# FRONTIER CERAMICS LIMITED




**42nd ANNUAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2024**

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# VISION AND MISSION STATEMENT

## VISION STATEMENT

To become industry leader by instilling ethical and moral values, honest practices according to the Principles of Islam, offering the best innovative, competitive and quality products, ensuring direct benefit for all stake holders.

## MISSION STATEMENT

- Deliver un-parallel value to customers by continuous striving and to exceed their expectations;
- Under the guiding principles of Islam, to inculcate the culture of honest practices, ethical and moral values in our employees;
- Special emphasis on workforce, health, safety, environment. Constant motivation of employees by fair benevolence;
- To ensure reasonable growth and profits of the Group, to the shareholders on their investment; and
- The Group will assert efforts towards the social development of society and be instrumental in the industrial growth of Pakistan.

# COMPANY INFORMATION

## BOARD OF DIRECTORS

| | |
|---|---|
| Ms. Shabina Anjum | Independent Director & Chairperson |
| Mr. Omer Khalid | Non-Executive Director |
| Mr. Javid Khalid | Non-Executive Director |
| Mr. Zia Khalid | Executive Director |
| Ms. Numrah Khalid | Executive Director |
| Mr. Muhammad Riaz Khan | Independent Director |
| Mrs. Shazia Khalid | Non-Executive Director |

## Audit Committee

| | |
|---|---|
| Mr. Muhammad Riaz Khan | Chairman |
| Mr. Omer Khalid | Member |
| Mr. Javid Khalid | Member |

## Human Resource & Remuneration Committee

| | |
|---|---|
| Ms. Shabina Anjum | Chairperson |
| Ms. Numrah Khalid | Member |
| Mr. Javid Khalid | Member |

## Chief Executive Officer

Mr. Nadeem Khalid

## Chief Financial Officer

Khawaja Mushtaq Ahmed FCA,ACIS
khawaja.mushtaq@forte.com.pk

## Company Secretary

Mr. Rehman Khan Sherwani
rehman.khan@forte.com.pk

## Head of Internal Audit

Mr. Wasif Naeem
wasif.naeem@forte.com.pk

## Bankers

### Conventional Banks

Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Silk Bank Limited
Meezan Bank Limited
United Bank Limited

### Islamic Banks

Bank Al Habib Islamic Limited
Bank Alfalah Islamic Limited
Silk Emaan Islamic Bank Limited
UBL Ameen Limited
First Habib Islamic Income Fund
Alfalah Asset Management Limited

## Auditors

M/S BDO Ebrahim & Co Chartered Accountants
4th Floor, Saeed Plaza, 22 East, Jinnah Avenue,
Blue Area, Islamabad.

## Legal Advisor

Mr. Ishtiaq Ahmed
Advocate & Legal Consultant
Flat No. 42, Block C, 2nd Floor, Cantonment Plaza,
Saddar Road, Peshawar Cantt.

## Registrar and Share Transfer Office

Central Depository Company of Pakistan Ltd
CDC House, 99-B, Block B, S.M.C.H.S,
Main Sharah-e-Faisal, Karachi. Ph: 021-111-111-500

## Head Office/Registered Office

29-Industrial Estate, Jamrud Road, Peshawar
Ph: 091-5891470-79, Fax: 091-5830290.

## Website

www.forte.com.pk

or scan QR code

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 42nd Annual General Meeting of Frontier Ceramics Limited **(the "Company)** will be held on Monday, October 28, 2024 at 09:00 A.M at 29-Industrial Estate, Jamrud Road, Peshawar to transact the following business:

**ORDINARY BUSINESS**

1. To confirm the minutes of the Annual General Meeting of the Company held on October 28, 2023.

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2024, together with the Chairperson's Review Report, Directors Report and Auditors' Report thereon.as require under section 223(7) of companies Act, 2017.Financial statements of the Company has been uploaded on Company website which can be downloaded from weblink in the notes.

3. To appoint auditors and fix their remuneration for the year ending June 30, 2025. The present auditors' M/s BDO Ebrahim & Co., Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

4. To consider any other business with the permission of the Chair

**BY ORDER OF THE BOARD**

October 07, 2024
Peshawar

Rehman Khan Sherwani
(Company Secretary)

**NOTES:**

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1. **Circulation of Annual Report through QR code and through Weblink.**

   In accordance with Section 223(7) of the Companies Act, 2017, and pursuant to SRO 389(1)/2023 DATED 21 March 2023 of the Securities and Exchange Commission of Pakistan, the Company had obtained Shareholder's approval in the 41st Annual General Meeting of the Company held on October 28, 2023 to circulate the Annual Report of the Company to Members through QR Code and Weblink.

   https://www.forte.com.pk/reports?page=5

2. **Participation in the AGM via Physical Presence or through Video Conferencing**

   SECP through its Circular No.4 dated February 15, 2021 has directed the listed companies to ensure the participation of members in Annual General Meeting through electronic means as a regular feature in addition to holding physical meetings. Accordingly, the shareholders intending to participate in the meeting via video link, are requested to register their intent beforehand by submitting their particulars at the designated e-mail address rehman.khan@forte.com.pk as per the table below. Video conference link details and login

credentials will be shared with ONLY those Shareholders, whose particulars are received on or before October 22, 2024, from their registered e-mail addresses:

| Name of Shareholder | CNIC No. | Folio No. / CDC No. | Cell Number | Email address |
|---|---|---|---|---|
| | | | | |

The login facility will be opened at 8:30 a.m. on October 28, 2024 enabling the participants to join the proceedings which will start at 9:00 am. sharp.

Members whose names appearing in the Register of Members as of October 21, 2024, are entitled to attend and vote at the Meeting

3. **Closure of Share Transfer Books**

The share transfer books of the Company will remain closed from October 22, 2024 to October 28, 2024 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on October 21, 2024 will be treated for the purpose of attendance at Annual General Meeting.

4. **For Attending the Meeting**

In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

5. **Proxies**

i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in-group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
iii. Notarized copies of CNIC or the passport of the beneficial owners and the proxy be furnished with the proxy form.
iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

6. **Code of Conduct for Shareholders in General Meeting**

Section 215 of Companies Act, 2017 (the "Act") and Regulation, 28 of the Companies (General Provisions and Forms) Regulations, 2018, state the Code of Conduct of the Shareholders as follows:

i. Shareholders are not permitted to exert influence or approach the management directly for decisions which may lead to the creation of hurdles in the smooth functioning of management. The law states that Shareholders shall not bring material that may cause

ii. threat to participants. or premises where the AGM is being held, confine themselves to the agenda items covered in the notice of the AGM and shall not conduct themselves in a manner to disclose any political affiliation.

iii. Any shareholder who fails to conduct in the manner provided in this section and as specified by the Commission shall be guilty of an offence under this section and shall be liable to a penalty not exceeding Lavel-1 on the standard scale.

iv. Additionally, in compliance with Section 185 of Companies Act, 2017, the Company is not permitted to distribute gifts in any form to its members in its meeting.

7. **Updating of Particulars,**

The Shareholders are requested to promptly notify change in their address, if any, to the Company's Share Registrar. In case of corporate entity, the shareholders are requested to promptly notify change in their particulars.

8. **Availability of Financial Statements and Reports on Website**

The Annual Audited Financial Statements for the year ended June 30, 2024 has been uploaded on the website of the Company.

9. **Transmission of Audited Financial Statements / Notices Through Email**

In pursuance of the directions given by SECP vide SRO 787(I)/2014 dated: September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.forte.com.pk and send the said form duly filled in and signed along with copy of his/her/its CNIC/Passport or other such information in the case of a body corporate to the Company's share registrar. The Company's Annual Financial Statements for the year ended June 30, 2024 are also being circulated to the shareholders in compliance of section 223(6) of the Companies Act, 2017.

10. **Submission of Copies of Valid CNIC not Provided Earlier**

Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier, to the Company's Share Registrar. - In case of non-availability of a a valid copy of the Shareholder's CNIC in the records of the Company, the Company shall withhold the Dividend under the provision of Section 243 of the Company's Act, 2017.

11. **Payment Of Cash Dividend Electronically – Compulsory**

Members of the Company, who have not provided the particulars of their bank accounts, are hereby requested to provide them through E-Dividend Form (annexed at the end of annual report as well as available at Company's website i.e., www.forte.com.pk). In the absence of bank account details or in case of incomplete details, the Company will be constrained to withhold the payment of cash dividend of those shareholders who have not provided the same.

