲۲

بینکوں میں جمع شدہ رقم

۲۱،۵۷۷

لسٹڈ سکیورٹیز

۹۸،۷۴۸

کارپوریٹ سماجی ذمہ داری:

کارپوریٹ سماجی ذمہ داری (CSR) اس بات کا تقاضا کرتی ہے کہ کاروبار کی اپنے حصہ داروں اور سرمایہ کاروں کے علاوہ معاشرتی ذمہ داریاں بھی ہیں۔ کمپنی ہذا سماج کی خدمت کے لیے پرعزم ہے اور ہسپتالوں اور تعلیمی شعبے کو عطیات مہیا کر رہی ہے۔

سٹیچوٹری بقایا جات کی ادائیگی:

تمام بقایا جات کی ادائیگی معمول کے مطابق ہے۔

## ضابطہ اخلاق:

کمپنی کے کوڈ آف کارپوریٹ گورننس ریگولیشنز - ۲۰۱۹ء کے تحت ایک مکمل ضابطہ اخلاق مرتب کیا اور اپنایا ہوا ہے۔ یہ ضابطہ اخلاق ایسے قواعد و ضوابط بتاتا ہے جس پر ہر ملازم کو عمل کرنا ہوتا ہے۔ بورڈ نے ملازمین کی جانب سے غیر اخلاقی حرکات کی بروقت نشاندہی اور تدارک کے لیے کنٹرول بھی اپنائے ہوئے ہیں۔ ضابطہ اخلاق کی ادارہ کی ہر سطح پر آگاہی کر دی گئی ہے۔

## بورڈ کمیٹیاں:

## آڈٹ کمیٹی:

کمپنی کے کوڈ آف کارپوریٹ گورننس کے مطابق آڈٹ کمیٹی کی تشکیل کی ہے۔ اس کمیٹی کا سربراہ ایک انڈیپنڈنٹ ڈائریکٹر ہے۔ آڈٹ کمیٹی کے ممبران کے نام درج ذیل ہیں:-

راشد منہاس (چیئر مین)

اعجاز احمد خواجہ (ممبر)

احمد علی ریاض (ممبر)

آڈٹ کمیٹی ڈائریکٹر ان کوڈ آف کارپوریٹ گورننس اور مالیاتی دستاویزات کے ضابطوں کے مطابق ان کی ذمہ داریوں کو پورا کرنے میں ان کی مدد کرتی ہے۔ آڈٹ کمیٹی کو یہ ذمہ داری بھی سونپی گئی ہے کہ وہ ایک موثر اندرونی کنٹرول کو نافذ کرے اور سسٹم کو مزید بہتر بنانے کیلئے سفارشات ڈائریکٹر ان تک پہنچائے۔ آڈٹ کمیٹی کوڈ آف کارپوریٹ گورننس کی روشنی میں درج ذیل مزید عوامل کی بھی ذمہ دار ہے:-

(۱) کمپنی کے اثاثہ جات کے تحفظ کیلئے مناسب اقدام لینا۔

(۲) بورڈ کی منظوری سے پہلے کمپنی کی عبوری اور سالانہ مالیاتی تفصیلات کا درج ذیل کو مد نظر رکھتے ہوئے جائزہ لینا۔

(i) بڑے Judgemental حصے۔

(ii) آڈٹ کے باعث ہونے والی اہم ایڈجسٹمنٹس۔

(iii) کاروبار کے جاری رہنے کا جائزہ۔

(iv) اکاؤنٹنگ پالیسیوں اور پریکٹس میں ہونے والی کوئی تبدیلی۔

- (v)۔ قابل اطلاق اکاؤنٹنگ اسٹینڈرز پر عمل پیرا ہونا۔
- (vi)۔ ان ریگولیشنز اور دوسری قانونی ضروریات پر عمل درآمد کرنا؛ اور۔
- (vii)۔ تمام ریویڈ لوگوں کے ساتھ ہونے والے لین دین۔
- (۳) تفصیلات کی بیرونی ترسیل اور نشر ہونے سے پہلے ان کا ابتدائی جائزہ لینا۔
- (۴) بیرونی آڈٹ میں سہولت فراہم کرنا اور بیرونی آڈیٹران کے ساتھ عبوری اور مکمل آڈٹ کے دوران اٹھنے والے بڑے نقاط اور ایسے تمام معاملات جو آڈیٹران اپنی مرضی سے بھی اٹھانا چاہتے ہوں ان کے ساتھ ان پر بات چیت کرنا۔
- (۵) بیرونی آڈیٹران کی طرف سے جاری کردہ انتظامی خط اور انتظامیہ کے ردعمل کا جائزہ لینا۔
- (۶) اندرونی آڈٹ اور بیرونی آڈیٹران کے درمیان تعاون کو یقینی بنانا۔
- (۷) اندرونی آڈٹ کے دائرہ کار اور حدود، آڈٹ پلان، رپورٹنگ کے طریقہ کار کا جائزہ لینا اور اس بات کو یقینی بنانا کہ اندرونی آڈٹ کے شعبہ کے پاس مناسب ذرائع موجود ہوں اور کمپنی میں ہر جگہ اس پر عمل کیا جاسکے۔
- (۸) فراڈ، کرپشن اور اختیارات سے تجاوز کرنے کے بڑے معاملات کی اندرونی جانچ پڑتال اور انتظامیہ کے ردعمل کا جائزہ لینا۔
- (۹) اندرونی کنٹرول کے نظام جس میں مالیاتی اور آپریشنل کنٹرول شامل ہیں، اکاؤنٹنگ نظام، خرید و فروخت، وصولیوں اور ادائیگیوں، اثاثہ جات اور واجبات کے صحیح اندراج اور معلومات پہنچانے کے ڈھانچے کا صحیح اور موثر طریقے سے چلنے کو یقینی بنانا۔
- (۱۰) کمپنی کی طرف سے اندرونی کنٹرول پر جاری کردہ تفصیلات کا اندرونی آڈٹ کی رپورٹ اور بورڈ کی منظوری سے پہلے جائزہ لینا۔
- (۱۱) چیف ایگزیکٹو آفیسر کے مشورہ سے بورڈ کے سفارش کردہ معاملات، نئے منصوبوں کے اجراء، روپے کی قدر کا مطالعہ اور دوسرے معاملات کی جانچ پڑتال کا جائزہ لینا اور کسی اور معاملے کو بیرونی آڈیٹران یا بیرونی ادارے کے ساتھ اٹھانا شامل ہے۔
- (۱۲) متعلقہ سٹیپوٹری ضروریات پر عمل درآمد کو یقینی بنانا۔
- (۱۳) ان قوانین پر عمل پیرا ہونے کا خیال رکھنا (بشمول کوڈ آف کارپوریٹ گورننس) اور بڑی خلاف ورزیوں کی



نشانہ ہی کرنا۔

(۱۴) آڈٹ کمیٹی کو با اعتماد رپورٹنگ، کسی بھی تشویش، حقیقی اور مالیاتی اور دوسرے معاملات میں ہونے والی غلطیوں

اور ان کے حل اور اثرات کو ختم کرنے کی تجاویز کے لیے ملازمین اور انتظامیہ کے انتظامات کا جائزہ لینا۔

(۱۵) بورڈ کو بیرونی آڈیٹران کے مقرر کرنے، ان کا ہٹانا، آڈٹ کی فیس، بیرونی آڈیٹران کی جانب سے مالی

دستاویزات کے آڈٹ کے علاوہ کسی بھی اور جائز خدمات کو کمپنی کی فراہمی کی تجاویز دینا۔ بورڈ کو آڈٹ کمیٹی کی

تجاویز کا بغور جائزہ لینا چاہیے اور خلاف ورزی کی صورت میں وجوہات کا اندراج کرنا۔

(۱۶) بورڈ کی جانب سے تفویض کردہ دوسرے معاملات پر توجہ دینا۔

انسانی وسائل اور اجرتی کمیٹی:-

انسانی وسائل کا انتظام انتظامیہ کے لیے ایک بہت اہم حصہ ہے جس کا تعلق ادارے کے بہت قیمتی اثاثہ جات

سے ہے جو کہ انسانی وسائل ہیں۔ کمپنی کی انسانی وسائل اور اجرتی کمیٹی تین ڈائریکٹران پر مشتمل ہے جو ایک ایگزیکٹو

ڈائریکٹر اور ایک نان ایگزیکٹو ڈائریکٹر بحیثیت ممبران اور ایک خود مختار ڈائریکٹر بحیثیت کمیٹی چیئر مین پر مشتمل ہے۔

انسانی وسائل اور اجرتی کمیٹی میں درج ذیل تین ڈائریکٹران شامل ہیں:-

راشد منہاس (چیئر مین)

خواجہ امتیاز احمد (ممبر)

عائشہ احمد (ممبر)

کوڈ آف کارپوریٹ گورننس کے مطابق کمیٹی کی ذمہ داریوں میں شامل ہے:-

(i) ڈائریکٹران (ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹران اور سینئر انتظامیہ کے ممبران) کی اجرت کو متعین کرنے کے

لیے ضابطہ کار بنانے پر غور اور اس کی منظوری دینے کے لیے بورڈ کو سفارشات پیش کرنا۔ سینئر انتظامیہ کی

تعریف بورڈ متعین کرے گا جن میں چیف ایگزیکٹو کے بعد کی انتظامیہ کی پہلی تہہ ہوتی ہے۔

(ii) حسب ضابطہ، مکمل بورڈ اور اس کی کمیٹیوں کا بذات خود یا کسی خود مختار مشیر کے ذریعے ان کی کارکردگی کا جائزہ لینا

اور اگر ایسا مشیر مقرر کیا گیا ہو تو اس کے متعلق ڈائریکٹر رپورٹ میں بتایا جائے اور رپورٹ میں اس کا نام، تعلیم

اور اسے مقرر کرنے کی بڑی شرائط بھی ہوں۔

(iii) بورڈ کو انسانی وسائل کے انتظام کی پالیسیوں کے بارے میں سفارشات پیش کرنا۔

- (iv) بورڈ کو چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری اور اندرونی آڈٹ کے سربراہ کے انتخاب، جانچ اور معاوضہ (بشمول ریٹائرمنٹ بینیفٹ) کے بارے میں سفارشات پیش کرنا۔
- (v) ایسے تمام معاملات جن کا تعلق کلیدی عہدوں کی انتظامیہ سے ہو اور وہ چیف ایگزیکٹو آفیسر یا چیف آپریٹنگ آفیسر کو ڈائریکٹ جوابدہ ہوں گا جائزہ لینا اور منظوری دینا۔
- (vi) جہاں انسانی وسائل اور اجرتی مشیر مقرر کیے جائیں، ان کے بارے میں کمیٹی کو مکمل تفصیلات معلوم ہونی چاہئیں اور اس بارے میں بھی بتائیں اگر کمپنی کے ساتھ ان کا کوئی اور تعلق ہے۔
- خطرات اور غیر یقینی صورتحال:-

کمپنی کی اپنے حصہ داران کی قدر میں اضافہ کی صلاحیت بنیادی طور پر اس جگہ کی معیشت کے میکرو اکنامک متغیرات اور کچھ اس کے کاروبار سے منسلک خطرات کی وجہ سے متاثر ہوتی ہے۔

موجودہ صورتحال میں کمپنی کو درج ذیل چیزوں میں خطرات کا سامنا ہے جو کہ کاروبار اور کمپنی کے منافع پر اثر انداز ہو سکتے ہیں۔

خام مال کی قیمتیں (کروش بون)

غیر ملکی کرنسی کے ساتھ تبادلے کی شرح

توانائی (بجلی اور گیس کا مہیا ہونا اور ان کی قیمتیں)

بہترین کوالٹی کی جیلاٹین کو تیار کرنے کیلئے بڑے مویشیوں کی ہڈیوں کی دستیابی اولین شرط ہے۔ کمپنی کا خام مال (جانوروں کی ہڈیاں) چین، جاپان اور دوسرے ہمسایہ ممالک کو پاکستان سے برآمد کیا جا رہا ہے۔ کمپنی کو اپنے ضرورت کے لیے جانوروں کی ہڈیاں ایکسپورٹ کی قیمت کے تناسب سے خریدنی پڑتی ہیں۔ روپے کی قدر میں کمی صورت حال کو مزید خراب کر سکتی ہے اور پیداواری لاگت بھی مزید بڑھ سکتی ہے۔

پاکستانی روپے کی قدر میں کمی کرنے سے قیمتوں میں اضافہ ہوتا ہے۔ روپے کی قدر میں کمی سے صنعتوں میں استعمال ہونے والی مصنوعات بشمول خام مال کی قیمتوں میں اضافہ ہو جائے گا اور اس کی وجہ سے پیداواری صلاحیت میں کمی ہو سکتی ہے۔

ملک میں توانائی کا بحران ابھی ختم نہیں ہوا ہے۔ پاکستان اس وقت توانائی کے کثیر جہتی بحران کا شکار ہے۔

پیداواری طبقہ مہنگی گیس، ایندھن اور بجلی کا استعمال کر رہا ہے۔ حکومت صنعتی ضروریات کو پورا کرنے کے لیے (LNG)

درآمد کر رہی ہے۔ گیس کی موجودہ قیمتوں میں اضافہ صنعتوں بشمول جیلاٹین بنانے والوں کی پیداواری لاگت میں اضافہ کرے گا جس سے کمپنی کا منافع متاثر ہو سکتا ہے۔

ماحول پر اثر:-

انتظامیہ اپنے ساتھ کام کرنے والے لوگوں اور سماج کے دوسرے لوگوں کی بہتری کے لیے صحت۔ حفاظت اور کام کے ماحول کے اعلیٰ معیار کو قائم رکھنے پر پختہ یقین رکھتی ہے۔ ان معیار کے حصول کے لیے کمپنی ہڈا نے HACCP اور FSSC 22000 سرٹیفکیٹ حاصل کر رکھے ہیں۔ فیکٹری کی حدود میں جیلاٹین بنانے کے لیے بین الاقوامی طریقوں پر سختی سے عمل کیا جاتا ہے اور ابھی تک ماحول پر اس کے کوئی منفی اثرات نہیں دیکھے گئے۔

مستقبل کے امکانات:-

پاکستان کی معیشت مالی سال ۲۰۲۳ء میں سست ہو سکتی ہے۔ اس سست روی کی بڑی وجہ تباہ کن سیلاب، مانیٹری پالیسی کی سختی اور غیر موافق تجارتی اور ادائیگیوں کا توازن ہیں۔ پاکستانی روپیہ اس عدم توازن کی وجہ سے دباؤ کا شکار ہے۔ یہ تمام عوامل پیداواری اداروں کی تیاری کی قیمتوں کو بڑھا رہے ہیں۔

انتظامیہ اس بات پر یقین رکھتی ہے کہ معیشت میں اتار چڑھاؤ مالی سال ۲۰۲۳ء کی دوسری سہ ماہی میں بہتر ہو جائے گا کیونکہ سیلاب کے بعد گورنمنٹ نے بین الاقوامی مالیاتی اداروں کے ساتھ معاملات طے کرنا شروع کر دیئے ہیں۔

ہم نے بھی اپنے مقامی اور بیرونی گاہکوں کے ساتھ اپنی مصنوعات کی نئی اور بہتر قیمت کے لئے بات چیت کی ہے۔ کمپنی ہڈا قیمتوں میں اضافہ کے ساتھ ساتھ اپنی برآمدات کو بڑھانے پر عمل کر رہی ہے اس سے نہ صرف زرمبادلہ حاصل ہوگا بلکہ پاکستانی روپیہ کی مد میں ہماری مصنوعات کی بہتر قیمت موصول ہوگی۔

ڈائریکٹران کا ٹریننگ پروگرام:

ڈائریکٹران کی ٹریننگ کمپنی میں ایک مسلسل جاری عمل ہے۔ کمپنی اپنے ڈائریکٹران اور دوسرے ایگزیکٹوز کی صلاحیت کو بڑھانے کیلئے جدید کورسز کی پیشکش کرتی ہے۔