12. **Mandatory Registration Detail of Physical Shareholders**

In accordance with section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are advised to provide address, email address / telephone number to the Company's Share Registrar immediately to avoid any non-compliance of law or any inconvenience in future.

13. **Conversion of Physical Shares into Book-Entry Form (i.e CDC Account)**

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 Commission, within a period not exceeding four years from the commencement of this Act, i.e., May 30, 2017. The Shareholders having physical shareholding are encouraged 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.

14. **Unclaimed /Unpaid Shares and Dividends**

Shareholders, who may by any reason, could not claim their dividends/shares, if any, are advised to contact our Share Registrar at the address mentioned herein above, to collect/enquire about their unclaimed dividend/shares, if any.

In compliance with Section 244 of the Companies Act 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend and incase of shares, shall be delivered to SECP.

## KEY OPERATING & FINANCIAL DATA - FOR LAST 6 YEARS

---------- (Rupees in Thousands) ----------

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|
| Sales - Net | 3,419,350 | 4,115,403 | 3,758,162 | 2,828,952 | 1,115,224 | 781,835 |
| Gross Profit/(Loss) | 72,587 | 103,345 | 241,377 | 296,241 | 112,722 | 16,915 |
| Expenses | 171,514 | 234,868 | 104,404 | 91,222 | 115,623 | 79,680 |
| Profit/(Loss) Before Taxation | (98,927) | (131,523) | 136,973 | 205,019 | (2,901) | (62,765) |
| Profit/(Loss) After Taxation | (109,913) | 153,472 | 38,504 | 160,705 | 17,669 | (88,474) |
| Dividend % | - | - | - | - | - | - |
| Earning/(Loss) Per Share (Rs.) | (2.90) | (4.05) | 1.02 | (Restated) 4.24 | (Restated) 0.47 | (2.34) |

## CHAIRPERSON REVIEW REPORT

**Dear Shareholders,**
I have great pleasure in presenting the Chairperson review report for the year ended June 30, 2024

## MACRO ECONOMIC OVERVIEW

Pakistan's economy experienced un-precedented challenges in the past year. The devastating floods, coupled with a commodity price shock arising from Russia-Ukraine war, and the constricting of both external and domestic financing conditions, along with policy setbacks, exacerbated economic challenges and brought recovery to a standstill. The manufacturing sector was adversely affected.

The economic and political landscape in Pakistan has been plagued by considerable uncertainty, further compounded by escalating risk premia and media speculation surrounding the potential of a sovereign debt default. As a consequence, both consumer and business confidence took a sharp hit, with prevailing uncertainties instilling caution and apprehension among various stakeholders. However IMF approval will help to provide relief over the ensuing periods.

## BUSINESS OVERVIEW

The tiles and ceramics industry of Pakistan has faced significant adverse impacts, primarily due to the following factors:

- Slowdown in construction activities, leading to a suppressed market demand for tiles and ceramics.
- Rising input, manufacturing & freight costs, primarily caused by the devaluation of the Pakistani rupee, & soaring energy costs.
- Restrictions on imported raw materials for tiles production amid dwindling foreign currency reserves.
- Continuous depletion of indigenous natural gas resulting in usage of more expensive alternate fuels.

These challenges have had a severe effect on the industry, resulting in the closure of operations for number of tiles manufacturers or have curtailed their production due to low secondary sale demand.

## PERFORMANCE SCORECARD

Over the past year, the company managed robust growth (in terms of revenue) due to strategic actions as to managing its product portfolio and the sales channel mix. The front-end team sustained sales volumes despite suppressed market conditions due to its diverse range of high-quality tiles that cater to both residential and commercial projects. Despite challenges in availability of imported raw materials, the management was able to ensure uninterrupted production and ensuring availability of high-quality products to meet market demand. Furthermore, the company has excelled in customer satisfaction, evident from positive feedback and a growing customer base. Your Company has also made notable strides in sustainability initiatives, demonstrating a commitment to environmental responsibility. Overall, the

company has successfully strengthened its market position and is well-poised for further growth and success in the future.

Profitability was however badly affected by significant cost increase which could not be offset by price increases due to poor economic conditions and slow demand. Increased Incidence of tax also impacted the company's profitability

**BOARD PERFORMANCE AND ROLE IN ACHIEVING COMPANY'S OBJECTIVES**

In compliance with the provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board has established a formal and effective mechanism to conduct an annual evaluation of its own performance, as well as that of its Members and Sub-Committees. The approval and successful implementation of this evaluation mechanism further demonstrate the Board's commitment to adhering to corporate governance standards.

The board's overall performance has been commendable, showcasing strong leadership and strategic decision-making throughout the assessed period. Their relentless dedication to upholding the company's values and vision has translated into remarkable achievements, driving the organization towards its objectives. The board's effectiveness in fulfilling its role cannot be understated, as it has adeptly navigated challenges and harnessed opportunities to deliver positive outcomes. By fostering a culture of transparency, accountability, and innovation, the board has inspired all stakeholders and empowered the leadership team to work cohesively towards shared goals. Their insightful guidance and prudent risk management have played a pivotal role in ensuring the company's sustained growth and success in a competitive market landscape.

**FUTURE OUTLOOK**

The future of the tile industry in Pakistan, still represents a promising outlook due to the size of the country's construction sector and future housing demand. Advancements in technology and design will play a pivotal role, allowing FRCL to offer innovative and aesthetically pleasing tile solutions that cater to evolving consumer preferences.

To thrive in this competitive landscape, your Company is looking to prioritize customer-centric strategies, personalized services, and effective marketing techniques. By leveraging digital platforms and e-commerce, the team is trying to tap into a wider customer base and stay relevant in a rapidly evolving market.

Energy continues to be a paramount concern in Pakistan, as depleting indigenous natural gas reserves pose a significant threat to the long-term sustainability of the industrial sector. The uncertainty surrounding gas supply has led to disruptions in production schedules and increased financial strain on the Company. Additionally, the expected rise in the gas tariff as part of the IMF agreement would lead to potential loss of competitiveness in the market. To tackle this pressing issue, a resolute commitment from the government is now more crucial than ever.

**ACKNOWLEDGEMENT**

I am truly thankful for the unwavering leadership and determination demonstrated by every member of our Company. I extend my heartfelt gratitude to the Board of Directors, Audit and Human Resource and Remuneration Committees, our dedicated staff, reliable partners, and supportive dealers for their collective efforts in surpassing expectations. It is through their hard work and commitment that we have been able to achieve remarkable outcomes and move forward together as a successful team.



**Mrs. Shabina Anjum**

**Chairperson**

**Dated: October 07, 2024**

## چیئرمین کی جائزہ رپورٹ

معزز حصص یافتگان،

چیئرمین کی جائزہ رپورٹ برائے مختتمہ مدت 30 جون 2024 پیش کرتے ہوئے مسرت محسوس کرتی ہوں۔

### معاشی جائزہ:

گذشتہ سال پاکستان کی معیشت کو غیر معمولی چیلنجز کا سامنا کرنا پڑا۔ تباہ کن سیلاب، روس اور یوکرین کی جنگ سے پیدا ہونے والی اجناس کی قیمتوں میں شدید اضافے، بیرونی و ملکی سخت مالی حالات اور پالیسیوں کی خرابی کے باعث معاشی مشکلات مزید جمود کا شکار ہوئے جس کی وجہ سے پیداواری شعبہ کو مذکورہ وجوہات کی بنا منفی اثرات کا سامنا کرنا پڑا۔

پاکستان کا معاشی اور سیاسی منظر نامہ کافی غیر یقینی صورتحال سے دوچار رہا، جسے بڑھتے ہوئے قرضوں کے ڈیفالٹ ہونے کے امکان کے بارے میں میڈیا کی قیاس آرائیوں نے بڑھایا ہے۔ نتیجتاً کاروباری اعتماد میں شدید کمی واقع ہوئی ہے۔ موجودہ غیر یقینی صورتحال نے مختلف اسٹیک ہولڈرز کو محتاط اور عام صارفین کو خوف زدہ کر دیا ہے۔ تاہم آئی ایم ایف کی منظوری سے آنے والے ادوار میں ریلیف فراہم کرنے میں مدد ملے گی۔

### کاروباری جائزہ:

پاکستان کی ٹائلز اور سرامکس کی صنعت کو بنیادی طور پر درج ذیل عوامل کی وجہ سے اہم منفی اثرات کا سامنا کرنا پڑا ہے۔

- ☆ تعمیراتی سرگرمیوں میں سست روی، جس کی وجہ سے ٹائلز اور سرامکس کی مارکیٹ کی مانگ میں کمی واقع ہوئی ہے۔
- ☆ مال برداری کے بڑھتے ہوئے اخراجات، بنیادی طور پر پاکستانی روپے کی قدر میں کمی اور توانائی کے بڑھتے ہوئے اخراجات۔
- ☆ غیر ملکی کرنسی کے ذخائر میں کمی کی وجہ سے ٹائلز کی تیاری کے لئے درآمد شدہ خام مال پر پابندیاں۔
- ☆ قدرتی گیس کی مسلسل کمی جس کے نتیجے میں زیادہ مہنگے متبادل فیول کا استعمال ہوتا ہے۔

ان چیلنجز کا صنعت پر شدید اثر پڑا ہے، جس کے نتیجے میں کافی تعداد میں ٹائلز بنانے والی کمپنیز کا کام بند ہو گیا ہے یا ثانوی فروخت کی کم طلب کی وجہ سے ان کی پیداوار میں کمی آئی ہے۔

**کارکردگی کا اسکور بورڈ:**

گذشتہ سال کمپنی نے اپنے پروڈکٹ پورٹ فولیو اور سیلز چینل مکس کے انتظام میں شامل اسٹراٹیجک اقدامات کے ذریعے آمدنی میں اضافہ حاصل کیا۔ فرنٹ اینڈ ٹیم نے مارکیٹ کے چیلنجنگ حالات کے باوجود اعلی معیاری بائلز کی متنوع رینج کی بدولت جورہائشی اور تجارتی دونوں منصوبوں کو پورا کرتی ہے، فروخت کے حجم کو برقرار رکھا۔ درآمد شدہ خام مال کی دستیابی میں چیلنجز کے باوجود انتظامیہ بلا تعطل پیداوار اور مارکیٹ کی طلب کو پورا کرنے کے لیے اعلی معیاری مصنوعات کی دستیابی کو یقینی بنانے میں کامیاب رہی۔ مزید برآں، کمپنی نے صارفین کے اطمینان میں بہترین کارکردگی کا مظاہرہ کیا ہے، جو مثبت آرا اور بڑھتے ہوئے کسٹمر بیس سے ظاہر ہے۔ آپ کی کمپنی نے ماحولیاتی ذمہ داری سے وابستگی کا مظاہرہ کرتے ہوئے پائیداری کے اقدامات میں بھی نمایاں پیش رفت کی ہے۔ مجموعی طور پر کمپنی نے کامیابی کے ساتھ اپنی مارکیٹ پوزیشن کو مضبوط کیا ہے اور مستقبل میں مزید ترقی اور کامیابی کے لیے تیار ہے۔

تاہم لاگت میں نمایاں اضافے سے منافع بری طرح متاثر ہوا جو کہ خراب معاشی حالات اور سست مانگ کی وجہ سے قیمتوں میں اضافے سے پورا نہیں ہوسکا۔ ٹیکس کے بڑھتے ہوئے رجحان نے بھی کمپنی کے منافع کو متاثر کیا ہے۔

**بورڈ کی کارکردگی اور کمپنی کے مقاصد کے حصول میں کردار:**

لسٹیڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2018 کی دفعات کے تحت، بورڈ نے اپنی کارکردگی کے ساتھ ساتھ اپنے ممبران اراکین اور ذیلی کمیٹیوں کی کارکردگی کا سالانہ جائزہ لینے کے لیے ایک باضابطہ اور موثر طریقہ کار قائم کیا ہے۔ اس تشخیصی طریقہ کار کی منظوری اور کامیاب نفاذ کارپوریٹ گورنس کے معیارات پر عمل پیرا ہونے کے لیے بورڈ کے عزم کو ظاہر کرتا ہے۔

بورڈ کی مجموعی کارکردگی قابل ستائش رہی ہے، جس نے پوری تشخیصی مدت میں مضبوط قیادت اور اسٹراٹیجک فیصلہ سازی کا مظاہرہ کیا۔ کمپنی کی اقدار اور وژن کو برقرار رکھنے کے لیے ان کی انتھک لگن نے نمایاں کامیابیوں کا ترجمہ کیا ہے، جس سے تنظیم کو اس کے مقاصد کی طرف گامزن کیا گیا ہے۔ اپنے کردار کو نبھانے میں بورڈ کی تاثیر کو کم نہیں کیا جاسکتا کیونکہ اس نے چیلنجز کو بخوبی نبھایا ہے اور مثبت نتائج کی فراہمی کے مواقع کا استعمال کیا ہے۔ شفافیت، جوابدہی اور اختراع کے کلچر کو فروغ دے کر، بورڈ نے تمام اسٹیک ہولڈرز کو متاثر کیا ہے اور قیادت کی ٹیم کو بااختیار بنایا ہے کہ وہ مشترکہ اہداف کے لیے ہم آہنگی سے کام کریں۔ ان کی بصیرت پر مبنی رہنمائی اور محتاط رسک مینجمنٹ نے مسابقتی مارکیٹ کے منظرنامے میں کمپنی کی مسلسل ترقی اور کامیابی کو یقینی بنانے میں اہم کردار ادا کیا ہے۔

## مستقبل کی پیش بینی:

پاکستان میں ٹائلز انڈسٹری کا مستقبل، ملک کے تعمیراتی شعبے کے حجم اور مستقبل میں مکانات کی طلب کی وجہ سے اب بھی ایک امید افزا منظر پیش کرتا ہے۔ ٹیکنالوجی اور ڈیزائن میں پیشرفت ایک اہم کردار ادا کرے گی، جس سے FCL جدید اور جمالیاتی لحاظ سے خوش کن ٹائل حل پیش کر سکے گا جو صارفین کی ترقی پذیر ترجیحات کو پورا کرتے ہیں۔

اس مسابقتی ماحول میں سبقت حاصل کرنے کے لیے، آپ کی کمپنی کسٹمر پر مبنی حکمت عملیوں کو ترجیح دینے، ذاتی خدمات کی پیشکش، اور موثر مارکیٹنگ تکنیک کو نافذ کرنے پر توجہ مرکوز کر رہی ہے۔ ڈیجیٹل پلیٹ فارمز اور ای کامرس کا استعمال کرتے ہوئے، ٹیم کا مقصد ایک وسیع تر کسٹمر بیس تک پہنچنا اور تیزی سے ترقی کرتی ہوئی مارکیٹ میں متعلقہ رہنا ہے۔

پاکستان میں توانائی ایک اہم مسئلہ ہے، ملکی قدرتی گیس کے کم ہوتے ذخائر صنعتی شعبے کی طویل مدتی پائیداری کے لیے کافی خطرہ ہیں۔ گیس کی فراہمی سے متعلق غیر یقینی صورتحال کے نتیجے میں پیداوار میں خلل پڑا ہے اور کمپنی کے لیے مالی دباؤ میں اضافہ ہوا ہے۔ مزید برآں IMF معاہدے کے حصے کے طور پر گیس ٹیرف میں متوقع اضافہ ممکنہ طور پر مارکیٹ میں مسابقت کو نقصان پہنچا سکتا ہے۔ اس فوری مسئلے کو حل کرنے کے لیے اب حکومت کی جانب سے مضبوط عزم کی ضرورت ہے، جو پہلے سے کہیں زیادہ اہم ہے۔

## اعتراف:

میں بورڈ میں اپنے ساتھی ممبران کی متحرک معاونت پر مشکور ہوں جس کی وجہ سے کمپنی اپنے مقاصد کے حصول کے ساتھ ساتھ مسلسل حصص یافتگان کیلئے طویل مدتی قرار فراہم کرنے میں کامیاب رہی۔ بورڈ کے ممبران نے کمپنی کی سمت بندی کیلئے ایک قابل ذکر شور زار سال میں ٹیم کو رہنمائی فراہم کرنے میں کلیدی کردار ادا کیا۔

شبینہ انجم

چیئرپرسن

مورخہ : اکتوبر 07، 2024

## DIRECTORS' REPORT

The Directors of the Company are pleased to present their report together with the Annual Report of the Company along with Audited Financial Statements for the year ended June 30, 2024.