کووڈ-۱۹ وباء کے دوران آگاہی کے پروگرام پر عمل درآمد نہ کیا جا سکا۔ ہمارے سات میں سے تین ڈائریکٹران کوڈ آف کارپوریٹ گورننس کے تحت ٹریننگ سے مشتمل ہیں۔ ایک ڈائریکٹران نے اپنا ٹریننگ پروگرام (DTP) مکمل کر لیا ہے۔ نئے منتخب خود مختار ڈائریکٹرز کوڈ آف کارپوریٹ گورننس ریگولیشنز ۲۰۱۹ کے مطابق مقررہ وقت



میں اپنا ٹریڈنگ پروگرام مکمل کر لیں گے۔ باقی ماندہ دو ڈائریکٹران اس مالی سال کے اختتام تک ٹریڈنگ مکمل کر لیں گے۔

کمپنی کے حصص میں خرید و فروخت:

اس سال ڈائریکٹران، ایگزیکٹوز، ان کی بیویوں اور نابالغ بچوں میں سے کسی نے بھی کمپنی کے حصص میں فروخت/خریداری/ٹرانسفر نہیں کی گئی ہے۔

آڈیٹرز:

موجودہ آڈیٹرز، ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، لاہور نے ۳۰ جون ۲۰۲۲ء کو ختم ہونے والے سال سے متعلق اپنا کام مکمل کر لیا ہے اور ۳۹ ویں سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے۔ ریٹائر ہونے والے آڈیٹرز، ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس دوبارہ منتخب ہونے کے اہل ہیں۔

لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس ریگولیشنز ۲۰۱۹ء کی رو سے آڈٹ کمیٹی نے ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کا جائزہ لیتے ہوئے ان کی سال ۲۰۲۲-۲۳ء کیلئے سٹیٹوٹری آڈیٹرز کی حیثیت سے تقرری اور معاوضہ کی سفارشات پیش کی ہیں۔

حصہ داران کی تفصیل:

حصہ داران کی تفصیل صفحہ نمبر 72 پر موجود ہے۔

اعتراف:

بورڈ آف ڈائریکٹرز اپنے تمام ملازمین کی کاوشوں اور لگن کی تعریف کرتا ہے جس نے کمپنی کی انتظامیہ کو کاروباری معاملات احسن طریقے سے چلانے میں مدد کی۔

ابراہیم احمد خواجہ

ڈائریکٹر

خواجہ امتیاز احمد

چیف ایگزیکٹو آفیسر اینڈ

مینیجنگ ڈائریکٹر

لاہور

۷ اکتوبر ۲۰۲۲ء

**Statement of Value Addition & Wealth Distribution  
for the year ended June 30, 2022**

|                                      | <b>2022</b><br><b>(Rs. '000')</b> | <b>%age</b>   | <b>2021</b><br><b>(Rs. '000')</b> | <b>%age</b>    |
|--------------------------------------|-----------------------------------|---------------|-----------------------------------|----------------|
| <b>Value addition</b>                |                                   |               |                                   |                |
| Total revenue                        | 1,080,919                         |               | 990,564                           |                |
| Bought in materials & services       | (821,256)                         |               | (753,601)                         |                |
|                                      | <u><b>259,663</b></u>             | <b>100.0%</b> | <u><b>236,963</b></u>             | <b>100.00%</b> |
| <b>Value distribution</b>            |                                   |               |                                   |                |
| To employees                         |                                   |               |                                   |                |
| Salaries, wages and benefits         | 127,715                           | 49.18%        | 131,292                           | 55.41%         |
| To Government                        |                                   |               |                                   |                |
| Income taxes and Sales Tax           | 76,058                            | 29.29%        | 58,874                            | 24.85%         |
| To providers of capital/funds        |                                   |               |                                   |                |
| Interest/Mark up on borrowed funds   | 25,735                            | 9.91%         | 23,877                            | 10.08%         |
| Retained for reinvestment and growth |                                   |               |                                   |                |
| Depreciation & retained profits      | 30,155                            | 11.61%        | 22,920                            | 9.67%          |
|                                      | <u><b>259,663</b></u>             | <b>100%</b>   | <u><b>236,963</b></u>             | <b>100%</b>    |

## **Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019**

**Name of the Company:            Leiner Pak Gelatine Limited**

**Year ended:                            June 30, 2022**

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are **7** as per the following:

|   |                 |   |
|---|-----------------|---|
| a | Male director   | 6 |
| b | Female director | 1 |

2. The composition of the Board is as follows:

| <b>Categories</b>       | <b>Name of Directors</b>                            |
|-------------------------|---|
| Independent Directors*  | Rashid Minhas<br>Syed Rizwan Haider                 |
| Non-Executive Directors | Ahmed Ali Riaz<br>Ijaz Ahmed Khwaja<br>Ayesha Ahmed |
| Executive Directors     | Khwaja Imtiaz Ahmed<br>Ibrar Ahmed Khwaja           |

\* In order to comply with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019, two independent directors were elected on the Board of Directors upon maturity of existing term, whereas the code requires to appoint at-least two or one-third of the Board members (whichever is higher). The fraction of 0.33 was not rounded up as the Board feels that two appointed independent directors are sufficient to maintain independence at the present Board level and the requisite skill is diverse enough to provide the necessary strategic direction to the Company to accomplish its determined goals.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;



5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies alongwith their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training program for the following:

| Sr. No. | Name of Directors   | Remarks                                |
|---------|---------------------|--|
| 1       | Khwaja Imtiaz Ahmed | Exempt under CCG.                      |
| 2       | Ijaz Ahmed Khwaja   | Exempt under CCG.                      |
| 3       | Ibrar Ahmed Khwaja  | Exempt under CCG.                      |
| 4       | Ahmed Ali Riaz      | Completed Directors' Training Program. |

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below.-

**a) Audit Committee**

1. Rashid Minhas (Chairman)
2. Ijaz Ahmed Khwaja (Member)
3. Ahmed Ali Riaz (Member)

**b) HR and Remuneration Committee**

1. Rashid Minhas (Chairman)
2. Khwaja Imtiaz Ahmed (Member)
3. Ayesha Ahmed (Member)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings of the committee were as per following,-
- Audit Committee; \_\_\_\_\_ (4 quarterly meetings)
  - HR and Remuneration Committee \_\_\_\_\_ (yearly)
15. The Board has set up an effective internal audit function.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

| Sr<br>No | Requirement   | Explanation of Non-Compliance  | Regulation Number |
|----------|---|--|-------------------|
| 1        | <b>Directors' Training Program (DTP)</b><br>It is encouraged that by June 30, 2022, all directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it. | Four directors of the Company have either acquired Directors' Training Program certification or are exempted under CCG. One director, Syed Rizwan Haider, newly elected on 18-01-2022 will complete the Directors' Training Program within the prescribed time. Whereas two other directors namely, Rashid Minhas and Ayesha Ahmed will complete Directors' Training Program before June 30, 2023. | 19(1)             |
| 2        | <b>Directors' Training Program (DTP)</b><br>Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from year July 2020.  | The Company has planned to arrange Directors' Training Program certification for female executive over the next few years.   | 19(3)             |

|   |   |  |     |
|---|---|--|-----|
| 3 | <p><b>Nomination Committee</b><br/>The Board may constitute a separate committee, designated as the Nomination Committee, of such number and class of directors, as it may deem appropriate in its circumstances.</p>   | <p>The responsibilities as prescribed for the Nomination Committee are being addressed at Board level, with the help of Human Resource and Remuneration Committee, as and when needed so a separate committee is not considered to be necessary.</p> | 29) |
| 4 | <p><b>Risk Management Committee</b><br/>The Board may constitute the Risk Management Committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.</p> | <p>Currently, the Board has not constituted a Risk Management Committee and senior officers of the Company along with the Audit Committee perform the requisite functions and apprise the Board accordingly.</p>                                     | 30  |

Khwaja Imtiaz Ahmed  
Chief Executive Office

Ahmed Ali Riaz  
Chairman

LAHORE  
Dated: October 07, 2022



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Leiner Pak Gelatine Limited

**Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Leiner Pak Gelatine Limited** for the year ended **June 30, 2022** in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations 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. 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.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Lahore

Dated: October 07, 2022

**UDIN: CR202210145KTePmCuhk**

M. Almas & Co.

Chartered Accountants

Audit Engagement Partner

Mohammad Ijaz

## INDEPENDENT AUDITOR'S REPORT

To the members of Leiner Pak Gelatine Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **Leiner Pak Gelatine Limited** (the Company), which comprise the statement of financial position as at **June 30, 2022**, and the statement of profit or loss, 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 a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of 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 June 30, 2022, and of the profit, other comprehensive income, the changes in equity 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 (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.

#### Material Uncertainty relating to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that as at June 30, 2022 the Company has negative cash flow from operating activities during the year ended June 30, 2022 and, as of that date, its current liabilities exceeded its current assets by Rupees 7.299 million. As stated in note 2, these events or conditions, along with other matters as set forth in Note 2 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matters   | How the matter was addressed in our audit  |
|---|--|
| <p><b>1. Review of recoverability of deferred tax asset</b><br/>(Refer to notes 5.12 and 11 of the financial statements)</p> <p>Under International Accounting Standard 12, Income Taxes, the Company is required to review recoverability of the deferred tax assets recognized in the statement of financial position at each reporting period.</p> <p>Recognition of deferred tax asset position involved management's estimate of future available taxable profits of the Company based</p> | <p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> <li>- Evaluating the Directors' determination of the estimated manner in which the deferred tax asset would be utilized by comparing the Directors' assessment to business plans and profit forecasts based on our knowledge of the business and the industry in which Company operates;</li> <li>- Critically assessing whether profit forecasts are reasonable in relation to historical trends, current year performance and future plans;</li> </ul> |



|   |  |
|---|--|
| <p>on approved business plan. There is inherent uncertainty involved in forecasting future taxable profits and the probability of utilizing the estimated minimum tax credits. Therefore, the recoverability of the Company's deferred tax asset was considered a key audit matter in our audit of the financial statements.</p> <p>We considered this a key audit matter due to significant value of deferred tax asset on account of minimum tax and assumptions used by the management in this area.</p> | <ul style="list-style-type: none"> <li>- Analyzing the requirements of the Income Tax Ordinance, 2001, in relation to above and considering the factors including aging analysis, expiry periods of relevant deferred tax assets and tax rates enacted; and</li> <li>- Assessing the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures.</li> </ul>   |
| <p><b>2. Valuation of stock in trade</b></p> <p>(Refer notes 5.4, 20 and 28 of the financial statements.)</p> <p>Stock in trade as at year ended June 30, 2022 having carrying value of Rs. 650.226 million constitutes 40.354% of total assets.</p> <p>We identified the valuation of stock in trade as key audit matter as it directly affects the profitability of the Company.</p>  | <p>Our audit procedures to assess the valuation of stock in trade, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>- Obtaining an understanding of internal controls over purchases and valuation of stock in trade and testing, on a sample basis, their design, implementation, and operating effectiveness;</li> <li>- Comparing on as sample basis specific purchases with underlying supporting documents / agreements, if any;</li> <li>- Comparing calculations of the allocation of directly attributable costs and allocation of factory overhead costs with the underlying supporting documents;</li> <li>- Physical observation of stock in trade inventory count at the year end;</li> <li>- Test of valuation methods and their appropriateness in accordance with applicable accounting standards;</li> <li>- Obtaining an understanding of management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work in process and costs necessary to make the sales and their basis; and</li> <li>- Comparing the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stock in trade in accordance with applicable accounting and reporting standards.</li> </ul> |



|  |  |
|--|--|
| <p><b>3. Revaluation of freehold land</b></p> <p>(Refer notes 5.1, 7 and 16 of the financial statements.)</p> <p>During the year, the Company has carried out its revaluation of the freehold land by an independent valuer by considering its nature, size, and location, as well as the trend in the real estate property sector. Based on such revaluation, the fair market value and forced sale value of the said land is amounting to Rs. 573.480 million and Rs. 458.784 million respectively, leading to recognition of revaluation surplus amounting to Rs. 565.654 million.</p> <p>Due to significant judgments and estimations involved in the determination of the revalued amount, we considered this area as a key audit matter.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- We enquired about the qualification of the managements' independent valuer and reviewed the revaluation report to understand the basis and methodology used for such valuation.</li> <li>- We assessed the adequacy of the related disclosures in the financial statements in accordance with applicable financial reporting standards and relating regulatory requirements.</li> </ul> |
|--|--|

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

Board of directors 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 judgement 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of 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 are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Ijaz.

Lahore  
Date: October 07, 2022

**M. Almas & Co.**  
**Chartered Accountants**

UDIN: AR202210145szzSROF1C



STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2022

|   | Note | 30 June 2022     | 30 June 2021     |
|---|------|------------------|------------------|
| -----Rupees in thousand-----                            |      |                  |                  |
| <b>EQUITY AND LIABILITIES</b>                           |      |                  |                  |
| <b>Share capital and reserves</b>                       |      |                  |                  |
| Share capital   | 6    | 75,000           | 75,000           |
| Revenue Reserve:  |      |                  |                  |
| Unappropriated profit                                   |      | 10,008           | 1,732            |
| Capital Reserve:  |      |                  |                  |
| Surplus on revaluation of property, plant and equipment | 7    | 565,654          | 336,262          |
| Sponsor's Loan – Related Party                          | 8    | 82,500           | -                |
|   |      | <u>733,162</u>   | <u>412,994</u>   |
| <b>Non-current liabilities</b>                          |      |                  |                  |
| Deferred taxation                                       | 11   | 671              | -                |
| Long term finance                                       | 9    | -                | 16,425           |
| Lease liabilities                                       | 10   | 11,729           | 6,953            |
|   |      | <u>12,400</u>    | <u>23,378</u>    |
| <b>Current liabilities</b>                              |      |                  |                  |
| Trade and other payables                                | 12   | 577,727          | 409,390          |
| Unclaimed dividend                                      |      | 771              | 771              |
| Mark-up accrued   | 13   | 4,865            | 3,411            |
| Short term borrowings                                   | 14   | 264,072          | 269,827          |
| Current portion of long term finance                    | 9    | 15,611           | 21,200           |
| Current portion of lease liabilities                    | 10   | 2,698            | 4,240            |
|   |      | <u>865,744</u>   | <u>708,839</u>   |
| Contingencies and commitments                           | 15   | -                | -                |
|   |      | <u>1,611,306</u> | <u>1,145,211</u> |
| <b>ASSETS</b>   |      |                  |                  |
| <b>Non-current assets</b>                               |      |                  |                  |
| Property, plant and equipment                           | 16   | 749,756          | 520,775          |
| Intangible assets                                       | 17   | -                | -                |
| Long term deposits                                      | 18   | 3,105            | 1,799            |
| Deferred taxation                                       | 11   | -                | -                |
|   |      | <u>752,861</u>   | <u>522,574</u>   |
| <b>Current assets</b>                                   |      |                  |                  |
| Stores, spare parts and loose tools                     | 19   | 106,909          | 108,211          |
| Stock-in-trade  | 20   | 650,226          | 431,120          |
| Trade debts   | 21   | 22,309           | 8,622            |
| Advances  | 22   | 2,128            | 2,331            |
| Trade deposits and short term prepayments               | 23   | 1,408            | 686              |
| Other receivables                                       | 24   | 28,980           | 26,737           |
| Advance income tax-net                                  | 25   | 44,214           | 40,329           |
| Cash and bank balances                                  | 26   | 2,271            | 4,601            |
|   |      | <u>858,445</u>   | <u>622,637</u>   |
|   |      | <u>1,611,306</u> | <u>1,145,211</u> |

The annexed notes: 1 to 48 form an integral part of these financial statements.