### CHAIRPERSON 'S REVIEW REPORT:

The Chairperson's review included in the Annual Report deals inter alia with the nature of business, performance of the Company, explanation of significant deviations from last year and future prospects.

### BUSINESS ENVIRONMENT:

During the year, persistent limitations on openings Letter of Credits and foreign payments remained in place and the economic conditions in the country were challenging because of ongoing political instability in the country. Other factors such as record devaluation of Pak Rupee, rise in tax rates, inflation, reduced foreign remittances, supply chains disruption, interest rates increased and delay in IMF programmer resumption, all contributed to general economic slowdown. Resultantly construction sector suffered unparalleled obstacles.

### FINANCIAL PERFORMANCE:

A comparison of the operating results of the Company for the financial year ended June 30, 2024 against the same period last year is shown hereunder,

| | 2024 | 2023 |
|---|---|---|
| | (Rupees in Millions) | |
| Turnover – net | 3,419.35 | 4,115.40 |
| Gross profit | 72.59 | 103.35 |
| Operating (Loss)/Profit | 6.18 | (41.99) |
| Finance cost | 143.18 | 110.95 |
| (Loss)/Profit before taxation | (98.93) | (131.52) |
| (Loss)/ Profit after taxation | (109.92) | (153.47) |
| (Loss)/ Earnings per share (Rs.) | (2.90) | (4.05) |

The turnover of the Company showed a decreased by 16.91% due to the low demand of product.

Gross profit has reduced to Rs 72.59 million as compared to gross profit of Rs 103.35 million previous year. The main reason of reduction in gross profit is mainly attributed to attainment of low production capacity, increase in gas, electric rates, wages and increase of prices of raw material components. The Company suffered the loss before taxation of Rs 98.93 M as compared to of Rs 131.52 million previous year. The loss is mainly attributed to additional finance cost of Rs. 32 million. Company was unable to fully pass on these increases through selling price. However, despite the challenges production activities were planned effectively and adjusted to cater to the customers' preferences.

## LIQUIDITY AND CASH FLOW MANAGEMENT:

The Company primarily manages its capital expenditure requirements and short-term working capital requirements from its internally generated cash-flows and associated companies; however, it takes advantage of any short-term financing available at subsidized rates as part of any scheme announced by the Government or central bank healthy cash flows and prudent liquidity management aids the Company to maintain its strong liquidity position. The Company believes that it is maintaining an optimal capital structure. Company deals on cash basis and discourages the credit which ease the company in managing its cash flows.

## BUSINESS RISKS AND CHALLENGES:

Pakistan's construction sector has been grappling with a slowdown in activity. Economic difficulties, including elevated inflation rates, volatile exchange rates, and political uncertainties, are significant factors that have led to this sluggishness. Building materials, an integral component of the construction industry, play a vital role not only in enhancing a nation's infrastructure and amenities, thus elevating its overall standard of living, but also in contributing substantially to the country's GDP Growth

**Following are the major risks, which may affect our business operations:**

- Fluctuation / interruption in gas supply due to curtailment, gas reserve depletion
- Revision in gas allocation policy and increased gas tariff (comingled natural gas and RLNG) exerting pressures on input cost
- Rising coal prices
- Problems in establishing LCs affecting the production cycle
- High inflation resulting in sluggish secondary sales
- Devaluation of rupee.
- Freight cost upsurge due to supply chain disruption, diesel prices.
- Irrational tax burden on compliant companies.

## CORPORATE AND SOCIAL RESPONSIBILITY:

Over the years our Company has contributed significantly towards the welfare of the society through various social activities. Under the CSR policy, the Company mainly emphasis on healthcare, education and society.

## HEALTH, SAFETY & ENVIRONMENT:

The Company always endeavors to build a safe and secure work environment for associates. Under the fundamental safety guidelines, the Company seeks to realize a work environment that brings the joy to the people of working with a true sense of safety & security. The Health & Safety Division has been established by the Company for preventing industrial accidents and their recurrence, as well as ensuring the health of associates.

Though the pandemic recedes towards end of the year, the social distancing and basic precautions for Covid-19 safety were observed throughout the year. All workstations & lunch tables were protected.

We are proud to state that all the employees, workers and contractors are fully vaccinated against COVID-19.

## ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The company adheres to maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Board has also appointed Head of Internal Audit who is a qualified person reporting functionally to the Audit Committee.

## AUDITORS:

The present auditor's M/s BDO Ebrhim & Co, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board has recommended the re-appointment of the retiring auditors for the year ending 30 June 2025, for approval of the shareholders in the forthcoming Annual General Meeting.

## COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

The Company Management is fully cognizant of its responsibility as recognized by the Companies Act, 2017 provisions and Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP). The following comments are acknowledgement of Board's commitment to high standards of Corporate Governance and continuous improvement:

1) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity

2) Proper books of account have been maintained by the Company.

3) Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.

4) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of these financial statements.

5) The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue with the objective to further strengthen the controls and improve the system.

6) There are no significant doubts upon the Company's ability to continue as a going concern;

7) A summary of key operating and financial data of the Company of the last six years is annexed in the report on page No.

8) There has been no material departure from the best practices of Corporate Governance, as detailed in the Regulations of Rule Book of Pakistan Stock Exchange.

9) The Company operates a contributory provident fund scheme for all permanent employees. The value of Provident Fund Investments as per the unaudited accounts of FRCL Provident Fund Trust for the year ended June 30, 2024 was Rs. 84.09 million (2023: Rs. 45.26 million):

10) There are no outstanding statutory payments due on account of taxes, levies and charges except as those disclosed in these financial statements.

**BOARD OF DIRECTORS & ITS COMMITTEES:**

THE BOARD:

The Board comprises of two independent Directors (including one female director), three non-executive Directors and two executive Director.

During the year, four meetings of Board of Directors (BOD) were held. All the meetings were held in Pakistan. The attendance and the composition of the Board of Directors are as follows:

| Name of Director | Designation | No. of meetings attended |
|---|---|---|
| Mrs. Shabina Anjum | Chairperson & Independent Director | 4 |
| Mr. Nadeem Khalid | Chief Executive Officer | 4 |
| Mr. Omer Khalid | Non-Executive Director | 4 |
| Mr. Javid Khalid | Non-Executive Director | 4 |
| Mr. Zia Khalid | Executive Director | 4 |
| Ms. Numrah Khalid | Executive Director | 4 |
| Mr. Muhammad Riaz Khan | Independent Director | 4 |
| Mrs. Shazia Khalid | Non-Executive Director | 4 |

**Board Audit Committee:**

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to share-holders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairperson of the Committee reports to the Board. The Committee comprises of two non-executive director and one independent director.

During the year, four meetings of Audit Committee were held. The attendance and the composition of the Board of Directors are as follows:

| Name of Director | Designation | No. of meetings |
|---|---|---|
| Mr. Muhammad Riaz Khan | Chairman/ Independent Director | 4 |
| Mr. Omer Khalid | Non-Executive Director | 4 |
| Mr. Javid Khalid | Non-Executive Director | 4 |

**Human Resource and Remuneration Committee:**

The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration. The CEO of the Company and the Head of HR of the Company attended the Human Resource and Remuneration Committee meeting. The Committee met once during 2023-24 attended by all the members. The composition of the Committee is as follows:

| Name of Director | Designation |
|---|---|
| Ms. Numrah Khalid | Executive Director |
| Mr. Javid Khalid | Non-Executive Director |

**DIVIDEND:**

The Board of Directors has not recommended any dividend for the financial year ended June 30, 2024 due to operational losses and to meet the capital commitments.

**PATTERN OF SHAREHOLDING:**

Statements showing the pattern of shareholding as at June 30, 2024 required under Section 227 (2) (f) of the Companies Act, 2017 and the Code of Corporate Governance, is annexed to this report.

The Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses or minor children did not carry out any trade in the shares of the Company during the year.

**RELATED PARTY TRANSACTIONS:**

All the transactions with related parties are entered into at agreed terms in the normal course of business as approved by the Board of Directors of the Company. The Company has fully complied with the best practices on transfer pricing as contained Act and Code. The details of all related party transactions were placed before the Audit Committee and upon its recommendation the same were approved by the Board of Directors. Further these transactions are also ratified /approved by the members in the Annual General Meeting of the Company.

## BUSINESS CONTINUITY PLANS:

The Company recognizes the importance of a comprehensive Business Continuity Planning Program that allows it to plan for and manage major business disruptions. All significant risks, possibilities for control and reduction are identified. The plan is regularly tested to ensure that it can be implemented in emergency situations and that the management and identified employees are aware of their respective roles. The range of events considered includes natural disasters, failure of equipment,

Government/political/legal actions, and changes in the financial and business climate. In addition to that, the remote disaster recovery sites have been adequately set up for or maintaining backup server and data in case our primary server encounters any issues.

## PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS OF THE COMPANY

In accordance with the mandate of the Code of Corporate Governance and the Companies Act 2017, the Board conducts a yearly comprehensive self-evaluation of its collective performance along with its committees. This evaluation process is aimed at assessing the Board's overall performance and efficiency aligning it with the Company's set objectives. The evaluation concentrates on key issues such as:

1. Alignment of corporate Goals and objectives with the visions and mission of the Company
2. Strategy formulation for sustainable operations
3. Board's independence and
4. Evaluation of Board Committees performance in relation to discharging their responsibilities set out in respective terms of reference

Each year, an evaluation questionnaire is prepared in accordance with the Listed Companies (Code of Corporate Governance) Regulations 2019, and distributed to Directors for performance assessment. The Company Secretary ensures the utmost confidentiality upon receiving the complete questionnaires.

These evaluations are subsequently analyzed to pinpoint the area necessitating the enhancement and to bring to light any divergent viewpoint. For the Fiscal Year ended June 30, 2024, the overall performance and efficacy have been appraised satisfactory

### Review of CEO's Performance

The performance of the CEO is formally appraised through the evaluation system which includes the performance of the business, the accomplishment of objectives with reference to profits, organization building, succession planning and corporate success.

## DIRECTORS' REMUNERATION:

The Company has a formal policy and transparent procedures for remuneration of its Directors in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019. The company does not pay remuneration to its non-executive directors including independent directors.

## OUTLOOK AND FUTURE PROSPECTS:

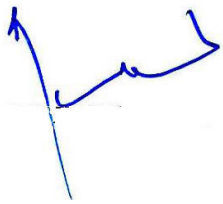
Looking ahead, we remain cautiously optimistic about the future. We will continue to prioritize product innovation, customer satisfaction, and operational excellence. Our strategy includes exploring the diversification of our product portfolio. We also aim to leverage digital platforms and e-commerce to enhance our reach and customer engagement.

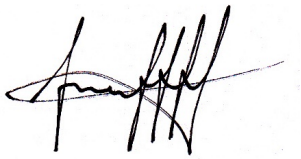
The Company's unwavering dedication to excellence and customer satisfaction has remained steadfast. Even in these challenging times, our customers' unwavering trust continues to serve as a driving force.

## ACKNOWLEDGEMENT:

The Board of Directors appreciates all its stakeholders for their trust and continued support to the Company and hope that the same spirit of devotion shall remain intact in the future ahead to the Company.

**On behalf of the Board**





**Nadeem Khalid**
**Chief Executive**

**Omer Khalid**
**Director**

**Date: October 07, 2024**
**Peshawar**

# ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز اپنی سالانہ رپورٹ اور کمپنی کے مالیاتی گوشوارے برائے مختتمہ سال 30 جون 2024 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

**چیئرپرسن کی جائزہ رپورٹ**

چیئرپرسن کا جائزہ جو کہ سالانہ رپورٹ کا حصہ ہے، وہ دیگر کے ساتھ ساتھ کاروباری نوعیت، کمپنی کی کارکردگی گزشتہ سال سے قابل ذکر انحرافات کی وضاحت مستقبل کے امکانات پر مشتمل ہے

**کاروباری ماحول:**

سال کے دوران لیٹر آف کریڈٹ اور غیر ملکی ادائیگیوں پر مسلسل پابندیاں برقرار رہیں اور ملک میں جاری سیاسی عدم استحکام کی وجہ سے ملک کے معاشی حالات بہت مشکل تھے۔ دیگر عوامل جیسے کہ پاکستانی روپے کی قدر میں ریکارڈ کمی، ٹیکس کی شرح میں اضافہ، افراط زر، غیر ملکی ترسیلات زر میں کمی، سپلائی چین میں خلل، شرح سود میں اضافہ اور آئی ایم ایف پروگرام کی بحالی میں تاخیر اقتصادی سست روی کا باعث بنے۔ نتیجاً تعمیراتی شعبے کو بے مثال رکاوٹوں کا سامنا کرنا پڑا۔

**مالیاتی نتائج**

مالیاتی سال مختتمہ 30 جون 2024 میں کمپنی کے کاروباری نتائج کا گزشتہ سال کے ساتھ مقابلہ جائزہ درج ذیل ہے:

| | 2024سال | 2023سال |
|---|---|---|
| تفصیلات | ملین روپے | ملین روپے |
| ٹرن اوور۔نیٹ | 3,419.35 | 4115.40 |
| کل منافع | 72.59 | 103.35 |
| آپریٹنگ (نقصان) یا منافع | 6.18 | (41.99) |
| مالیاتی لاگت | 143.18 | 110.95 |
| (نقصان) یا منافع ٹیکس سے پہلے | (98.93) | (131.52) |
| (نقصان) یا منافع ٹیکس کے بعد | (109.92) | (153.47) |
| (نقصان) یا آمدنی فی شیئر | (2.90) | (4.05) |

کمپنی کے ٹرن اوور میں 16.91 فیصد کمی واقع ہوئی جس کی وجہ زیادہ مارجن والی مصنوعات کی طرف جانے کی مسلسل کوششوں اور پیداواری لاگت میں اضافے کا مقابلہ کرنے کی وجہ سے ہے۔

مجموعی منافع گزشتہ سال 103.35 ملین روپے کے مجموعی منافع کے مقابلے میں کم ہوکر 72.59 ملین روپے رہ گیا ہے۔

مجموعی منافع میں کمی کی بنیادی وجہ کم پیداواری صلاحیت کا حصول، گیس، بجلی کے نرخوں میں اضافہ، اجرت اور خام مال کے اجزاء کی قیمتوں میں اضافہ ہے۔ کمپنی کو ٹیکس سے پہلے 98.93 ملین روپے کا نقصان ہوا جو پچھلے سال 131.52 ملین روپے تھا۔ نقصان کی وجہ بنیادی طور پر روپے کی اضافی مالیاتی لاگت ہے۔ 32 ملین کمپنی فروخت کی قیمت کے ذریعے ان اضافے کو مکمل طور پر منتقل کرنے سے قاصر تھی۔ تاہم، چیلنجوں کے باوجود پیداواری سرگرمیوں کی مؤثر طریقے سے منصوبہ بندی کی گئی اور صارفین کی ترجیحات کو پورا کرنے کے لیے ایڈجسٹ کیا گیا۔

**لیکویڈیٹی اور کیش فلو کا انتظام۔**

کمپنی بنیادی طور پر اپنے سرمائے کے اخراجات کی ضروریات اور قلیل مدتی ورکنگ کیپیٹل کی ضروریات کو اپنے اندرونی طور پر پیدا ہونے والے کیش فلو اور متعلقہ کمپنیوں سے سنبھالتی ہے۔ تاہم، یہ حکومت یا مرکزی بینک کی طرف سے اعلان کردہ کسی بھی اسکیم کے حصے کے طور پر رعایتی شرحوں پر دستیاب کسی بھی قلیل مدتی فنانسنگ کا فائدہ اٹھاتا ہے اور سمجھدار لیکویڈیٹی مینجمنٹ کمپنی کو اپنی مضبوط لیکویڈیٹی پوزیشن کو برقرار رکھنے میں مدد کرتا ہے۔ کمپنی کا خیال ہے کہ وہ ایک بہترین سرمائے کے ڈھانچے کو برقرار رکھے ہوئے ہے۔ کمپنی نقد کی بنیاد پر ڈیل کرتی ہے اور کریڈٹ کی حوصلہ شکنی کرتی ہے جو کمپنی کو اپنے کیش فلو کے انتظام میں آسانی پیدا کرتی ہے۔