LAHORE  
Dated: October 07, 2022

**KH. IMTIAZ AHMED**  
Chief Executive Officer  
& Managing Director

**IBRAR AHMED KH.**  
Director

**MUHAMMAD JAVAI**  
Chief Financial Officer



**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2022**

|  | Note | 30 June 2022   | 30 June 2021   |
|--|------|----------------|----------------|
| -----Rupees in thousand-----                 |      |                |                |
| Sales-net                                    | 27   | 1,012,393      | 941,515        |
| Cost of sales                                | 28   | <u>867,460</u> | <u>836,630</u> |
| Gross profit                                 |      | 144,933        | 104,885        |
| Other income                                 | 29   | <u>4,643</u>   | <u>3,419</u>   |
|  |      | 149,576        | 108,304        |
| Distribution cost                            | 30   | <u>30,220</u>  | <u>10,200</u>  |
| Administrative expenses                      | 31   | <u>66,820</u>  | <u>51,633</u>  |
| Other operating expenses                     | 32   | <u>2,138</u>   | <u>1,805</u>   |
| Finance cost                                 | 33   | <u>29,276</u>  | <u>26,418</u>  |
| Profit before taxation                       |      | <u>21,122</u>  | <u>18,248</u>  |
| Taxation                                     | 34   | <u>12,846</u>  | <u>13,244</u>  |
| Profit after taxation                        |      | <u>8,276</u>   | <u>5,004</u>   |
| Earning per share-basic and diluted (Rupees) | 35   | <u>1.10</u>    | <u>0.67</u>    |

The annexed notes 1 to 48 form an integral part of these financial statements.

LAHORE  
Dated: October 07, 2022

**KH. IMTIAZ AHMED**  
Chief Executive Officer  
& Managing Director

**IBRAR AHMED KH.**  
Director

**MUHAMMAD JAVAID**  
Chief Financial Officer

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2022**

|   | 30 June 2022                 | 30 June 2021        |
|---|------------------------------|---------------------|
|   | -----Rupees in thousand----- |                     |
| <b>Profit after taxation</b>  | 8,276                        | 5,004               |
| <b>Other comprehensive income</b>                                       |                              |                     |
| Items that will not be subsequently reclassified to profit or loss:     |                              |                     |
| Surplus on Revaluation of property, plant and equipment during the year | 229,392                      | -                   |
|   | <u>229,392</u>               | <u>-</u>            |
| <b>Total comprehensive income for the year</b>                          | <u><u>237,668</u></u>        | <u><u>5,004</u></u> |

The annexed notes 1 to 48 form an integral part of these financial statements.

LAHORE  
Dated: October 07, 2022

**KH. IMTIAZ AHMED**  
Chief Executive Officer  
& Managing Director

**IBRAR AHMED KH.**  
Director

**MUHAMMAD JAVAID**  
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2022

|   | Share capital                                | Reserves                                   |   | Sponsor's Loan | Total          |
|---|--|--|---|----------------|----------------|
|   |  | Revenue Reserve                            | Capital Reserve   |                |                |
|   | Issued, subscribed and paid up share capital | (Accumulated loss) / Unappropriated profit | Surplus on revaluation of property, plant and equipment |                |                |
| -----Rupees in thousand-----              |  |  |   |                |                |
| Balance at June 30, 2020                  | 75,000                                       | (3,272)                                    | 336,262   | -              | 407,990        |
| Profit for the year                       | -  | 5,004                                      | -   | -              | 5,004          |
| Other comprehensive income                | -  | -  | -   | -              | -              |
|   |  | 5,004                                      | -   | -              | 5,004          |
| <b>Balance at June 30, 2021</b>           | <b>75,000</b>                                | <b>1,732</b>                               | <b>336,262</b>  | <b>-</b>       | <b>412,994</b> |
| Sponsor's Loan – received during the year | -  | -  | -   | 82,500         | 82,500         |
| Profit for the year                       | -  | 8,276                                      | -   | -              | 8,276          |
| Other comprehensive income                | -  | -  | 229,392   | -              | 229,392        |
|   | -  | 8,276                                      | 229,392   | 82,500         | 320,168        |
| <b>Balance at June 30, 2022</b>           | <b>75,000</b>                                | <b>10,008</b>                              | <b>565,654</b>  | <b>82,500</b>  | <b>733,162</b> |

The annexed notes 1 to 48 form an integral part of these financial statements.

LAHORE  
Dated: October 07, 2022

**KH. IMTIAZ AHMED**  
Chief Executive Officer  
& Managing Director

**IBRAR AHMED KH.**  
Director

**MUHAMMAD JAVAID**  
Chief Financial Officer



**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022**

|   | Note | 30 June 2022    | 30 June 2021    |
|---|------|-----------------|-----------------|
| -----Rupees in thousand-----                                    |      |                 |                 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                      |      |                 |                 |
| <b>Cash generated from operations</b>                           | 36   | 6,791           | 100,391         |
| Finance cost paid   |      | (26,287)        | (26,636)        |
| Payments to provident fund                                      |      | (3,499)         | (3,358)         |
| Taxes paid  |      | (16,060)        | (16,093)        |
| Sales tax paid  |      | (2,243)         | (5,294)         |
| Workers' Welfare Fund paid                                      |      | -               | (171)           |
| Workers' Profit Participation Fund paid                         |      | (1,189)         | (215)           |
| <b>Net cash (used in) / generated from operating activities</b> |      | <b>(42,487)</b> | <b>48,624</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                      |      |                 |                 |
| Additions to property, plant and equipment                      |      | (14,098)        | (28,945)        |
| Proceeds from disposal of property, plant and equipment         |      | 2,667           | 435             |
| Increase in long term deposits                                  |      | (1,560)         | (1,544)         |
| <b>Net cash used in investing activities</b>                    |      | <b>(12,991)</b> | <b>(30,054)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                      |      |                 |                 |
| Payment of lease liabilities                                    |      | (1,583)         | (2,631)         |
| Sponsor's Loan received – Equity                                |      | 82,500          | -               |
| Long-term finance from banking companies – repaid - net         |      | (22,014)        | (5,407)         |
| Short-term Borrowings –repaid - net                             |      | (5,755)         | (6,396)         |
| <b>Net cash generated from / (used in) financing activities</b> |      | <b>53,148</b>   | <b>(14,434)</b> |
| <b>Net (decrease) / increase in cash and cash equivalents</b>   |      | <b>(2,330)</b>  | <b>4,136</b>    |
| <b>Cash and cash equivalents at the beginning of the year</b>   |      | <b>4,601</b>    | <b>465</b>      |
| <b>Cash and cash equivalents at the end of the year</b>         | 37   | <b>2,271</b>    | <b>4,601</b>    |

The annexed notes 1 to 48 form an integral part of these financial statements.

LAHORE  
Dated: October 07, 2022

**KH. IMTIAZ AHMED**  
Chief Executive Officer  
& Managing Director

**IBRAR AHMED KH.**  
Director

**MUHAMMAD JAVAID**  
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**1 THE COMPANY AND ITS OPERATIONS**

Leiner Pak Gelatine Limited ("the Company") was incorporated in Pakistan on 14 February 1983 as a public limited Company. The registered office of the Company is situated at 17-G, Gulberg II, Lahore and manufacturing facility is located at 19 Kilometer, Shahr-e-Pakistan, Kala Shah Kaku, District Sheikhpura. The Company is listed on the Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of gelatine and di-calcium phosphate etc. produced from animal bones and animal hides.

**2 GOING CONCERN BASIS OF ACCOUNTING**

The Company has negative cash flow from operating activities during the year ended June 30, 2022 and, as of that date, its current liabilities exceeded its current assets by Rupees 7.299 million. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Although production of gelatin has been decreased during the year but due to positive impact of the measures taken by the Company management, the gross profit has increased from 11.14% to 14.32% and the sales value has recorded increase of 7.5% during the year ended June 30, 2022 thereby resulting into profit after tax amounting to Rs 8.276 million. The approved financial projections also show continued improvements and profitability. Further, keeping in view the following factors, the management foresees that the Company will continue to be a going concern.

- There is continued demand for the products of the Company. Demand of "Halal" Gelatine exists in foreign and local markets as "Halal" Gelatine is equally consumed in Muslim and Non-Muslim countries.
- There is continued financial support of the Company's sponsors. The sponsor's of the Company have inducted up to June 30, 2022 Rupees 54.828 million (June 30, 2021: Rupees 111.166 million) interest free loans and a new sponsor's loan Rupees 82.5 million. They are also committed to induct further funds, if the need arises, to address any liquidity issues for smooth operations; and
- The existence of new sales orders (local as well as exports) along with advance payments received there against.

These financial statements have, therefore, been prepared using going concern basis of accounting and, accordingly, do not include any adjustments relating to realization of its assets and the liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

**3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**

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

**3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022**

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

|   | <b>Effective date<br/>(Annual Periods<br/>beginning on Or<br/>after)</b> |
|---|--|
| Interest Rate Benchmark Reform - Phase 2<br>(Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)      | January 01, 2021   |
| Amendments to IFRS 16 'Leases' - Extended practical relief<br>regarding Covid - 19 related rent concessions | April 01, 2021   |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

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

|   | <b>Effective date<br/>(Annual Periods<br/>beginning on Or<br/>after)</b> |
|---|--|
| Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework  | January 01, 2022   |
| Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current                | January 01, 2024   |
| Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies                                      | January 01, 2023   |
| Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates          | January 01, 2023   |
| Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction              | January 01, 2023   |
| Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use   | January 01, 2022   |
| Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract | January 01, 2022   |

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

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

IFRS 1 First Time Adoption of International Financial Reporting Standards  
IFRS 17 Insurance Contracts

**4 BASIS OF PREPARATION**

**4.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The 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; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**4.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for freehold land at revalued amount. In these financial statements, except for the statement of cash flows, all transactions have been accounted for on accrual basis.

**4.3 Judgements, estimates and assumptions**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the subsequent years are discussed in the note - 38.

**4.4 Functional and presentation currency**

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022****5 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

**5.1 Property, plant and equipment****Recognition and measurement**

Property, plant and equipment are tangible items that are held for use in production or supply of goods or services, for rentals to others or for administrative purposes and are expected to be used during more than one year. An item of property, plant and equipment is recognized when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. On initial recognition, items of property, plant and equipment are measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the item.

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses with the exception of freehold land which is measured at revalued amount.

Parts of an item of property, plant and equipment having different useful lives are recognized as separate items.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Increases in the carrying amounts arising on revaluation of land are recognized, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. The revaluation surplus is not available for distribution to the Company's shareholders.

**Capital work-in-progress**

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

**Depreciation**

Depreciation is recognized in profit or loss by applying reducing balance method over the useful life of each item of property, plant and equipment using the rates specified in note 16.1 to the financial statements.

Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which the item is disposed or classified as held for disposal.

The depreciation method, useful lives and residual values are reviewed and adjusted if appropriate, at each reporting date.

**De-recognition**

An item of property, plant and equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss on disposal of property, plant and equipment is recognized in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**5.2 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 benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Cost 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. Amortization is charged over the estimated useful life of the asset as specified in note 17 on a systematic basis applying the straight line method.

Useful lives of intangible operating assets are reviewed, at each reporting date and adjusted if the impact of amortization is significant.

**5.3 Stores, spare parts and loose tools**

These are generally held for internal use and, except for items in transit which are valued at invoice price plus related expenses incurred up to the reporting date, are valued at lower of cost and net realizable value. Cost is determined on the basis of weighted average. Provision for obsolete and slow moving items is made based on management's best estimate regarding their future usability.

**5.4 Stock-in-trade**

These are valued at lower of cost and net realizable value. Cost is determined using the following basis:

|                         |  |
|-------------------------|--|
| Raw material            | Weighted average cost  |
| Work-in-process         | Average manufacturing cost   |
| Finished goods          | Average manufacturing cost   |
| Raw material in transit | Invoice price plus related expenses incurred up to the reporting date. |

Average manufacturing cost in relation to work-in-process and finished goods consists of direct material, labor and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

For items which are slow moving, a provision is made for excess of carrying amount over estimated net realizable value.

**5.5 Financial instruments**

**5.5.1 Financial assets**

The Company classifies its financial assets at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**a) Financial assets at amortized cost**

Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**b) Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**c) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

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. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

**5.5.2 Financial liabilities**

All 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 profit or loss.

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

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

**5.5.3 Off-setting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**5.6 Right-of-use assets and Lease liabilities**

**5.6.1 Right-of-use assets**

Right of use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged on straight line basis over the shorter of the lease term or the useful life of the asset. Where the ownership of the asset transfers to the Company at the end of the lease term or if the cost of the asset reflects that the Company will exercise the purchase option, depreciation is charged over the useful life of asset. Depreciation is charged to profit or loss account at rates given in note 16.1.

**5.6.2 Lease liabilities**

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently these are increased by interest, reduced by lease payments and remeasured for lease modifications, if any. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

Liabilities in respect of short term and low value leases are not recognized and payments against such leases are recognized as expense in profit or loss. At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration and uses hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

**5.7 Employee benefits**

A defined contribution plan is a post-employment benefit under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligation for contribution to a defined contribution plan is recognized as an employee service benefit expense in the statement of profit or loss when it is due.

The Company operates a recognized provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Company and employees at the rate of 8.5% of the basic salary. The fund is administrated by the Trustees.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**5.8 Trade and other payables**

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost.

**5.9 Trade debts and other receivables**

Trade debts and other receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognized at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortized cost using the effective interest method. Impairment of trade debts and other receivables is described in note 5.16.

**5.10 Revenue Recognition**

- Local sales are recognized as revenue when invoiced with the transfer of control of goods, which coincides with delivery.
- Export sales are recognized as revenue when invoiced with the transfer of control of goods, which coincides either with the date of bill of lading Goods Declaration or upon delivery to customer or its representative, based on terms of arrangement.

**5.11 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, or added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the profit or loss as incurred.

**5.12 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case it is recognized in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

**Current**

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credits, rebates and exemptions available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalized during the year. The amount of unpaid income tax in respect of current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or the prior periods is recognized as an asset.

**Deferred**

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release-27" of The Institute of Chartered Accountants of Pakistan.

Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**5.13 Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

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 profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

**5.14 Cash and cash equivalents**

Cash and cash equivalents for the purpose of statement of cash flows comprise cash and bank balances. Cash and cash equivalents are carried at cost.

**5.15 Foreign currency transactions**

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to the functional currency at exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate at the date that fair value was determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to the functional currency at exchange rate at the date of transaction. Any gain or loss arising on transaction is recognized in profit or loss.

**5.16 Impairment**

**Financial assets**

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

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When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**Non-Financial Assets**

The carrying amounts of the non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss. An impairment loss is recognized in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**5.17 Provisions**

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect the correct best estimate.

**5.18 Dividend to shareholders**

Dividend paid to shareholders is recognized in the year in which it is declared.

**5.19 Segment reporting**

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment, however, certain information, as required by the approved accounting standards, is presented in note 41 to these financial statements.

**5.20 Contingent liabilities**

Contingent liability is disclosed when:

- 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
- 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.

**5.21 Government grants**

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy.

The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international. The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants. Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.