**کاروباری خطرات اور چیلنجز۔**

پاکستان کا تعمیراتی شعبہ سرگرمیوں میں سست روی کا شکار ہے۔ اقتصادی مشکلات، بشمول بلند افراط زر کی شرح، غیر مستحکم شرح مبادلہ، اور سیاسی غیر یقینی صورتحال، وہ اہم عوامل ہیں جو اس سستی کا باعث بنے ہیں۔ تعمیراتی مواد، تعمیراتی صنعت کا ایک لازمی جزو، نہ صرف کسی ملک کے بنیادی ڈھانچے اور سہولیات کو بڑھانے میں اہم کردار ادا کرتا ہے، اس طرح اس کے مجموعی معیار زندگی کو بلند کرنے میں بلکہ ملک کی جی ڈی پی کی نمو میں بھی خاطر خواہ حصہ ڈالنے میں اہم کردار ادا کرتا ہے۔

**درج ذیل بڑے خطرات ہیں، جو ہمارے کاروباری آپریشنز کو متاثر کر سکتے ہیں:**

- کمی، گیس کے ذخائر میں کمی کی وجہ سے گیس کی سپلائی میں اتار چڑھاؤ/ رکاوٹ
- گیس مختص کرنے کی پالیسی میں نظر ثانی اور گیس ٹیرف میں اضافہ (آنے والی قدرتی گیس اور آر ایل این جی) ان پٹ لاگت پر دباؤ ڈالتا ہے۔
- کوئلے کی بڑھتی ہوئی قیمتیں۔
- ایل سی کے قیام میں مسائل جو پیداواری دور کو متاثر کرتے ہیں۔
- اعلی افراط زر کے نتیجے میں ثانوی فروخت میں سست روی ہے۔
- روپے کی قدر میں کمی۔
- سپلائی چین میں خلل، ڈیزل کی قیمتوں کی وجہ سے مال بردار لاگت میں اضافہ۔
- تعمیل کرنے والی کمپنیوں پر ٹیکس کا غیر معقول بوجھ۔

**کارپوریٹ اور سماجی ذمہ داری۔**

کئی سالوں کے دوران ہماری کمپنی نے مختلف سماجی سرگرمیوں کے ذریعے معاشرے کی فلاح و بہبود کے لیے اہم کردار ادا کیا ہے۔ CSR پالیسی کے تحت، کمپنی بنیادی طور پر صحت کی دیکھ بھال، تعلیم اور معاشرے پر زور دیتی ہے۔

**صحت، حفاظت اور ماحولیات:**

کمپنی ہمیشہ ساتھیوں کے لیے ایک محفوظ اور محفوظ کام کا ماحول بنانے کی کوشش کرتی ہے۔ بنیادی حفاظتی رہنما خطوط کے تحت، کمپنی کام کے ایک ایسے ماحول کو حاصل کرنے کی کوشش کرتی ہے جو تحفظ اور تحفظ کے حقیقی احساس کے ساتھ کام کرنے والے لوگوں کے لیے خوشی کا باعث ہو۔ ہیلتھ اینڈ سیفٹی ڈویژن کمپنی کی طرف سے صنعتی حادثات اور ان کی تکرار کو روکنے کے ساتھ ساتھ ساتھیوں کی صحت کو یقینی بنانے کے لیے قائم کیا گیا ہے۔

اگرچہ وبائی مرض سال کے آخر میں کم ہو جاتا ہے، سماجی دوری اور CoVID-19 کی حفاظت کے لیے بنیادی احتیاطی تدابیر کو سال بھر دیکھا گیا۔ تمام ورک سٹیشنز اور دوپہر کے کھانے کی میزیں محفوظ تھیں۔ ہمیں یہ بتاتے ہوئے فخر ہے کہ تمام ملازمین، کارکنان اور ٹھیکیداروں کو کووڈ-19 کے خلاف مکمل طور پر ٹیکے لگائے گئے ہیں۔

**اندرونی گرفت کے نظام کی موزونیت**

کمپنی اکاؤنٹنگ ریکارڈ موزوں انداز میں مرتب رکھنے کے لئے ایکٹ کی شقوں کی پاسداری کرتی ہے تاکہ پانی کے اثاثوں کا تحفظ کیا جاسکے اور دھوکہ دہی اور دیگر بے ضابطگیوں کی نشاندہی ہو سکے اور ان سے بچا جاسکے مناسب اکاؤنٹنگ پالیسیوں کو لاگو اور منتخب کیا جاسکے، ایسے فیصلے اور تخمینے تیار کئے جائیں جن کی بنیاد محتاط اور معقول انداز پر ہو، اندرونی مالیاتی گرفوں کو تیار، نافذ اور برقرار رکھا جاسکے جن سے موثر انداز میں درستگی اور جامعیت کو اکاؤنٹنگ ریکارڈ میں یقینی بنایا جاسکے، مالیاتی گوشواروں کی تیاری اور پیش کرنے سے متعلق بالکل صحیح اور شفاف نقطہ نظر فراہم کیا جاسکے جو کہ تمام غلط بیانیوں سے پاک ہوں چاہیں وہ فراڈ کی بنیاد پر ہوں یا غلطی کی بنیاد پر۔ بورڈ نے اندرونی گرفت کا نظام کمپنی سے باہر ایک ادارے کو سپرد کیا ہے جو کہ اس مقصد کے لیے تعلیم یافتہ اور تجربہ کار ہے اور کمپنی کی پالیسیوں اور طریقہ کار سے آگاہ ہے۔ بورڈ نے انٹرنل آڈٹ کے سربراہ کے عہدے پر بھی ایک تعلیم یافتہ فرد کی تقرری کی ہے جو فرائض منصبی کے لحاظ سے آڈٹ کمیٹی کو رپورٹ کرتا ہے

**آڈیٹرز:**

موجودہ ڈیٹر میسرز BDO Ebrhim & Co چارٹرڈ اکاؤنٹنٹس سبکدوش ہو چکے ہیں اور اہلیت کے باعث انھوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ نے سبکدوش ہونے والے ڈیٹرز کی سال 30 جون 2025 کے دوبار تقرری کی سفارش کی ہے تاکہ آنے والے سالانہ اجلاس عام میں ان کی تقرری کی منظوری کی جاسکے۔

**ادارہ نظم وضبط کے ضابطہ کی پاسداری:**

کمپنی کے عمل اور اپنی ایکٹ 2017 کی شقوں اور سکیورٹی اینڈ کھیچ کمیشن آف پاکستان کے جاری کردہ کوڈ آف کارپوریٹ گورنس کے تحت اپنی ذمہ داریوں سے بخوبی آگاہ ہے۔ مندرجہ ذیل مندرجات بورڈ کی کارپریٹ گورنس کے اعلی معیار اور بہتری کا اعتراف کرتے ہیں۔

ا۔کمپنی کی انتظامیہ کے تیار کردہ گوشوارے کمپنی کے معلمات، اس کے کاروباری متانت، فقری کے بہااور کوئی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔

2۔کمپنی میں حسابات کی کتابیں مناسب انداز میں تیار کی گئیں ہیں۔۔

3۔درست حساناتی مالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران کو ثوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد در معقول اور مظبوط فیصلوں پر ہے۔

4۔ مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ، معیارات، جو پاکستان میں لاگو ہے کو ظ خاطر رکھا گیا ہے۔

5۔ ندرونی گرفت نظام کی شکل مضبوط ہے اور مونگر انداز میں نافذ کامل ہے۔اندرونی گرفت کی نگرانی کا ایمیل اس مقصد سے ساتھ جاری رکھا جائے گا تا کہ گرفت کو مربی شکم اور نظام کو بہتر بنایا جا سکے۔

6۔ کمپنی کی بڑھتی ہوئی کاروباری صلاحیت کے تسلسل میں کوئی قابل ذکر شک وشبہ ہے۔ ہے۔

7۔کمپنی کے پچھلے چھ سالوں کے اہم کاروباری اور مالیاتی اعداد وشمار کا خلاصہ اس رپورٹ میں موجود ہے۔

8۔ پاکستان اسٹاک پنج رول بک (قوائد کی کتاب میں دیئے گئے ادارتی نظم وضبط کے بہترین طور طریقوں سے کوئی تقابل گرفت انحراف نہیں کیا گیا۔

9۔کمپنی نے اپنے ملازمین کے لئے مریو مدنٹ پڑ چلا رہی ہے اور FRCL کے مرویڈنٹ پیڈ کے آڈٹ شدہ کھاتوں کے مطابق سال متہ 30 جون 2024 مرووڈ پمپ فنڈ سے کی گئی سرمایہ کاری کی مالیت 84.09 ملین روپے ہے (2023، 45.26 ملین روپے ہے)