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|          |   |                              |                     |
|----------|---|------------------------------|---------------------|
| <b>6</b> | <b>SHARE CAPITAL</b>  | <b>30 June 2022</b>          | <b>30 June 2021</b> |
|          |   | -----Rupees in thousand----- |                     |
|          | <b>Authorised share capital</b>   |                              |                     |
|          | 10,000,000 (June 30, 2021: 10,000,000) ordinary shares of Rupees 10 each                            | <u>100,000</u>               | <u>100,000</u>      |
|          | <b>Issued, subscribed and paid up share capital</b>   |                              |                     |
|          | 7,500,000 (June 30, 2021: 7,500,000) ordinary shares of Rupees 10 each issued as fully paid in cash | <u>75,000</u>                | <u>75,000</u>       |
|          | -note-  | <u>75,000</u>                | <u>75,000</u>       |

**6.1 Ordinary shares of the Company held by associated undertaking as at year end are as follows:**

|  |                                  |                     |                     |
|--|----------------------------------|---------------------|---------------------|
|  |                                  | <b>30 June 2022</b> | <b>30 June 2021</b> |
|  |                                  | (Number of shares)  |                     |
|  | INA Securities (Private) Limited | <u>403,628</u>      | <u>370,000</u>      |
|  |                                  | <u>403,628</u>      | <u>370,000</u>      |

|            |   |                              |                     |
|------------|---|------------------------------|---------------------|
| <b>7</b>   | <b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>            | <b>30 June 2022</b>          | <b>30 June 2021</b> |
|            |   | -----Rupees in thousand----- |                     |
|            | Revaluation surplus   | <u>565,654</u>               | <u>336,262</u>      |
|            | -note- 7.1  |                              |                     |
| <b>7.1</b> | <b>Revaluation surplus</b>  |                              |                     |
|            | Revaluation surplus relating to revaluation carried out at June 30, 1990  | 8,873                        | 8,873               |
|            | Revaluation surplus relating to revaluation carried out at June 09, 2008  | 69,325                       | 69,325              |
|            | Revaluation surplus relating to revaluation carried out at April 05, 2012 | 85,936                       | 85,936              |
|            | Revaluation surplus relating to revaluation carried out at April 26, 2016 | 114,780                      | 114,780             |
|            | Revaluation surplus relating to revaluation carried out at May 15, 2019   | 57,348                       | 57,348              |
|            | Revaluation surplus relating to revaluation carried out at May 12, 2022   | 229,392                      | -                   |
|            |   | <u>565,654</u>               | <u>336,262</u>      |

**7.2** The Company had revalued its freehold land on June 30, 1990, June 09, 2008, April 05, 2012, April 26, 2016, May 15, 2019 and May 12, 2022. The revaluation was carried out by independent valuers Mr. Anwar ul Haq in 1990 and M/S Hamid Mukhtar & Co. in 2008, 2012, 2016, 2019 and 2022 respectively to replace the carrying amount of land with local market values. The following aggregated net appraisal surplus arisen on the revaluation on June 30, 1990, June 09, 2008, April 05, 2012, April 26, 2016, May 15, 2019 and May 12, 2022 was credited to surplus on revaluation of property, plant and equipment.

|               | Book value                   | Re-valued amount | Surplus on revaluation |
|---------------|------------------------------|------------------|------------------------|
|               | -----Rupees in thousand----- |                  |                        |
| Freehold land | <u>7,826</u>                 | <u>573,480</u>   | <u>565,654</u>         |
|               | <u>7,826</u>                 | <u>573,480</u>   | <u>565,654</u>         |

**7.3** Since the revaluation relate to freehold land which is a non-depreciable asset, no deferred tax liability arises on revaluation. In the absence of depreciable amount no incremental depreciation net off deferred tax transferred to unappropriated profit nor any disclosure regarding these have been made in the above note.

|          |                                       |                              |                     |
|----------|---------------------------------------|------------------------------|---------------------|
| <b>8</b> | <b>SPONSOR'S LOAN – RELATED PARTY</b> | <b>30 June 2022</b>          | <b>30 June 2021</b> |
|          |                                       | -----Rupees in thousand----- |                     |
|          |                                       | <u>82,500</u>                | -                   |

This represents a new loan received during the year from the Chief Executive of the Company to meet the working capital requirements. This loan is unsecured, interest free and repayable at the discretion of the Company. In the light of guidance provided in the Technical Release – 32 (Accounting Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan, this loan has been classified as part of equity.

|          |   |                              |                     |
|----------|---|------------------------------|---------------------|
| <b>9</b> | <b>LONG TERM FINANCE – SECURED</b>              | <b>30 June 2022</b>          | <b>30 June 2021</b> |
|          |   | -----Rupees in thousand----- |                     |
|          | Bank Al Habib Limited                           | <u>5,994</u>                 | <u>17,327</u>       |
|          | Summit Bank Limited                             | <u>9,561</u>                 | <u>19,475</u>       |
|          | Current portion shown under current liabilities | <u>(15,555)</u>              | <u>(20,434)</u>     |
|          |   | -                            | 16,368              |
|          | Deferred Income-Government Grant                | <u>56</u>                    | <u>823</u>          |
|          | Current portion shown under current liabilities | <u>(56)</u>                  | <u>(766)</u>        |
|          |   | -                            | 57                  |
|          |   | <u>-</u>                     | <u>16,425</u>       |

**9.1** The Company obtained approval of term finance facility for Rs. 24.227 million from Bank Al Habib Limited under Refinancing Scheme of the State Bank of Pakistan specifically for paying salaries and wages to Company's employees. These are repayable in 8 equal quarterly instalments during the period from January 2021 to December 2022.

This term loan is secured by way of 1st. Pari Pasu charge of Rs. 180 million over all current assets of the Company already registered with SECP. Equitable mortgage supported by 1st. Pari Pasu charge for Rs. 250 million over land, building and plant & machinery of the Company situated at 19 K.M G.T Road, Kala Shah Kaku. Equitable mortgage for Rs. 50 million over 24 kanal and 6 marla of Company land situated at 19 K.M G.T Road, Kala Shah Kaku. Personal Gurantee of three directors / shareholders for Rs 250 million each. The rate of markup is fixed at 3% per annum.

Government grant aggregating to Rs. 2.401 million has been recorded up to June 30, 2021. Grant amortized during the year ended June 30, 2022 is Rs.0.766 million (June 30, 2021: Rs. 1.502 million) thereby making the aggregate amortization up to June 30, 2022 Rs. 2.345 million. In accordance with the terms of the grant, the company is prohibited to lay-off the employees atleast for three months from the period of the grant.



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|                              |   | 30 June 2022         | 30 June 2021 |
|------------------------------|---|----------------------|--------------|
| -----Rupees in thousand----- |   |                      |              |
| <b>10</b>                    | <b>Lease liabilities</b>                                  |                      |              |
|                              | Present value of minimum lease payments                   | 14,427               | 11,193       |
|                              | Less: current portion presented under current liabilities | -note- 10.2<br>2,698 | 4,240        |
|                              |   | <u>11,729</u>        | <u>6,953</u> |

10.1 Where the implicit rate is available in the lease contract, that has been used which is 3 months KIBOR plus 1.75 % per annum in case of vehicle leased from Bank Al-Habib Limited. In case of Right-of use asset for the office building the Company's incremental borrowing rate 15.72% is used.

10.2 Future minimum payments and their present values are regrouped as under:

|   | -----Rupees in thousand----- |   |               |   |
|---|------------------------------|---|---------------|---|
|   | 2022                         |   | 2021          |   |
|   | Over one year                | more than one year<br>but less than five<br>years | Over one year | more than one year<br>but less than five<br>years |
| Total minimum lease payments            | 4,365                        | 13,972  | 5,067         | 7,917   |
| Less : Finance charges                  | (1,667)                      | (2,243)   | (827)         | (964)   |
| Present value of minimum lease payments | <u>2,698</u>                 | <u>11,729</u>                                     | <u>4,240</u>  | <u>6,953</u>                                      |

|                              |   | 30 June 2022  | 30 June 2021  |
|------------------------------|---|---------------|---------------|
| -----Rupees in thousand----- |   |               |               |
| <b>11</b>                    | <b>DEFERRED TAXATION</b>                            |               |               |
|                              | Deferred tax on temporary differences comprises of: |               |               |
|                              | <b>Taxable temporary differences</b>                |               |               |
|                              | Accelerated tax depreciation                        | 10,964        | 15,839        |
|                              | Right-of-use assets                                 | 2,426         | 2,171         |
|                              |   | <u>13,390</u> | <u>18,010</u> |
|                              | <b>Deductible temporary differences</b>             |               |               |
|                              | Minimum tax credits                                 | 10,097        | 15,687        |
|                              | Lease liabilities                                   | 2,622         | 2,323         |
|                              |   | <u>671</u>    | <u>-</u>      |
|                              | Opening Balance as at July 1                        | -             | -             |
|                              | Add: Charged to profit or loss                      | 671           | -             |
|                              | Closing Balance as at June 30                       | <u>671</u>    | <u>-</u>      |

The minimum tax credits under section 113 of Income Tax Ordinance 2001 are available for carry forward and adjustment against tax liability for 3 years succeeding the tax year for which the respective minimum tax was paid. The minimum tax credits lapsed during the year ended June 30, 2022 being, barred by time amount to Rs. 12,889,776 (June 30, 2021: Rs. 3,866,661).

|                              |                                    | 30 June 2022           | 30 June 2021   |
|------------------------------|------------------------------------|------------------------|----------------|
| -----Rupees in thousand----- |                                    |                        |                |
| <b>12</b>                    | <b>TRADE AND OTHER PAYABLES</b>    |                        |                |
|                              | Creditors                          | 231,695                | 233,471        |
|                              | Accrued liabilities                | -note- 12.1<br>63,266  | 53,060         |
|                              | Contract liabilities               | -note- 12.2<br>276,521 | 117,793        |
|                              | Payable to provident fund          | -note- 43.3<br>688     | 811            |
|                              | Other payable                      | 71                     | 30             |
|                              | Income tax withheld payable        | 26                     | 26             |
|                              | Workers' Profit Participation Fund | -note- 12.3<br>3,853   | 3,375          |
|                              | Workers' Welfare Fund              | 1,607                  | 824            |
|                              |                                    | <u>577,727</u>         | <u>409,390</u> |

12.1 This includes salaries payable to Kh. Imtiaz Ahmed- Chief Executive and Ibrar Ahmad Kh. Executive director as at June 30, 2022 Rs. 8.4 millions (June 30, 2021: Rs. 7.5 millions) and Rs.6.8 million (June 30, 2021: Rs. 5.8 millions) respectively.

12.2 Contract liabilities represent unsecured advances from customers for the supply of goods by the Company during the period of one year from the reporting date. Such advances as at June 30, 2021 amounting to Rs. 117.793 million have been recognized in the revenue for the year ended June 30, 2022.

**12.3 Workers' Profit Participation Fund (WPPF)**

|  |                        |              |              |
|--|------------------------|--------------|--------------|
| Balance at beginning of the year                 |                        | 3,375        | 2,357        |
| Interest on funds utilized in Company's business |                        | 488          | 229          |
| Allocation/expense for the year                  | -note- 33<br>-note- 32 | 1,179        | 1,004        |
|  |                        | <u>5,042</u> | <u>3,590</u> |
| Less: paid to the fund during the year           |                        | 1,189        | 215          |
|  |                        | <u>3,853</u> | <u>3,375</u> |

Interest is paid at prescribed rate under the Companies Profits (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

|                              |   | 30 June 2022 | 30 June 2021 |
|------------------------------|---|--------------|--------------|
| -----Rupees in thousand----- |   |              |              |
| <b>13</b>                    | <b>MARK-UP ACCRUED</b>                              |              |              |
|                              | <b>On borrowings from banking companies-secured</b> |              |              |
|                              | Lease liabilities                                   | 199          | 13           |
|                              | Long term finance – secured                         | 56           | 140          |
|                              | Short term borrowings                               | 4,610        | 3,258        |
|                              |   | <u>4,865</u> | <u>3,411</u> |

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|           |  | 30 June 2022                 | 30 June 2021   |
|-----------|--|------------------------------|----------------|
|           |  | -----Rupees in thousand----- |                |
| <b>14</b> | <b>SHORT TERM BORROWINGS</b>                   |                              |                |
|           | <i>From banking companies-secured</i>          |                              |                |
|           | Export Refinance                               |                              |                |
|           | Bank Al-Habib Limited                          | -note- 14.1, 14.8            | 75,000         |
|           |  |                              | 50,000         |
|           | SBP Export Finance                             |                              |                |
|           | Bank Al-Habib Limited                          | -note- 14.2, 14.8            | 49,401         |
|           |  |                              | -              |
|           | Short Term Finance against payables            |                              |                |
|           | Bank Al-Habib Limited                          | -note- 14.4, 14.8            | -              |
|           |  |                              | 25,000         |
|           | Short Term Finance against IBP receivables     |                              |                |
|           | Bank Al-Habib Limited                          | -note- 14.5, 14.8            | 25,000         |
|           |  |                              | 25,000         |
|           | Running finance                                |                              |                |
|           | Bank Al-Habib Limited                          | -note- 14.6, 14.8            | 59,843         |
|           |  |                              | 58,661         |
|           | Running finance                                |                              |                |
|           | Summit Bank Limited                            | -note- 14.7, 14.9            | -              |
|           |  |                              | -              |
|           |  | <u>209,244</u>               | <u>158,661</u> |
|           | <i>From related parties-unsecured</i>          |                              |                |
|           | Loans from director and close relative thereof | -note- 14.12                 | 54,828         |
|           |  |                              | 111,166        |
|           |  | <u>264,072</u>               | <u>269,827</u> |

14.1 The finance against packing credit (FAPC) facility having sanctioned limit of Rupees 75 million (June 30, 2021: Rupees 50 million ) including one-off FAPC facility Rupees 25 million (June 30, 2021: Rupees 25 million ) has been obtained from Bank Al-Habib Limited the increase of Rs 25 million in regular sanctioned limit has been made by blocking the utilization of FAFB-OWN limit of Rs. 25 million as mentioned in note 14.3 below. The rate of mark-up on this facility is three months KIBOR plus 1.75% per annum . The principle is to be repaid upon realization of exports proceeds as per the tenor of respective bill but not later than 120 days from the draw down date or on demand while mark-up is to be serviced upon adjustment of loan or at the end of each calendar quarter whichever is earlier. The facility is valid till February 07, 2024 with credit review on annual basis.

14.2 The finance against SBP export finance scheme-EFS facility having sanctioned limit of Rupees 50 million (June 30, 2021: Rupees nil ) has been obtained from Bank Al-Habib Limited under SBP IH&SMEFD Circular No. 03 of 2022. The rate of mark-up on this facility is State Bank of Pakistan ("SBP") refinancing rate ("RR") under the scheme, SBP Refinancing Rate applicable time to time (as per tenor of the bill) plus bank spread, combinedly called the ("Applicable Rate"). The principle is to be repaid upon realization of exports proceeds within maximum 180 days from the draw down date or on demand. The facility is valid till February 07, 2024 with credit review on annual basis.

14.3 The finance against foreign bills (FAFB-OWN) facility having sanctioned limit of Rupees 25 million (June 30, 2021: Rupees 25 million) has been obtained from Bank Al-Habib Limited for working capital requirements. The rate of mark-up on this facility is three months KIBOR plus 1.75% per annum . The principle is to be repaid upon realization of exports proceeds as per the tenor of respective bill but not later than 180 days from the draw down date or on demand while mark-up is to be served upon adjustment of loan or at the end of each calendar quarter whichever is earlier. The facility has not been utilized upto June 30, 2022 because the sanctioned limit has temporarily been blocked to increase the sanctioned limit as mentioned in 14.1 above.

14.4 The short term finance facility having sanctioned limit of Rupees 25 million (June 30, 2021: Rupees 25 million) has been obtained from Bank Al-Habib Limited for purchase of raw material. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2021: three months KIBOR plus 1.75%) per annum payable quarterly. The principle amount is to be repaid in 90 days through business cash flows. The facility is valid till February 07, 2024 with credit review on annual basis. The facility has not been utilized on June 30, 2022.

14.5 The IBP receivable finance facility having sanctioned limit of Rupees 25 million (June 30, 2021: Rupees 25 million) has been obtained from Bank Al-Habib Limited for financing of receivables. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2021: three months KIBOR plus 1.75%) per annum. The principal amount is to be repaid upon realization of export proceeds as per tenor of respective bill but not later than 90 days from draw down date or on demand while mark-up is to be serviced upon adjustment of each loan or at the end of each calendar quarter whichever is earlier. The facility is valid till February 07, 2024 with credit review on annual basis.

14.6 The running finance facility having sanctioned limit of Rupees 60 million (June 30, 2021: Rupees 60 million ) has been obtained from Bank Al-Habib Limited for working capital requirements. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2021: three months KIBOR plus 1.75%) per annum payable quarterly. The facility is valid till February 07, 2024 with credit review on annual basis.

14.7 The running finance facility having sanctioned limit of Rupees 30 million (June 30, 2021: Rupees 30 million) was obtained from Summit Bank Limited for working capital requirements. The facility was not renewed after September 2018. In terms of settlement with Summit Bank Limited dated March 15, 2021, the outstanding balance on the said date Rs. 29,981,093 was payable as under:

- repayment of 35%, equal to Rs. 10,500,000 in four equal instalment of Rs 2,625,000 each between the period from 15 March 2021 to 30 April 2021.

-after a 6 months grace period from May 2021 to October 2021 the remaining 65% loan facility is payable in 15 equal monthly instalment of Rs 1,300,000 each up to 25 January 2023.

-the said loan was accordingly classified as long term as per note 9 above.

14.8 The facilities mentioned in 14.1, 14.2, 14.3, 14.4, 14.5 and 14.6 are commonly secured against first charge of Rupees 280 million (June 2021: Rupees 180 million) over current assets of the Company registered with SECP. Equitable mortgage supported by first pari passu charge on fixed assets of Rupees 250 million (June 30, 2021: Rupees 250 million) comprising land, building, plant and machinery situated at 19 KM G.T. Road Kala Shah Kaku. Lien over export documents under letter of credit and contract, shipping documents, accepted drafts, counter guarantee of the Company and personal guarantees of three Directors / Shareholders amounting to Rupees 250 million each (June 30, 2021: Rupees 250 million). The running finance facility at note 14.6 in addition to securities aforesaid is also secured against pro note amounting to Rs. 59.5 million (June 2021 : Rupees 144.5 million).

14.9 The facility mentioned in 14.7 is commonly secured against ranking charge of Rupees 40 million (June 30, 2021: Rupees 40 million) over all present & future current assets of the Company with 25% margin, duly insured, with Summit Bank Limited and registered with SECP, Pari passu charge on fixed assets, comprising land, building, plant and machinery situated at 19 KM G.T. Road Kala Shah Kaku. Personal guarantees of three Directors along with Personal Net Worth Statement (PNWS). It carries mark-up at three months KIBOR plus 5%.

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- 14.10** As at June 30, 2022 the Company has facilities from Bank Al-Habib Limited relating to import letters of credit (sight/usance) amounting to Rupees 17.5 million (June 30, 2021: Rupees 5 million). Additionally, Company has letter of guarantee facility amounting to Rupees 15 million (June 30, 2021: Rupees 15 million) from Bank Al-Habib Limited.
- 14.11** The net aggregate short term borrowing facilities unavailed at end of June 30, 2022 amount to Rupees 25.76 million (June 30, 2021: Rupees 26.339 million) and for letters of credit and bank guarantees amount to Rupees 7.361 million (June 30, 2021: Rupees 8.744 million).
- 14.12** The loans from Chief Executive / director (Khwaja Imtiaz Ahmed) and his close relative (Khwaja Ahmed Hassan) amounting to Rs. 15,750 million (June 30, 2021: 79.314 million) and Rs. 39,078 million (June 30, 2021: 31.851 million) respectively, are for working capital requirements. These loans are re-payable on demand and non-interest bearing.

**15 CONTINGENCIES AND COMMITMENTS****15.1 Contingencies**

- 15.1.1** The Pakistan Environmental Protection Agency has filed a complaint against the Company before the Environmental Protection Tribunal on Mach 25,2005 on account of Company's failure to properly dispose effluent water discharge during the production. The agency regards this to be a criminal offence. The Company has filed a writ petition against the Agency's claim before the Honourable Lahore High Court ("LHC") on April 8,2005. The Company has not recognized any liability in this regard since it awaits the decision of LHC which is pending. As per Legal Counsel of the Company it is anticipated that the Company, has a fair chance of success. In this context, therefore, no adverse results can be contemplated.
- 15.1.2** Guarantees issued by bank on behalf of Company as at June 30, 2022 amounting to Rupees 11.256 million (June 30, 2021: Rupees 11.256 million).

**15.2 Commitments**

Letters of Credit outstanding for other than capital expenditure from Bank-al-Habib Limited as at June 30, 2022 Rupees 13.883 million (June 30, 2021: Rupees nil)



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

16 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets  
Capital work in progress

|  | 30 June 2022       | 30 June 2021 |
|--|--------------------|--------------|
|  | Rupees in thousand |              |
|  | 744,264            | 518,377      |
|  | 5,492              | 2,398        |
|  | 749,756            | 520,775      |

- note -  
- note -

16.1  
16.8

16.1 Operating fixed assets - for the year ended June 30, 2022

| PARTICULARS                          | COST/REVALUED AMOUNT |                         |              |           | DEPRECIATION       |              |                    |              | Net book value as at 30 June 2022 |               |                |                    |
|--------------------------------------|----------------------|-------------------------|--------------|-----------|--------------------|--------------|--------------------|--------------|-----------------------------------|---------------|----------------|--------------------|
|                                      | As at 30 June 2021   | Additions / Revaluation | Disposals    | Transfers | As at 30 June 2022 | Annual rates | As at 30 June 2021 | Disposals    |                                   | Transfers     | For the year   | As at 30 June 2022 |
|                                      | Rupees in thousand   |                         |              |           |                    |              |                    |              |                                   |               |                |                    |
| <b>Assets owned by the Company</b>   |                      |                         |              |           |                    |              |                    |              |                                   |               |                |                    |
| <b>Tangible Assets</b>               |                      |                         |              |           |                    |              |                    |              |                                   |               |                |                    |
| Freehold land                        | 344,068              | 229,392                 | -            | -         | 573,460            | -            | -                  | -            | -                                 | -             | -              | 573,460            |
| Factory building- on free hold land  | 127,808              | 2,822                   | -            | -         | 130,630            | 10%          | 89,153             | -            | -                                 | 5,960         | 75,113         | 55,517             |
| Office building- on free hold land   | 817                  | -                       | -            | -         | 817                | 5%           | 731                | -            | -                                 | 4             | 735            | 82                 |
| Plant and machinery                  | 292,980              | 7,049                   | -            | -         | 300,029            | 10%          | 201,271            | -            | -                                 | 9,484         | 210,785        | 89,264             |
| Electric installation and equipment  | 28,994               | -                       | -            | -         | 28,994             | 10%          | 20,449             | -            | -                                 | 854           | 21,303         | 7,691              |
| Fire fighting equipment              | 78                   | -                       | -            | -         | 78                 | 10%          | 57                 | -            | -                                 | 2             | 59             | 19                 |
| Service and other equipment          | 580                  | -                       | -            | -         | 580                | 10%          | 551                | -            | -                                 | 3             | 554            | 26                 |
| Office equipment                     | 7,139                | 714                     | -            | -         | 7,853              | 10%          | 4,770              | -            | -                                 | 277           | 5,047          | 2,806              |
| Laboratory equipment                 | 3,958                | -                       | -            | -         | 3,958              | 10%          | 3,506              | -            | -                                 | 45            | 3,551          | 407                |
| Permanent and special equipment      | 261                  | -                       | -            | -         | 261                | 10%          | 250                | -            | -                                 | 1             | 251            | 10                 |
| Furniture, fixtures and fittings     | 1,529                | -                       | -            | -         | 1,529              | 10%          | 1,190              | -            | -                                 | 34            | 1,224          | 305                |
| Vehicles                             | 15,163               | 419                     | 6,194        | -         | 9,388              | 20%          | 13,646             | 5,766        | -                                 | 285           | 8,165          | 1,223              |
| Railway siding                       | 417                  | -                       | -            | -         | 417                | 10%          | 413                | -            | -                                 | 1             | 414            | 3                  |
| Cycles and scooters                  | 77                   | -                       | -            | -         | 77                 | 20%          | 70                 | -            | -                                 | 1             | 71             | 6                  |
| Arms and ammunition                  | 141                  | -                       | -            | -         | 141                | 10%          | 79                 | -            | -                                 | 6             | 85             | 56                 |
| Furnace                              | 197                  | -                       | -            | -         | 197                | 10%          | 174                | -            | -                                 | 2             | 176            | 21                 |
| <b>30 June 2022</b>                  | <b>824,227</b>       | <b>240,396</b>          | <b>6,194</b> | <b>-</b>  | <b>1,058,423</b>   |              | <b>316,310</b>     | <b>5,766</b> | <b>-</b>                          | <b>16,969</b> | <b>327,513</b> | <b>730,916</b>     |
| <b>Right-of use assets</b>           |                      |                         |              |           |                    |              |                    |              |                                   |               |                |                    |
| Vehicles                             | 9,157                | 7,796                   | -            | -         | 16,955             | 20%          | 920                | -            | -                                 | 2,087         | 3,607          | 13,348             |
| Office building                      | 6,667                | -                       | -            | -         | 6,667              | 33.13 %*     | 4,444              | -            | -                                 | 2,223         | 6,667          | -                  |
| <b>Total Assets as on 30-06-2022</b> | <b>840,051</b>       | <b>248,194</b>          | <b>6,194</b> | <b>-</b>  | <b>1,092,051</b>   |              | <b>321,674</b>     | <b>5,766</b> | <b>-</b>                          | <b>21,879</b> | <b>337,787</b> | <b>744,264</b>     |

\* Lease term is 3 years and Right-of use asset depreciated on straight-line method.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

16.2 Operating fixed assets - for the year ended June 30, 2021

| PARTICULARS                          | COST/REVALUED AMOUNT |                         |            |           |                    | DEPRECIATION |                    |            |           |               | Net book value as at 30 June 2021 |                    |
|--------------------------------------|----------------------|-------------------------|------------|-----------|--------------------|--------------|--------------------|------------|-----------|---------------|-----------------------------------|--------------------|
|                                      | As at 30 June 2020   | Additions / Revaluation | Disposals  | Transfers | As at 30 June 2021 | Annual rates | As at 30 June 2020 | Disposals  | Transfers | For the year  |                                   | As at 30 June 2021 |
| -----Rupees in thousand-----         |                      |                         |            |           |                    |              |                    |            |           |               |                                   |                    |
| <b>Assets owned by the Company</b>   |                      |                         |            |           |                    |              |                    |            |           |               |                                   |                    |
| <b>Tangible Assets</b>               |                      |                         |            |           |                    |              |                    |            |           |               |                                   |                    |
| Free hold land                       | 344,088              | -                       | -          | -         | 344,088            | -            | -                  | -          | -         | -             | -                                 | 344,088            |
| Factory building- on free hold land  | 104,127              | 23,681                  | -          | -         | 127,808            | 10%          | 64,760             | -          | -         | 4,393         | 69,153                            | 58,655             |
| Office building- on free hold land   | 817                  | -                       | -          | -         | 817                | 5%           | 726                | -          | -         | 5             | 731                               | 86                 |
| Plant and machinery                  | 280,595              | 12,385                  | -          | -         | 292,980            | 10%          | 191,962            | -          | -         | 9,309         | 201,271                           | 91,709             |
| Electric installation and equipment  | 27,641               | 1,353                   | -          | -         | 28,994             | 10%          | 19,599             | -          | -         | 860           | 20,449                            | 8,545              |
| Fire fighting equipment              | 78                   | -                       | -          | -         | 78                 | 10%          | 55                 | -          | -         | 2             | 57                                | 21                 |
| Service and other equipment          | 580                  | -                       | -          | -         | 580                | 10%          | 548                | -          | -         | 3             | 551                               | 29                 |
| Office equipment                     | 6,614                | 525                     | -          | -         | 7,139              | 10%          | 4,549              | -          | -         | 221           | 4,770                             | 2,369              |
| Laboratory equipment                 | 3,958                | -                       | -          | -         | 3,958              | 10%          | 3,456              | -          | -         | 50            | 3,506                             | 452                |
| Permanent and special equipment      | 261                  | -                       | -          | -         | 261                | 10%          | 249                | -          | -         | 1             | 250                               | 11                 |
| Furniture, fixtures and fittings     | 1,529                | -                       | -          | -         | 1,529              | 10%          | 1,152              | -          | -         | 38            | 1,190                             | 339                |
| Vehicles                             | 15,356               | -                       | 193        | -         | 15,163             | 20%          | 13,394             | 136        | -         | 388           | 13,646                            | 1,517              |
| Railway siding                       | 417                  | -                       | -          | -         | 417                | 10%          | 412                | -          | -         | 1             | 413                               | 4                  |
| Cycles and scooters                  | 77                   | -                       | -          | -         | 77                 | 20%          | 69                 | -          | -         | 1             | 70                                | 7                  |
| Arms and ammunition                  | 141                  | -                       | -          | -         | 141                | 10%          | 72                 | -          | -         | 7             | 79                                | 62                 |
| Furnace                              | 197                  | -                       | -          | -         | 197                | 10%          | 171                | -          | -         | 3             | 174                               | 23                 |
| <b>30 June 2021</b>                  | <b>766,476</b>       | <b>37,944</b>           | <b>193</b> | <b>-</b>  | <b>824,227</b>     |              | <b>301,174</b>     | <b>136</b> | <b>-</b>  | <b>15,272</b> | <b>316,310</b>                    | <b>507,917</b>     |
| <b>Right-of use assets</b>           |                      |                         |            |           |                    |              |                    |            |           |               |                                   |                    |
| Vehicles                             | 1,309                | 7,848                   | -          | -         | 9,157              | 20%          | 498                | -          | -         | 422           | 920                               | 8,237              |
| Office building                      | 6,667                | -                       | -          | -         | 6,667              | 33 1/3 %*    | 2,222              | -          | -         | 2,222         | 4,444                             | 2,223              |
| <b>Total Assets as on 30-06-2021</b> | <b>794,452</b>       | <b>45,792</b>           | <b>193</b> | <b>-</b>  | <b>840,051</b>     |              | <b>303,894</b>     | <b>136</b> | <b>-</b>  | <b>17,916</b> | <b>321,674</b>                    | <b>516,377</b>     |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

16.3 The depreciation charged for the year has been allocated as follows:

|                         | 30 June 2022  | 30 June 2021  |
|-------------------------|---------------|---------------|
| Cost of sales           |               |               |
| Administrative expenses | 28.3          | 14,610        |
|                         | 5,519         | 3,300         |
|                         | <u>21,879</u> | <u>17,910</u> |

16.4 The Company has revalued its freehold land on June 30, 1990, June 9, 2008, April 05, 2012, April 26, 2016, May 15, 2019 and May 12, 2022. The revaluation was carried out by independent valuers Mr. Ammar ul Haq in 1990 and 2008, Mr. Ammar ul Haq, in 2009, 2012, 2016, 2019 and 2022 respectively to reduce the carrying amount of land with local market values. The following aggregated net appraisal surplus arisen on the revaluation on June 30, 1990, June 09, 2008, April 05, 2012, April 26, 2016, May 15, 2019 and May 12, 2022 was credited to surplus on revaluation of property, plant and equipment. The revaluation has resulted in aggregate increase in value of freehold land by Rupees 565,654 million (June 30, 2021: Rupees 336,262 million) which is included in book value of freehold land.

Had there been no revaluation, the cost of freehold land would have been as follows:

| Cost | Accumulated depreciation | Net book value as at June 30, 2022 |
|------|--------------------------|------------------------------------|
|      |                          | 7,626                              |
|      |                          | <u>7,626</u>                       |

Freehold land

16.5 The Freehold Sale Value of the Freehold land based on valuation conducted on May 12, 2022 was Rs. 458,784,000

16.6 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

| Location   | Usage of immovable property | Total Area (in acres) | Covered Area (in sq.ft) |
|--|-----------------------------|-----------------------|-------------------------|
| 19 Kilometer, Shahr-e-Faisal, Kila Shah Kaku, District Sheikhupura | Manufacturing facility      | 14.337                | 159,391                 |

16.7 Particulars of property, plant and equipment disposed of during the year are as follows:

|              | Cost         | Accumulated Depreciation | 30 June 2022   |              |              |                  |  |
|--------------|--------------|--------------------------|----------------|--------------|--------------|------------------|--|
|              |              |                          | Net book value | Sale price   | Gain         | Mode of disposal |  |
| Vehicles     | 2,450        | 2,312                    | 138            | 525          | 387          | Negotiation      | Mr. Jahanzab Khan<br>House No. E/705, Street<br>No. 3, Khan colony,<br>Lahore  |
| Vehicles     | 548          | 481                      | 67             | 500          | 433          | Negotiation      | Mr. Jahanzab Khan<br>House No. E/705, Street<br>No. 3, Khan colony,<br>Lahore  |
| Vehicles     | 173          | 149                      | 24             | 300          | 276          | Negotiation      | Mr. Naseem Abbas<br>Dak Khana Khass<br>Pasara,<br>Lahore Cantt.                |
| Vehicles     | 1,699        | 1,560                    | 109            | 750          | 641          | Negotiation      | Mr. Muhammad Razi<br>G.T Road Sheikhra<br>Lahore                               |
| Vehicles     | 1,354        | 1,264                    | 90             | 592          | 502          | Negotiation      | Mr. Kaleem Ullah<br>Tola Manghi, Kale Bagh,<br>Tehsil Easa Khail,<br>Islamwall |
| <b>Total</b> | <b>6,194</b> | <b>5,766</b>             | <b>428</b>     | <b>2,667</b> | <b>2,239</b> |                  |  |

|              | Cost       | Accumulated Depreciation | 30 June 2021   |            |            |                  |  |
|--------------|------------|--------------------------|----------------|------------|------------|------------------|--|
|              |            |                          | Net book value | Sale price | Gain       | Mode of disposal |  |
| Vehicles     | 193        | 136                      | 57             | 435        | 378        | Negotiation      | Mr. Ali Danish Khan<br>House No. 99, Wapda<br>Town, Sector-B4,<br>Lahore |
| <b>Total</b> | <b>193</b> | <b>136</b>               | <b>57</b>      | <b>435</b> | <b>378</b> |                  |  |

The above mentioned purchasers have no relationship with the Company or any of its directors.