10۔ٹیکسز، لیویز اور چارجز کی مد میں کوئی بقایا، قانونی ادائیگیاں نہیں ہیں۔سوائے ان مالیاتی گوشواروں میں جن کا انکشاف کیا گیا ہے۔

**بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں:**

بورڈ دو آزاد ڈائریکٹرز (بشمول ایک خاتون ڈائریکٹر) تین نان ایگزیکٹو اور دو ایگزیکٹو ڈائریکٹروں پر مشتمل ہے۔سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔تمام اجلاس پاکستان میں منعقد ہوئے۔بورڈ آف امریکٹرز کی تشکیل بند در حاضری درج ذیل ہے

| ڈائریکٹر کا نام | عہدہ | اجلاسوں میں شرکت کی تعداد |
|---|---|---|
| مسز شہینا انجم | آزاد ڈائریکٹر اور چیئر پرسن | 4 |
| جناب ندیم خالد | چیف ایگزیکٹو آفیسر | 4 |
| جناب عمر خالد | نان ایگزیکٹو ڈائریکٹر | 4 |
| جناب جاوید خالد | نان ایگزیکٹو ڈائریکٹر | 4 |
| جناب ضیاء خالد | ایگزیکٹو ڈائریکٹر | 4 |
| محترمہ نمرہ خالد | ایگزیکٹو ڈائریکٹر | 4 |
| جناب محمد ریاض خان | نان ایگزیکٹو ڈائریکٹر | 4 |
| مسز شازیہ خالد | نان ایگزیکٹو ڈائریکٹر | 4 |

**بورڈ کی آڈٹ کمیٹی**

بورڈ کی آڈٹ کمیٹی بورڈ کی ذمہ داریوں کی ادائیگی، ابتدائی مالیاتی امور کی رپورٹ کا جائزہ ہے، غیر مالیاتی امور کی شیئر ہولڈر کو فراہمی، اندرونی گرفت کے نظام ماحق خطرات کے انتظام) در آڈٹ جیسے معاملات میں مدد فراہم کرتی ہے۔ یہ ایک خود کار طریقہ کار ہے جس میں انتظامیہ سے معلومات حاصل کی جاتی ہیں اور معاملات کی مناسبت سے بیرونی آڈیٹرز یا ایڈوائزر سے براہ راست مشاورت کی جاتی ہے۔ چیف فنانشل آفیسر باقاعدگی کی بورڈ کی آڈٹ کمیٹی کے اجلاس میں شریک ہوتا ہے جسے کھاتوں کو پیش کرنے کے مدعو کیا جاتا ہے۔ ہر میٹنگ کے بعد بٹی کی چارمرسن بورڈ کو رپورٹ کرتی ہے۔آڈٹ کمیٹی دو نان ایگزیکٹو ڈائریکٹر اور ایک میگزیکٹو ڈائریکٹر مشتمل ہے۔ بارہ ماہ کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے۔ بورڈ آف ڈائریکٹر کی درجہ بندی درج ذیل ہے۔

| ڈائریکٹر کا نام | عہدہ | اجلاسوں میں شرکت کی تعداد |
|---|---|---|
| جناب محمد ریاض خان | چیئر مین/ آزاد ڈائریکٹر | 4 |
| جناب عمر خالد | نان ایگزیکٹو ڈائریکٹر | 4 |
| جناب جاوید خالد | نان ایگزیکٹو ڈائریکٹر | 4 |

**انسانی وسائل اور معاوضہ کمیٹی:**

یہ کمیٹی الی انتظامیہ کے ملازمین سے متعلق معاوضہ نظم وضبط اور ترقی کی پالیسیوں کے تمام عناصر کی سفارش کرتی ہے اور ان کا جائزہ لیتی ہے۔ کمیٹی کا CEO اور کمپنی کے HR کا سربراہ انسانی وسائل اور معاوضہ کمیٹی کے اجلاس میں شرکت کرتے ہیں۔ 24-2023 کے دوران کمیٹی کے دو اجلاس ہوئے۔ جس میں تمام ممبران نے شرکت کی۔ کمیٹی ان افراد پر مشتمل ہے۔

| ڈائریکٹر کا نام | عہدہ |
|---|---|
| مسز شبینا انجم | آزاد ڈائریکٹر اور چیئر پرسن |
| محترمہ نمرہ خالد | ایگزیکٹو ڈائریکٹر |
| جناب جاوید خالد | نان ایگزیکٹو ڈائریکٹر |

**منافع منقسمہ:**

بورڈ وف ڈائریکٹرز نے مالی سال اختتام 30 جون 2024 پر آپریشنل نقصانات اور سرمائے کے وعدوں کو مدنظر رکھتے ہوئے ڈیویڈنڈ کی سفارش نہیں کی ہے۔

**حصص داری کی ساخت:**

کمپنی ایکٹ 2017 کی دفعہ (1)(2)27 اور ادراتی نظم وضبط کے تحت سال 30 جون 2024 کے صص داری کی ساخت پر مشتمل گوشوارے اس رپورٹ کے ساتھ لف ہیں۔

ڈائریکٹرز، چیف ایگزیکٹو، سی ایف او، کمپنی سیکریٹری، ہیڈ آف انٹرنل آوٹ اور ان کے شریک حیات یا چھوٹے بچوں نے سال کے دوران پانی کے حصص میں کوئی خرید وفروخت نہیں کی۔

**ملحقہ فریقیں کے سودے:**

ملحقہ فریقیں کے ساتھ سودے باہم طے کئے گئے طریقہ کار کے تحت انجام پائے جن کی منظوری بورڈ آف ڈائریکٹرز نے وی کمپنی کمل طور پر ایکٹ) درکوڈ میں بیان کئے گئے تینوں کے تبادلے سے ہم آہنگ ہے اور ملحقہ فریقین کے ساتھ کئے گئے تمام سودیل کو آوٹ کمیٹی کے روبرو پیش کیا گیا اور ان کی سفارش پر بورڈ نے انہیں منظور کیا۔

**کاروباری تسلسل کے سودے:**

کمپنی ایک جامع کاروباری تسلسل کی منصوبہ بندی کے پروگرام کی اہمیت کو تسلیم کرتی ہے جو اسے بڑے کاروباری رکاوٹوں کے لیے منصوبہ بندی کرنے اور ان کا انتظام کرنے کی اجازت دیتا ہے۔ تمام قابل ذکر خاطرات گرفت کے امکانات اور کمی کی نشاندہی کی جاتی ہے۔ اس منصوبے کی باقاعدگی سے آزمائش کی جاتی ہے کہ اسے ہنگامی صورتحال میں نافذ کیا جاسکے اور یہ کہ انتظامیہ اور شناخت شدہ ملازمین متعلقہ ذمہ داریوں سے آگاہ ہوگئیں۔ ان میں قدرتی آفات، آلات کے چلنے میں ناکامی، سرکاری وقانونی افعال اور مالیاتی اور کاروباری فضا میں تبدیلیاں شامل ہیں۔ ان کے علاوہ ڈزاسٹر ریکوری مناسب انداز میں قائم کیا گیا ہے تاکہ ہمارے بنیادی سرور میں کوئی مسائل ہوئے تو بیک اپ سروراس ڈیٹا کو برقرار رکھ سکے۔

**کمپنی کے بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ**

کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ 2017 کے مینڈیٹ کے مطابق، بورڈ اپنی کمیٹیوں کے ساتھ اپنی اجتماعی کارکردگی کا سالانہ جامع خود جائزہ لیتا ہے۔ اس تشخیصی عمل کا مقصد بورڈ کی مجموعی کارکردگی اور کارکردگی کا اندازہ لگانا ہے اور اسے کمپنی کے طے شدہ مقاصد کے ساتھ ہم آہنگ کرنا ہے۔ تشخیص کلیدی مسائل پر مرکوز ہے جیسے:

1. کمپنی کے وژن اور مشن کے ساتھ کارپوریٹ اہداف اور مقاصد کی صف بندی
2. پائیدار آپریشنز کے لیے حکمت عملی کی تشکیل
3. بورڈ کی آزادی اور
4. متعلقہ شرائط میں مقرر کردہ اپنی ذمہ داریوں کو نبھانے کے سلسلے میں بورڈ کمیٹیوں کی کارکردگی کا جائزہ

ہر سال لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق ایک تشخیصی سوالنامہ تیار کیا جاتا ہے، اور کارکردگی کی جانچ کے لیے ڈائریکٹرز کو تقسیم کیا جاتا ہے۔ کمپنی سیکرٹری مکمل سوالنامے موصول ہونے پر انتہائی رازداری کو یقینی بناتا ہے۔