LEINER PAK GELATINE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

16.8 Capital work in progress

30 June 2022 30 June 2021  
Rupees in thousand

|                                    | Plant and Machinery | Building and Civil Works | Total    |
|------------------------------------|---------------------|--------------------------|----------|
| As at 01 July                      | 1,399               | 999                      | 2,398    |
| Additions                          | 6,831               | 1,978                    | 8,809    |
| Transfer to operating fixed assets | 8,230               | 2,977                    | 11,207   |
| As at 30 June                      | (5,715)             | -                        | (5,715)  |
|                                    | 2,515               | 2,977                    | 5,492    |
|                                    |                     |                          | 11,397   |
|                                    |                     |                          | 26,966   |
|                                    |                     |                          | 38,363   |
|                                    |                     |                          | (35,865) |
|                                    |                     |                          | 2,398    |

17 INTANGIBLE ASSETS

| PARTICULAR        | COST               |                         | AMORTISATION       |              | Net book value as at 30 June 2022 | Annual Rate |
|-------------------|--------------------|-------------------------|--------------------|--------------|-----------------------------------|-------------|
|                   | As at 30 June 2021 | Additions / (Deletions) | As at 30 June 2022 | For the year |                                   |             |
| Computer software | 70                 | -                       | 70                 | -            | 70                                | 20%         |
| 30 June 2022      | 70                 | -                       | 70                 | -            | 70                                | -           |
| 30 June 2021      | 70                 | -                       | 70                 | -            | 70                                | -           |

17.1 The intangible asset has been fully amortized.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

| 18 LONG TERM DEPOSITS                            | 30 June 2022                 | 30 June 2021 |
|--|------------------------------|--------------|
|  | -----Rupees in thousand----- |              |
| Security deposits                                | 3,359                        | 1,799        |
| Less: Current portion shown under current assets | 254                          | -            |
|  | <u>3,105</u>                 | <u>1,799</u> |

| 19 STORES, SPARE PARTS AND LOOSE TOOLS | 30 June 2022                 | 30 June 2021   |
|--|------------------------------|----------------|
|  | -----Rupees in thousand----- |                |
| Stores, spare parts and loose tools    | 105,968                      | 107,087        |
| Packing material                       | 941                          | 1,124          |
|  | <u>106,909</u>               | <u>108,211</u> |

19.1 It is impracticable to distinguish stores, spare parts and loose tools, each from the other.

19.2 Stores, spare parts and loose tools are generally held for internal use only.

19.3 No item of stores, spare parts and loose tools is pledged as security as at the reporting date.

| 20 STOCK-IN-TRADE                     | 30 June 2022                 | 30 June 2021   |
|---------------------------------------|------------------------------|----------------|
|                                       | -----Rupees in thousand----- |                |
| Raw material                          | 584,617                      | 355,090        |
| Raw material-in-transit               | 15                           | -              |
| Work in process                       | 51,386                       | -              |
| Finished goods:                       |                              |                |
| Gelatine                              | 13,889                       | 34,047         |
| Ossein dried                          | -                            | 41,954         |
| By-product Di-calcium Phosphate (DCP) | 319                          | 29             |
|                                       | <u>14,208</u>                | <u>76,030</u>  |
|                                       | <u>650,226</u>               | <u>431,120</u> |

20.1 The entire stock of by-product di-calcium phosphate is carried at net realizable value.

20.2 No item of stock-in-trade is pledged as security as at the reporting date.

21 TRADE DEBTS

*Considered good:*

|                    |               |              |
|--------------------|---------------|--------------|
| Unsecured -Local   | 8,055         | 8,622        |
| Unsecured -Foreign | 14,254        | -            |
|                    | <u>22,309</u> | <u>8,622</u> |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

|             |  | 30 June 2022                 | 30 June 2021  |
|-------------|--|------------------------------|---------------|
|             |  | -----Rupees in thousand----- |               |
| <b>22</b>   | <b>ADVANCES</b>  |                              |               |
|             | <i>Considered good:</i>  |                              |               |
|             | <b>Advances:</b>   |                              |               |
|             | To staff - secured   | -note- 22.1                  | 1,118         |
|             | To suppliers - unsecured   |                              | 1,257         |
|             |  | <u>1,010</u>                 | <u>1,074</u>  |
|             |  | <u>2,128</u>                 | <u>2,331</u>  |
| <b>22.1</b> | These are amounts advanced to staff against future salaries and retirement benefits and are in accordance with Company policy and are interest-free. None of the advances related to executives and directors. |                              |               |
| <b>23</b>   | <b>TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>   | 30 June 2022                 | 30 June 2021  |
|             |  | -----Rupees in thousand----- |               |
|             | Current portion of long term deposits  | -note- 18                    | 254           |
|             | Prepayments  |                              | -             |
|             |  | <u>1,154</u>                 | <u>686</u>    |
|             |  | <u>1,408</u>                 | <u>686</u>    |
| <b>24</b>   | <b>OTHER RECEIVABLES</b>   |                              |               |
|             | Sales tax refundable   | -note- 24.1                  | 28,980        |
|             | Other receivables - unsecured, considered good   |                              | 26,737        |
|             |  | <u>-</u>                     | <u>-</u>      |
|             |  | <u>28,980</u>                | <u>26,737</u> |
| <b>24.1</b> | This represents excess of input tax on purchases over sales tax payable.   |                              |               |
| <b>25</b>   | <b>ADVANCE INCOME TAX-NET</b>  |                              |               |
|             | Advance income tax   |                              | 55,586        |
|             | Less: Adjustment for provision for taxation  | -note- 34                    | (11,372)      |
|             | Advance income tax at the end of the year  |                              | (12,470)      |
|             |  | <u>44,214</u>                | <u>40,329</u> |
| <b>26</b>   | <b>CASH AND BANK BALANCES</b>  |                              |               |
|             | With banks:  |                              |               |
|             | on current accounts:   |                              |               |
|             | Local currency   |                              | 112           |
|             | Cash in hand   |                              | 971           |
|             |  | <u>2,159</u>                 | <u>3,630</u>  |
|             |  | <u>2,271</u>                 | <u>4,601</u>  |



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

| 27 SALES - NET   |             | 30 June 2022                 | 30 June 2021    |
|--|-------------|------------------------------|-----------------|
|  |             | -----Rupees in thousand----- |                 |
| Export sales   | -note- 27.1 | 455,209                      | 368,639         |
| Local sales  | -note- 27.2 | 557,184                      | 572,876         |
|  |             | <u>1,012,393</u>             | <u>941,515</u>  |
| <b>27.1 Export sales</b>   |             |                              |                 |
| Gelatine   |             | 389,887                      | 368,639         |
| Ossein dried   |             | 65,322                       | -               |
|  |             | <u>455,209</u>               | <u>368,639</u>  |
| <b>27.2 Local sales</b>  |             |                              |                 |
| Gelatine   |             | 347,096                      | 409,794         |
| Di-Calcium Phosphate, by-product   |             | 273,971                      | 208,712         |
|  |             | <u>621,067</u>               | <u>618,506</u>  |
| Less: sales tax  |             | 63,883                       | 45,630          |
| trade discounts  |             | -                            | -               |
|  |             | <u>63,883</u>                | <u>45,630</u>   |
|  |             | <u>557,184</u>               | <u>572,876</u>  |
| <b>28 COST OF SALES</b>  |             |                              |                 |
| Raw material consumed  | -note- 28.1 | 426,351                      | 463,744         |
| Semi - finished product purchased  |             | 17,995                       | 2,450           |
| Stores, spare parts and loose tools consumed   |             | 40,638                       | 22,062          |
| Packing material consumed  |             | 6,326                        | 6,369           |
| Salaries, wages and benefits   | -note- 28.2 | 82,030                       | 84,142          |
| Fuel and power   |             | 219,878                      | 213,203         |
| Factory overheads  | -note- 28.3 | 63,806                       | 60,294          |
|  |             | <u>857,024</u>               | <u>852,264</u>  |
| Add: opening work in process   |             | -                            | 48,013          |
| Less: closing work in process  |             | 51,386                       | -               |
|  |             | <u>(51,386)</u>              | <u>48,013</u>   |
| Cost of goods manufactured   |             | <u>805,638</u>               | <u>900,277</u>  |
| Add: opening stock of finished goods   |             | 76,030                       | 12,383          |
| Less: closing stock of finished goods  |             | 14,208                       | 76,030          |
|  |             | <u>61,822</u>                | <u>(63,647)</u> |
|  |             | <u>867,460</u>               | <u>836,630</u>  |
| <b>28.1 Raw material consumed</b>  |             |                              |                 |
| Opening stock  |             | 355,090                      | 248,160         |
| Purchases  |             | 655,878                      | 570,674         |
|  |             | <u>1,010,968</u>             | <u>818,834</u>  |
| Less: closing stock  |             | 584,617                      | 355,090         |
|  |             | <u>426,351</u>               | <u>463,744</u>  |
| <b>28.2 Salaries, wages and benefits include employer's contribution to recognised provident fund amounting to Rupees 2,349,241 (June 30, 2021: Rupees 2,460,209).</b> |             |                              |                 |
| <b>28.3 Factory overheads</b>  |             |                              |                 |
|  |             | 30 June 2022                 | 30 June 2021    |
|  |             | -----Rupees in thousand----- |                 |
| Indirect labour wages  |             | 11,816                       | 16,370          |
| Insurance  |             | 1,136                        | 2,304           |
| Medical expenses   |             | 32                           | 82              |
| Repair and maintenance   |             | 22,929                       | 8,945           |
| Depreciation   | -note- 16.3 | 16,360                       | 14,610          |
| Loading and unloading  |             | 3,975                        | 4,489           |
| Apportionment of sales tax   | -note- 28.4 | 5,320                        | 8,847           |
| Miscellaneous expenses   |             | 2,238                        | 4,647           |
|  |             | <u>63,806</u>                | <u>60,294</u>   |

28.4 This represents related input tax on supplies exempt under sixth schedule of the Sales Tax Act, 1990.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

29 OTHER INCOME

Income from financial instruments:

|                                  | 30 June 2022                 | 30 June 2021 |
|----------------------------------|------------------------------|--------------|
|                                  | -----Rupees in thousand----- |              |
| Foreign exchange gain - net      | 1,638                        | 567          |
| Amortization of government grant | 766                          | 1,502        |
| Misc Income                      | -                            | 972          |

Income from non-financial assets:

|                                 |              |              |
|---------------------------------|--------------|--------------|
| Gain on disposal of fixed asset | 2,239        | 378          |
|                                 | <u>4,643</u> | <u>3,419</u> |

30 DISTRIBUTION COST

|                       |               |               |
|-----------------------|---------------|---------------|
| Shipping expenses     | 22,215        | 5,617         |
| Commission on exports | 720           | 1,525         |
| Other expenses        | 7,285         | 3,058         |
|                       | <u>30,220</u> | <u>10,200</u> |

31 ADMINISTRATIVE EXPENSES

|                                 |             |               |               |
|---------------------------------|-------------|---------------|---------------|
| Salaries, wages and benefits    | -note- 31.1 | 33,869        | 30,780        |
| Insurance                       |             | 911           | 357           |
| Vehicle running and maintenance |             | 9,845         | 6,516         |
| Rent, rates and taxes           |             | 2,444         | 1,114         |
| Travelling and conveyance       |             | 543           | 585           |
| Legal and professional charges  |             | 302           | 495           |
| Printing and stationery         |             | 931           | 647           |
| Fees and subscription           |             | 2,490         | 914           |
| Telephone and postage           |             | 992           | 832           |
| Repair and maintenance          |             | 472           | 377           |
| Auditors' remuneration          | -note- 31.2 | 967           | 916           |
| Entertainment                   |             | 2,873         | 810           |
| Utilities                       |             | 1,133         | 769           |
| Depreciation                    | -note- 16.3 | 5,519         | 3,306         |
| Amortisation                    | -note- 17   | -             | -             |
| Security expenses               |             | 2,785         | 2,783         |
| Miscellaneous expenses          |             | 744           | 432           |
|                                 |             | <u>66,820</u> | <u>51,633</u> |

31.1 Salaries, wages and benefits include employer's contribution to recognised provident fund amounting to Rupees 1,026,997 (June 30, 2021: Rupees 972,668).

31.2 Auditors' remuneration

|   | 30 June 2022                 | 30 June 2021 |
|---|------------------------------|--------------|
|   | -----Rupees in thousand----- |              |
| Audit fee   | 730                          | 700          |
| Fee for half yearly limited review of Financial information | 154                          | 140          |
| Special reports and certifications                          | 66                           | 60           |
| Out of pocket expenses                                      | 17                           | 16           |
|   | <u>967</u>                   | <u>916</u>   |

32 OTHER OPERATING EXPENSES

|                                     |             |              |              |
|-------------------------------------|-------------|--------------|--------------|
| Workers' Profit Participation Fund  | -note- 12.3 | 1,179        | 1,004        |
| Workers' Welfare Fund -Current Year |             | 783          | 595          |
| Workers' Welfare Fund -Prior Years  |             | -            | 171          |
| Donations                           | -note- 32.1 | 176          | 35           |
|                                     |             | <u>2,138</u> | <u>1,805</u> |

32.1 None of the directors or their spouses had any interest in the donees in respect of donations made by the Company.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

## 33 FINANCE COST

|                                    | 30 June 2022                 | 30 June 2021  |
|------------------------------------|------------------------------|---------------|
|                                    | -----Rupees in thousand----- |               |
| Mark-up/interest on:               |                              |               |
| Short term borrowings              | 20,822                       | 20,678        |
| Long term finance                  | 3,036                        | 2,106         |
| Workers' Profit Participation Fund | 488                          | 229           |
| Lease liabilities                  | 1,388                        | 864           |
| Bank charges and commission        | 3,542                        | 2,541         |
|                                    | <u>29,276</u>                | <u>26,418</u> |

## 34 TAXATION

|                                |               |               |
|--------------------------------|---------------|---------------|
| Current-for the year           | 11,372        | 12,470        |
| -for prior years               | 803           | 774           |
|                                | <u>12,175</u> | <u>13,244</u> |
| Deferred-current year          | 671           | -             |
| - effect of change in tax rate | -             | -             |
|                                | <u>671</u>    | <u>-</u>      |
|                                | <u>12,846</u> | <u>13,244</u> |

- 34.1 The provision for current taxation has been made on minimum tax under Section 113 and Section 154 for income from export sales under fixed tax regime of Income Tax Ordinance, 2001. Therefore, a numeric tax rate reconciliation has not been included in these financial statements.
- 34.2 The Income Tax assessments of the Company are complete upto tax year 2021, as deemed assessments in terms of Section 120(1) of the Income Tax Ordinance, 2001 (The Ordinance) as per income tax returns of the Company.
- 34.3 Finance Act 2019 has fixed the corporate tax rate for Companies at 29% for current as well as future tax years. Deferred tax has been measured at the rates that are expected to be applied to the temporary differences when those are expected to reverse based on the rates enacted or substantively enacted by the reporting date.

## 35 EARNING PER SHARE - BASIC AND DILUTED

|  | 30 June 2022                 | 30 June 2021 |
|--|------------------------------|--------------|
|  | -----Rupees in thousand----- |              |
| There was no dilutive effect on basic earnings per share of the Company which is based on: |                              |              |
| Profit after taxation attributable to ordinary shareholders of the Company                 | <u>8,276</u>                 | <u>5,004</u> |
| Weighted average number of ordinary shares outstanding during the year                     | No. of shares <u>7,500</u>   | <u>7,500</u> |
| Earning per share  | Rupees <u>1.10</u>           | <u>0.67</u>  |



NOTES TO THE FINANCIAL STATEMENTS  
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|  | 30 June 2022                 | 30 June 2021   |
|--|------------------------------|----------------|
|  | -----Rupees in thousand----- |                |
| <b>36 CASH GENERATED FROM OPERATIONS</b>           |                              |                |
| Profit before taxation                             | 21,122                       | 18,248         |
| Adjustments for:                                   |                              |                |
| Depreciation                                       | 21,879                       | 17,916         |
| Amortisation                                       | -                            | -              |
| Provision for employee retirement benefits         | 3,376                        | 3,433          |
| Finance cost                                       | 29,276                       | 26,418         |
| Provision for Workers' Profit Participation Fund   | 1,179                        | 1,004          |
| Provision for Workers' Welfare Fund                | 783                          | 766            |
| Government grant recognised as income              | (766)                        | (1,502)        |
| Gain on disposal of property, plant and equipment  | (2,239)                      | (378)          |
|  | <u>53,488</u>                | <u>47,657</u>  |
| Operating profit before changes in working capital | 74,610                       | 65,905         |
| Changes in working capital                         |                              |                |
| (Increase)/decrease in current assets:             |                              |                |
| Stores, spare parts and loose tools                | 1,302                        | 6,157          |
| Stock-in-trade                                     | (219,106)                    | (122,564)      |
| Trade debts  | (13,687)                     | (1,145)        |
| Advances   | 203                          | (977)          |
| Trade deposits and short term prepayments          | (468)                        | 853            |
| Other receivables                                  | -                            | -              |
| Increase/(decrease) in current liabilities:        |                              |                |
| Trade and other payables                           | 163,937                      | 152,162        |
|  | <u>6,791</u>                 | <u>100,391</u> |

**36.1 Reconciliation of movement of liabilities to cashflows arising from financing activities**

|  | June 30, 2021                | Net<br>(decrease) /<br>Increase due<br>to cash | June 30, 2022  |
|--|------------------------------|--|----------------|
|  | -----Rupees in thousand----- |  |                |
| <b>From banking companies-secured</b>          |                              |  |                |
| Long term finance – secured                    |                              |  |                |
| Bank Al Habib Limited                          | 17,327                       | (11,333)                                       | 5,994          |
| Term Loan - Summit Bank Limited                | 19,475                       | (9,914)  | 9,561          |
| Deferred Income-Govt. Grant                    | 823                          | (767)  | 56             |
|  | <u>37,625</u>                | <u>(22,014)</u>                                | <u>15,611</u>  |
| Running Finance                                |                              |  |                |
| Bank-al-Habib Limited                          | 58,661                       | 1,182  | 59,843         |
| Short Term Finance against payables            |                              |  |                |
| Bank-al-Habib Limited                          | 25,000                       | (25,000)                                       | -              |
| Short Term Finance against IBP receivables     |                              |  |                |
| Bank-al-Habib Limited                          | 25,000                       | -  | 25,000         |
| Export Refinance                               |                              |  |                |
| Bank-al-Habib Limited                          | 50,000                       | 25,000   | 75,000         |
| SBP Export Finance                             |                              |  |                |
| Bank-al-Habib Limited                          | -                            | 49,401   | 49,401         |
|  | <u>158,661</u>               | <u>50,583</u>                                  | <u>209,244</u> |
| <b>From related parties-unsecured</b>          |                              |  |                |
| Loans from director and close relative thereof | 111,166                      | (56,338)                                       | 54,828         |
|  | <u>269,827</u>               | <u>(5,755)</u>                                 | <u>264,072</u> |
| Sponsor's Loan – Related Party                 | -                            | 82,500   | 82,500         |
|  | <u>307,452</u>               | <u>54,731</u>                                  | <u>362,183</u> |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

|                                     |           | 30 June 2022 | 30 June 2021 |
|-------------------------------------|-----------|--------------|--------------|
| -----Rupees in thousand-----        |           |              |              |
| <b>37 CASH AND CASH EQUIVALENTS</b> |           |              |              |
| Cash and bank balances              | -note- 26 | <u>2,271</u> | <u>4,601</u> |

**38 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

**38.1 Depreciation / amortisation methods, rates and useful lives**

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment and intangible assets annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

**38.2 Recoverable amounts of assets / cash generating units**

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

**38.3 Taxation**

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view 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.

**38.4 Provisions**

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

**38.5 Revaluation of freehold land**

Revaluation of freehold land is carried out by independent professional valuers. Revalued amounts are determined by the reference to local market values.

**38.6 Stock in trade/ Stores, spare parts & Loose tools**

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

**38.7 Impairment of financial assets**

The management makes judgments for estimating the allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost.

**38.8 Leases**

The management uses judgments for recognition of leases under IFRS 16 and the related practical expedients thereunder.

NOTES TO THE FINANCIAL STATEMENTS  
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39 FINANCIAL RISK MANAGEMENT

39.1 Financial instruments

30 June 2022      30 June 2021  
-----Rupees in thousand-----

The following are financial instruments by category:

**Financial assets at amortized cost**

|                        |               |               |
|------------------------|---------------|---------------|
| Security deposits      | 1             | 1             |
| Trade debts            | 22,309        | 8,622         |
| Advances               | 1,118         | 1,257         |
| Cash and bank balances | 2,271         | 4,601         |
|                        | <u>25,699</u> | <u>14,481</u> |

**Financial liabilities at amortized cost**

|                          |                |                |
|--------------------------|----------------|----------------|
| Lease liabilities        | 14,427         | 11,193         |
| Long term finance        | 15,611         | 37,625         |
| Short term borrowings    | 264,072        | 269,827        |
| Mark up accrued          | 4,865          | 3,411          |
| Trade and other payables | 295            | 286,587        |
| Unclaimed dividend       | 771            | 771            |
|                          | <u>300,041</u> | <u>609,414</u> |

The Company's activities expose it to a variety of financial risks including effects of changes in foreign exchange rates, market interest rates, credit and liquidity risks associated with various financial assets and liabilities. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

39.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amounts of the financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as under:

|                   |                              |               |
|-------------------|------------------------------|---------------|
|                   | 30 June 2022                 | 30 June 2021  |
|                   | -----Rupees in thousand----- |               |
| Security deposits | 1                            | 1             |
| Trade debts       | 22,309                       | 8,622         |
| Advances          | 1,118                        | 1,257         |
| Bank balances     | 112                          | 971           |
|                   | <u>23,540</u>                | <u>10,851</u> |

The maximum exposure to credit risk for trade debts amounting to Rupees 22.309 million (June 30, 2021: Rupees 8.622 million) at the reporting date by geographic region is as under:

|          |                              |              |
|----------|------------------------------|--------------|
|          | 30 June 2022                 | 30 June 2021 |
|          | -----Rupees in thousand----- |              |
| Domestic | 8,055                        | 8,622        |
| Export   | 14,254                       | -            |
|          | <u>22,309</u>                | <u>8,622</u> |

The export debtor of the Company is situated in Malaysia.

The maximum exposure to credit risk for trade debts amounting to Rupees 22.309 million (June 30, 2021: Rupees 8.622 million) at the reporting date by type of customer is as under:

|                          |                              |              |
|--------------------------|------------------------------|--------------|
|                          | 30 June 2022                 | 30 June 2021 |
|                          | -----Rupees in thousand----- |              |
| Wholesaler / distributor | -                            | -            |
| End user customers       | 22,309                       | 8,622        |
|                          | <u>22,309</u>                | <u>8,622</u> |



NOTES TO THE FINANCIAL STATEMENTS  
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The aging of trade debts at the reporting date is as under:

|                       | 30 June 2022                 | 30 June 2021 |
|-----------------------|------------------------------|--------------|
|                       | -----Rupees in thousand----- |              |
| Not past due          | 14,414                       | 921          |
| Past due 1-30 days    | 80                           | 7,539        |
| Past due 31-120 days  | 185                          | 162          |
| Past due 121-365 days | -                            | -            |
| More than one year    | 7,630                        | -            |
|                       | <u>22,309</u>                | <u>8,622</u> |

The Company continuously monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery. The Company manages credit risk by limiting significant exposure to individual customers and obtaining advances against sales. Based on (i) historic record (ii) subsequent recoveries and (iii) confirmation of balance /acceptance of liability by customer, the Company believes that no impairment allowance is necessary in respect of trade debts past due amounts. Further, bank balances are held only with reputable banks with high quality credit ratings. The short term and long term credit ratings as determined by PACRA and JCR-VIS are as follows:

|                              | Rating     |           |           | 30 June 2022                 | 30 June 2021 |
|------------------------------|------------|-----------|-----------|------------------------------|--------------|
|                              | Short term | Long term | Agency    | -----Rupees in thousand----- |              |
| <b>Banks</b>                 |            |           |           |                              |              |
| National Bank of Pakistan    | A1+        | AAA       | PACRA     | 2                            | 4            |
| Bank Alfalah Limited         | A1+        | AA+       | PACRA     | 8                            | 14           |
| Bank Al - Habib Limited      | A1+        | AAA       | PACRA     | 90                           | 916          |
| MCB Bank Limited             | A1+        | AAA       | PACRA     | 8                            | 8            |
| United Bank Limited          | A-1+       | AAA       | JCR - VIS | 2                            | 27           |
| Bank Islami Pakistan Limited | A1         | A+        | PACRA     | 2                            | 2            |
|                              |            |           |           | <u>112</u>                   | <u>971</u>   |

### 39.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company closely monitors its liquidity and cash flow position. This includes maintenance of financial position liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The following are contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

|                          | Carrying amount | Contractual cash flows | 6 months or less | 6 to 12 months | 2 to 5 years  | More than 5 years |
|--------------------------|-----------------|------------------------|------------------|----------------|---------------|-------------------|
| Lease liabilities        | 14,427          | 18,337                 | 2,297            | 2,068          | 13,972        | -                 |
| Long term finance        | 15,611          | 16,137                 | 14,821           | 1,316          | -             | -                 |
| Short term borrowings    | 264,072         | 269,948                | 270              | -              | -             | -                 |
| Mark up accrued          | 4,865           | 5                      | 5                | -              | -             | -                 |
| Trade and other payables | 295             | 295                    | 295              | -              | -             | -                 |
| Unclaimed dividend       | 771             | 771                    | 771              | -              | -             | -                 |
| <b>Rupees 2022</b>       | <u>300,041</u>  | <u>305,493</u>         | <u>18,459</u>    | <u>3,384</u>   | <u>13,972</u> | <u>-</u>          |
| Lease liabilities        | 11,193          | 12,984                 | 2,534            | 2,533          | 7,917         | -                 |
| Long term finance        | 37,625          | 40,395                 | 10,035           | 14,803         | 15,557        | -                 |
| Short term borrowings    | 269,827         | 291,037                | 291,037          | -              | -             | -                 |
| Mark up accrued          | 3,411           | 3,411                  | 3,411            | -              | -             | -                 |
| Trade and other payables | 286,587         | 286,587                | 286,587          | -              | -             | -                 |
| Unclaimed dividend       | 771             | 771                    | 771              | -              | -             | -                 |
| <b>Rupees 2021</b>       | <u>609,414</u>  | <u>635,185</u>         | <u>594,375</u>   | <u>17,336</u>  | <u>23,474</u> | <u>-</u>          |

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at 30 June. The rates of mark up have been disclosed in notes 9,10.1,14.1,14.2,14.3,14.4,14.5,14.6 & 14.9 to these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
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**39.4 Market risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and the liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

**39.4.1 Currency risk**

The Company is exposed to currency risk on trade debts Rupees 14.254 million (June 30, 2021: Rupees nil ) and contract liabilities Rupees 0.376 million (June 30, 2021: Rupees 18.810 million ) that are denominated in a currency other than the functional currency of the Company. The Aggregate exposure of statement of financial position to currency risk works out to be Rupees 13.877 million (June 30, 2021: Rupees 18.810 million). The currency in which these transactions primarily denominated is US Dollar.

| Average rates |      | Reporting date rate |      |
|---------------|------|---------------------|------|
| 2022          | 2021 | 2022                | 2021 |

Significant exchange rates applied during the year:

|           |        |        |        |        |
|-----------|--------|--------|--------|--------|
| US Dollar | 177.80 | 160.20 | 204.16 | 157.13 |
|-----------|--------|--------|--------|--------|

**Sensitivity analysis**

A 10 percent strengthening of the Rupee against above mentioned currency at 30 June would have decreased profit for the year by Rupees 1.387 million ( June 30, 2021: Rupees 1.881 million) mainly as a result of net foreign exchange gain on translation of foreign currency contract liabilities. The analysis assumes that all other variables remain constant. A 10 percent weakening of the Rupee against above currencies at 30 June would have had the equal but opposite effect on the profit or loss, on the basis that all other variables remain constant.

**39.4.2 Interest rate risk**

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term borrowings from banks. At the reporting date, the interest rate profile of the Company's variable interest bearing financial instruments is given below:

The variable rate financial liabilities as at June 30, 2022 aggregated to Rupees 233.233 million (June 30, 2021: 186.349 million) and fixed rate liabilities aggregated to Rupees 6.050 million (June 30, 2021: 21.131 million). The Company does not account for fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect the statement of profit or loss and the equity of the Company. A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased the loss / profit for the year by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022.

|   | Profit & loss                |                    |
|---|------------------------------|--------------------|
|   | 100 bp<br>increase           | 100 bp<br>decrease |
|   | -----Rupees in thousand----- |                    |
| <b>As at June 30, 2022</b>                        |                              |                    |
| Cash flow sensitivity - variable rate instruments | (316)                        | 316                |
| <b>As at June 30, 2021</b>                        |                              |                    |
| Cash flow sensitivity - variable rate instruments | (136)                        | 136                |

**39.5 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.

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

The Company classifies fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value. Fair value hierarchy has the following levels:

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

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Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

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

**39.6 Fair value measurement – non-financial assets**

**(i) Fair value hierarchy**

Judgments and estimates are made for non-financial assets that are measured at fair value in these financial statements. To provide an indication of the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into following three levels:

|                            | Level 1      | Level 2      | Level 3      | Total        |
|----------------------------|--------------|--------------|--------------|--------------|
|                            | Rupees (000) | Rupees (000) | Rupees (000) | Rupees (000) |
| <b>As at June 30, 2022</b> |              |              |              |              |
| Freehold land              | -            | 573,480      | -            | 573,480      |
|                            |              |              |              |              |
| <b>As at June 30, 2021</b> |              |              |              |              |
| Freehold land              | -            | 344,088      | -            | 344,088      |

**(ii) Valuation techniques used in determining level 2 fair value**

The Company obtains independent valuations of its freehold land at revalued amounts every three to five years. The best evidence of fair value of freehold land is current prices in an active market for similar lands.

**(iii) Valuation process**

The Company engages external, independent and qualified valuers to determine the fair value as detailed in note 7.2 of the financial statements.

**40 Capital risk management**

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

Consistent with others in industry, the Company monitors capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt represents total of long term financing, lease liabilities and short term borrowings less cash and bank balances. Total capital is calculated as equity shown in statement of financial position plus net debt. There were no major changes in the Company's management during the year and the Company is not subject to externally imposed capital requirement.

|                              | 30 June 2022                 | 30 June 2021 |
|------------------------------|------------------------------|--------------|
|                              | -----Rupees in thousand----- |              |
| Total borrowing              | 294,110                      | 318,644      |
| Less: Cash and bank balances | 2,271                        | 4,601        |
| Net debt                     | 291,839                      | 314,043      |
| Total equity                 | 733,162                      | 412,994      |
| Total capital                | 1,025,001                    | 727,037      |
| Gearing ratio                | 28.47%                       | 43.19%       |

**41 OPERATING SEGMENTS**

- 41.1 These financial statements have been prepared on the basis of a single reportable segment.
- 41.2 Sales revenue from gelatine products, occein dried, and di-calcium phosphate (by-product) represent 69.70 %, 6.45% and 23.84% (June 30, 2021: 78.18. %, nil and 21.82%) of the total revenue of the Company respectively.
- 41.3 All non-current assets of the Company as at June 30, 2022 are located in Pakistan.
- 41.4 Sales to external customers Martin Dow Marker Limited, Pakistan is around 17.19% (2021: 18.34%), Cocoaland Industries Malaysia is around 36.59% (2021: 14.26%) and Nestle Pakistan Limited is around 6.78% (2021: 8.14% ) during the year ended June 30, 2022.
- 41.5 The sales percentage by geographic region is as follows:

|          | 30 June 2022 | 30 June 2021 |
|----------|--------------|--------------|
|          | %            | %            |
| Pakistan | 55.04        | 67.70        |
| Malaysia | 38.51        | 32.30        |
| China    | 6.45         | 0.00         |
|          | 100.00       | 100.00       |



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

|                                | Chief Executive    |              | Executive Director |              | Executives         |               |
|--------------------------------|--------------------|--------------|--------------------|--------------|--------------------|---------------|
|                                | 30 June 2022       | 30 June 2021 | 30 June 2022       | 30 June 2021 | 30 June 2022       | 30 June 2021  |
|                                | Rupees in thousand |              | Rupees in thousand |              | Rupees in thousand |               |
| Managerial remuneration        | 2,782              | 2,712        | 1,860              | 1,812        | 20,344             | 16,308        |
| Medical Expense                | 252                | 920          | 153                | -            | -                  | -             |
| Contribution to provident fund | 131                | 128          | 88                 | 85           | 786                | 682           |
|                                | <u>3,165</u>       | <u>3,760</u> | <u>2,101</u>       | <u>1,897</u> | <u>21,130</u>      | <u>16,990</u> |
| Number of Persons              | 1                  | 1            | 1                  | 1            | 12                 | 11            |

42.1 In addition to above, the chief executive and the executive director are provided with free use of company maintained cars.

42.2 In addition to the above, aggregate amount charged in these financial statements in respect of directors' fee and reimbursement of expenses to Non-Executive Directors amounted to Rs. 0.5 million (2021: Rs. 0.9 million).

43 TRANSACTION WITH RELATED PARTIES

The related parties comprise of associated company, directors of the Company and their close relatives, key management personnel and post employment contribution plan. Detail of transactions with related parties with whom the Company had entered into transactions or have arrangements / agreements in place are as follows:

| 43.1 | Nature of relation<br>Key management personnel  | Nature of transaction  | 30 June 2022       | 30 June 2021 |
|------|---|--|--------------------|--------------|
|      |   |  | Rupees in thousand |              |
|      |   | Short-term loan obtained from chief executive - Khwaja Imitiaz Ahmed | 27,580             | 23,142       |
|      |   | Short-term loan repaid to chief executive - Khwaja Imitiaz Ahmed     | 81,145             | 10,485       |
|      |   | Sponsor's loan obtained from chief executive - Khwaja Imitiaz Ahmed  | 82,500             | -            |
|      |   | Short-term loan obtained from close relative - Khwaja Ahmed Hassan   | 29,920             | 41,823       |
|      |   | Short-term loan repaid to close relative - Khwaja Ahmed Hassan       | 22,693             | 23,577       |
|      |   | Managerial remuneration  | See note - 42      |              |
|      |   | Contribution to provident fund trust                                 | 3,376              | 3,433        |
| 43.2 | Contribution to provident fund  |  |                    |              |
| 43.3 | The outstanding balances with above related parties are included in Equity (note 8) Trade and other payables (note 12) 'Payable to Provident fund' and 'Accrued Liabilities' as at June 30, 2022 Rs. 82,500,000 (June 30, 2021: Rs. nil ), Rs. 688,172 (June 30, 2021: Rs. 811,240) and Rs. 15,318,033 (June 30, 2021: Rs.13,421,774) respectively. Short term borrowings (note 14.12 "Short term borrowings from related parties" as at June 30, 2022 Rs. 54,827 million (June 30, 2021: Rs. 111,165 million). |  |                    |              |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

44 PROVIDENT FUND

|                                 | 30 June 2022                 | 30 June 2021 |
|---------------------------------|------------------------------|--------------|
|                                 | -----Rupees in thousand----- |              |
| Size of the fund - total assets | 165,582                      | 179,410      |
| Percentage of investment made   | 59.63%                       | 65.56%       |
| Fair value of investments       | 98,748                       | 117,639      |
| Cost of investments made        | 53,872                       | 54,016       |

44.1 Break up of investments in terms of amount and percentage of the size of the provident fund are as follows:

|                          | 2022                         |   | 2021        |   |
|--------------------------|------------------------------|---|-------------|---|
|                          | Investments                  | Investment as<br>% of size of<br>the fund | Investments | Investment as<br>% of size of<br>the fund |
|                          | -----Rupees in thousand----- |   |             |   |
| Unit Trust Schemes       | 44,700                       | 27.00%                                    | 51,377      | 28.64%                                    |
| Mutual Funds             | 1,664                        | 1.00%                                     | 1,445       | 0.81%                                     |
| Savings Schemes of Banks | 3,285                        | 1.98%                                     | 4,014       | 2.24%                                     |
| Bank Deposits            | 27,522                       | 16.62%                                    | 22,734      | 12.67%                                    |
| Listed Securities        | 21,577                       | 13.03%                                    | 38,069      | 21.22%                                    |
|                          | 98,748                       | 59.63%                                    | 117,639     | 65.56%                                    |

44.2 Based on the audited financial statements of the provident fund ('the Fund') as at June 30, 2022, investments in collective investment schemes, listed equity and listed debt securities out of the Funds have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

45 PLANT CAPACITY AND ACTUAL PRODUCTION

Estimated plant capacity in metric tons

|                                | 30 June 2022 | 30 June 2021 |
|--------------------------------|--------------|--------------|
| Gelatine (Blended / Unblended) | 2,000        | 2,000        |
| Di-calcium Phosphate           | 9,000        | 9,000        |

Actual production in metric tons

|                                |       |       |
|--------------------------------|-------|-------|
| Gelatine (Blended / Unblended) | 689   | 897   |
| Ossein Dried                   | 59    | 117   |
| Di-calcium Phosphate           | 3,006 | 2,928 |

The actual production was as per market demand. Under utilization is due to boom and bust of economy, energy crisis, and export of crushed bone out of Pakistan which has created difficulties in procurement of raw materials.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**46 NUMBER OF EMPLOYEES**

Number of employees at June 30

Permanent  
Contractual

|             | 2022 | 2021 |
|-------------|------|------|
| Permanent   | 180  | 214  |
| Contractual | 4    | 8    |
|             | 184  | 222  |

Average number of employees during the year

Permanent  
Contractual

|             |     |     |
|-------------|-----|-----|
| Permanent   | 209 | 211 |
| Contractual | 8   | 8   |
|             | 217 | 219 |

**47 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on October 07, 2022 by the Board of Directors of the Company.

**48 GENERAL**

**48.1** Figures have been rounded off to the nearest rupees, unless otherwise stated.

**48.2** Corresponding figures have been re-classified, wherever necessary, for purposes of comparison.

LAHORE  
Dated: October 07, 2022

**KH. IMTIAZ AHMED**  
Chief Executive Officer  
& Managing Director

**IBRAR AHMED KH.**  
Director

**MUHAMMAD JAVAID**  
Chief Financial Officer



**FORM 34**

**THE COMPANIES ACT, 2017  
(Section 227(2)(f))  
PATTERN OF SHAREHOLDING**

1.1 Name of the Company **LEINER PAK GELATINE LIMITED**2.1. Pattern of holding of the shares held by the shareholders as at **30-06-2022**

| 2.2 No. of Shareholders | -----Shareholdings----- |         | Total Shares Held |
|-------------------------|-------------------------|---------|-------------------|
|                         | From                    | To      |                   |
| 151                     | 1                       | 100     | 6,950             |
| 233                     | 101                     | 500     | 53,766            |
| 45                      | 501                     | 1,000   | 43,035            |
| 120                     | 1,001                   | 5,000   | 388,080           |
| 8                       | 5,001                   | 10,000  | 63,056            |
| 2                       | 10,001                  | 15,000  | 27,000            |
| 2                       | 20,001                  | 25,000  | 42,500            |
| 4                       | 30,001                  | 35,000  | 130,140           |
| 1                       | 35,001                  | 40,000  | 38,300            |
| 4                       | 45,001                  | 50,000  | 199,280           |
| 1                       | 50,001                  | 55,000  | 52,960            |
| 1                       | 55,001                  | 60,000  | 59,800            |
| 2                       | 70,001                  | 75,000  | 145,000           |
| 1                       | 75,001                  | 80,000  | 75,480            |
| 1                       | 80,001                  | 85,000  | 81,430            |
| 1                       | 105,001                 | 110,000 | 105,680           |
| 3                       | 155,001                 | 160,000 | 479,500           |
| 1                       | 160,001                 | 165,000 | 160,680           |
| 2                       | 170,001                 | 175,000 | 340,600           |
| 1                       | 200,001                 | 205,000 | 202,500           |
| 2                       | 210,001                 | 215,000 | 429,200           |
| 1                       | 270,001                 | 275,000 | 270,300           |
| 1                       | 285,001                 | 290,000 | 286,000           |
| 1                       | 300,001                 | 305,000 | 304,550           |
| 1                       | 315,001                 | 320,000 | 320,000           |
| 1                       | 330,001                 | 335,000 | 330,020           |
| 1                       | 335,001                 | 340,000 | 337,900           |
| 1                       | 400,001                 | 405,000 | 403,628           |
| 1                       | 415,001                 | 420,000 | 419,800           |
| 1                       | 750,001                 | 755,000 | 751,765           |
| 1                       | 950,001                 | 955,000 | 951,100           |
| 596                     |                         |         | <b>7,500,000</b>  |

| <b>2.3 Categories of Shareholders</b>   | <b>Shares Held</b> | <b>Percentage</b> |
|---|--------------------|-------------------|
| 2.3.1 Directors, Chief Executive Officer, and their spouse and minor children       | 3,385,815          | 45.1442%          |
| 2.3.2 Associated Companies, undertakings and related parties. (Parent Company)      | 403,628            | 5.3817%           |
| 2.3.3 NIT and ICP   | 25                 | 0.0003%           |
| 2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions. | 4,852              | 0.0647%           |
| 2.3.5 Insurance Companies   | 0                  | 0.0000%           |
| 2.3.6 Modarabas and Mutual Funds  | 0                  | 0.0000%           |
| 2.3.7 Shareholders holding 10% or more  | 1,702,865          | 22.7049%          |
| 2.3.8 General Public  |                    |                   |
| a. Local  | 3,675,922          | 49.0123%          |
| b. Foreign  | 0                  | 0.0000%           |
| 2.3.9 Others (to be specified)  |                    |                   |
| <b>Joint Stock Companies</b>  | 27,076             | 0.3610%           |
| <b>Pension Funds</b>  | 2,494              | 0.0333%           |
| <b>Other Companies</b>  | 188                | 0.0025%           |

**LEINER PAK GELATINE LIMITED**  
**Categories of Shareholding required under Code of Corporate Governance (CCG)**  
**As on June 30, 2022**

| Sr. No.   | Name                                    | No. of Shares Held | Percentage |
|---|---|--------------------|------------|
| <b>Associated Companies, Undertakings and Related Parties (Name Wise Detail):</b>   |   |                    |            |
| 1   | INA SECURITIES (PVT) LIMITED. (CDC)     | 403,628            | 5.3817%    |
| <b>Mutual Funds (Name Wise Detail)</b>  |   |                    |            |
|   |   | -                  | -          |
| <b>Directors and their Spouse and Minor Children (Name Wise Detail):</b>  |   |                    |            |
| 1   | KH. IMTIAZ AHMED                        | 751,765            | 10.0235%   |
| 2   | MRS. AYESHA QASIM                       | 172,200            | 2.2960%    |
| 3   | MR. IJAZ AHMED KHAWAJA                  | 304,550            | 4.0607%    |
| 4   | MR. RASHID MINHAS                       | 1,000              | 0.0133%    |
| 5   | KH. IBRAR AHMED                         | 951,100            | 12.6813%   |
| 6   | MR. AHMED ALI RIAZ                      | 74,000             | 0.9867%    |
| 7   | SYED RIZWAN HAIDER                      | 500                | 0.0067%    |
| 8   | MRS. NAVIDA IMTIAZ W/O KH. IMTIAZ AHMED | 657,900            | 8.7720%    |
| 9   | MRS. NEELUM NAZ W/O KH. IJAZ AHMED      | 202,500            | 2.7000%    |
| 10  | MRS. NAUSHEEN IBRAR W/O KH. IBRAR AHMED | 270,300            | 3.6040%    |
| <b>Executives:</b>  |   | 657,900            | 8.7720%    |
| <b>Public Sector Companies &amp; Corporations:</b>  |   | -                  | -          |
| <b>Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:</b> |   | 7,346              | 0.0979%    |
| <b>Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)</b>                                 |   |                    |            |
| 1   | KH. IBRAR AHMED                         | 951,100            | 12.6813%   |
| 2   | KH. IMTIAZ AHMED                        | 751,765            | 10.0235%   |
| 3   | KH. AHMED HASSAN                        | 749,820            | 9.9976%    |
| 4   | MRS. NAVIDA IMTIAZ W/O KH. IMTIAZ AHMED | 657,900            | 8.7720%    |
| 5   | INA SECURITIES (PVT) LIMITED. (CDC)     | 403,628            | 5.3817%    |

**All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:**

| S. No. | NAME | SALE | PURCHASE |
|--------|------|------|----------|
|--------|------|------|----------|



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# Form of Proxy

The Company Secretary,  
 Leiner Pak Gelatine Ltd.  
 17-G, Gulberg2,  
 Lahore-54660

## ANNUAL GENERAL MEETING

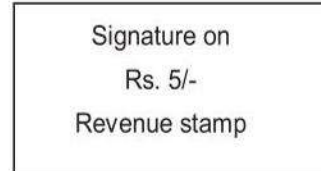
I/ We \_\_\_\_\_  
 of \_\_\_\_\_ being a member of LEINER PAK GELATINE LIMITED,  
 holder of \_\_\_\_\_ Ordinary Shares as per Share Register Folio No.  
 \_\_\_\_\_  
 (No. of Shares)

\_\_\_\_\_ and/or CDC Participant I.D. No. \_\_\_\_\_  
 and Sub Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_  
 Of \_\_\_\_\_  
 Or failing him \_\_\_\_\_ of \_\_\_\_\_  
 as my/our proxy to vote for me /us and on my / our behalf at the Annual General Meeting of the Company to be held on 28<sup>th</sup> day of October, 2022 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2022

**WITNESSES**

1. **Signature** \_\_\_\_\_  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 \_\_\_\_\_  
 NIC or \_\_\_\_\_  
 Passport No. \_\_\_\_\_
2. **Signature** \_\_\_\_\_  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 \_\_\_\_\_  
 NIC or \_\_\_\_\_  
 Passport No. \_\_\_\_\_



(Signature should agree with the specimen signature registered with the Company)

**Note:**

1. A member entitled to be present and vote at the Meeting may appoint a proxy to attend and vote for him / her. A proxy need be a member of the Company.
2. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.
3. **CDC Shareholders and there Proxies** must each attach an attested photocopy of there National Identity Card of Passport with this proxy form.

**17-G, Gulberg-2, G/Postmall Box-3529, Lahore-54660**  
**Phones #: 92-42-35756953-54**  
**Works: 19-Kilometer, Shahrah-e-Pakistan, Kala Shah Kaku,**  
**District Sheikhpura.**