ان تجزیوں کا بعد میں تجزیہ کیا جاتا ہے تاکہ اس علاقے کی نشاندہی کی جاسکے جس میں اضافہ کی ضرورت ہے اور کسی بھی مختلف نقطہ نظر کو سامنے لایا جائے۔ 30 جون 2024 کو ختم ہونے والے مالی سال کے لیے مجموعی کارکردگی اور افادیت کو تسلی بخش قرار دیا گیا ہے۔

**سی ای او کی کارکردگی کا جائزہ**

سی ای او کی کارکردگی کا باضابطہ جائزہ نظام کے ذریعے کیا جاتا ہے جس میں کاروبار کی کارکردگی ،منافع کے حوالے سے مقاصد کی تکمیل، تنظیم سازی، جانشینی کی منصوبہ بندی اور کارپوریٹ کا میابی شامل ہوتی ہے۔

**ڈائریکٹرز کا معاوضہ:**

کمپنی کے پاس کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے مطابق اپنے ڈائریکٹرز کے معاوضے کے لیے ایک باضابطہ پالیسی اور شفاف طریقہ کار ہے۔ ڈائریکٹرز.

**آؤٹ لک اور مستقبل کے امکانات:**

آگے دیکھتے ہوئے، ہم مستقبل کے بارے میں محتاط طور پر پرامید رہتے ہیں۔ ہم مصنوعات کی جدت، گاہک کی اطمینان اور آپریشنل فضیلت کو ترجیح دیتے رہیں گے۔ ہماری حکمت عملی میں ہمارے پروڈکٹ پورٹ فولیو کی تنوع کو تلاش کرنا شامل ہے۔ ہمارا مقصد ڈیجیٹل پلیٹ فارمز اور ای کامرس سے فائدہ اٹھانا ہے تاکہ ہماری رسائی اور کسٹمر کی مصروفیت کو بڑھایا جا سکے۔

بہترین کارکردگی اور صارفین کی اطمینان کے لیے کمپنی کی غیر متزلزل لگن ثابت قدم رہی۔ اس مشکل وقت میں بھی، ہمارے صارفین کا غیر متزلزل اعتماد ایک محرک کے طور پر کام کر رہا ہے۔

**اعتراف:**

بورڈ آف ڈائریکٹرز اپنے تمام اسٹیک ہولڈرز کو ان کے اعتماد اور کمپنی پر مسلسل تعاون کے لیے سراہتا ہے اور امید کرتا ہے کہ مستقبل میں بھی کمپنی کے لیے یہی جذبہ عقیدت برقرار رہے گا۔

**بورڈ کی جانب سے:**

ندیم خالد
چیف ایگزیکٹو

عمر خالد
ڈائریکٹر

مورخہ : اکتوبر 07، 2024

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

**Name of company:** Frontier Ceramics Limited
**Year ending:** June 30, 2024

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

1. The Total number of directors are seven as per following:
    a. Male: 04
    b. Female: 03

2. The composition of the Board is as follows:

| Category | | Name |
|---|---|---|
| i. | Independent Directors * | Mrs. Shabina Anjum |
| | | Muhammad Riaz Khan |
| ii. | Non-Executive Directors | Mr. Omer Khalid |
| | | Mr. Javid Khalid |
| | | Mrs. Shazia Khalid |
| iii. | Executive Directors | Mr. Zia Khalid |
| | | Ms. Numrah Khalid |

* In a board comprising of 7 members, one third works out to be 2.33 in which fraction is below half (i.e.0.5). The fraction contained in such one-third is not rounded up to one. Company has qualified and experienced independent directors on the board who perform and carry out their responsibility diligently.

3. The Directors have confirmed that none of them is serving as a director in 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 along with 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 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 Chairperson and in her 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 the 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. As at June 30. 2024, four members of the existing Board have completed the Director's Training Program (DTP). Two director is exempt from this requirement by virtue of her qualification and experience.

10. The Board has approved appointment of CFO, 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:

| Sr# | Category | Names |
|---|---|---|
| 01 | **Audit Committee** | Mr. Muhammad Riaz Khan (Chairman) |
| | | Mr. Omer Khalid |
| | | Mr. Javid Khalid |
| 02 | **HR and Remuneration Committee** | Ms. Shabina Anjum (Chairperson) |
| | | Ms. Numrah Khalid |
| | | Mr. Javid Khalid |

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 committees were as per following:

    a) Audit Committee: Four quarterly meetings were held during the year ended June 30, 2024.

    b) HR and Remuneration Committee: One meeting was held during the year ended June 30, 2024.

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

19. Explanation of non-compliance with the requirements, other than regulations 3,6,7, 8,27,32,33 and 36 are below.

| Sr. No | Requirement | Explanation of Non-Compliance | Regulation Number |
|---|---|---|---|
| 1 | **Role of board and its members to address Sustainability Risks and Opportunities** | During the year, the Securities and Exchange Commission of Pakistan issued certain amendments (in relation to Regulation 10) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 through its notification dated June 12, 2024. Currently, the management is assessing these amendments and compliance thereof, as applicable, will be performed in due course of time. | 10A |
| 2 | **Directors' Training**<br><br>It is encouraged that by June 30, 2023 all the directors on their Boards 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. | The Company has seven directors whereof two director is exempt from this requirement by virtue of his qualification and experience and four out of the remaining five directors have obtained DTP certification. Remaining one director have more than 12 years of experience as directors of the Company. By virtue of their experience, they will also not require for DTP once they complete the remaining term of qualification. | 19 |
| 3 | **Disclosure of significant policies on website**<br><br>The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy. | Although these are well circulated among the relevant employees and directors, the Board may consider posting such policies and synopsis on its website in near future. | 35 |

**Nadeem Khalid**
**Chief Executive**
**Date: October 07, 2024**
**Peshawar**

**Omer Khalid**
**Director**

BDO

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## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE 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 **Frontier Ceramics Limited** (the Company) for the year ended June 30, 2024 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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, 2024.

We draw your attention to Clause 19 of the Statement of Compliance which mentions certain instances of non-compliance accompanied by explanation for the deviation with the Regulations of the Code of Corporate Governance.

**ISLAMABAD**

**DATED: OCTOBER 09, 2024**
**UDIN: CR2024100609ygc1KwXU**

**CHARTERED ACCOUNTANTS**
Engagement Partner: Atif Riaz

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## INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF FRONTIER CERAMICS LIMITED

### Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of **FRONTIER CERAMICS LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2024, 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 material accounting policies information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of 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, 2024 and of the loss and 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 Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

| S. No | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| 1. | **Revenue Recognition (Refer note 5.16 and 33 to the financial statement)** | |
| | The Company is engaged in the production and sale of ceramic tiles.<br><br>The Company focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before the risks and rewards have been transferred, resulting in a significant risk associated with revenue from an audit procedure.<br><br>Due to the significant risk associated with revenue recognition and the work effort from the audit team, the recognition of revenue is considered to be a key audit matter. | Our audit procedures included considering the appropriateness of the Company's revenue recognition accounting policies and assessing compliance with the policies in accordance with the applicable financial reporting framework.<br><br>• Control testing over the point of transfer of risk and rewards was supported by substantive audit procedures including, amongst others:<br><br>• Performing analytical tests on the revenue.<br><br>• Testing a sample of sales transactions around year end to ensure inclusion in the correct Period<br><br>Testing of a sample of sales and trade receivables at year end by agreeing a sample of open invoices at year end to subsequent receipts from customers. |
| 2. | **Related party transactions (Refer Note 49 in the financial statements)** | |
| | The company has significant long / short term lending's and borrowings with the related parties, further significant amount of advance against land is also provided to related party.<br><br>Due to the large number of transactions with the related parties, we consider it as an area of significant risk, and hence this was identified as key audit matter. | We assessed the management controls over identification and capturing and recording of related party transactions.<br><br>Reviewed contract with related party against borrowings, lending and advances for land.<br><br>Reviewed minutes of meeting of board of directors for the discussion and authorization of related party transaction.<br><br>We circulated confirmation request to the related parties regarding the transactions carried out with them and their balances as at year end.<br><br>We evaluated the adequacy of the related party disclosures in the financial statements. |

## Information Other than the Financial Statements and Auditors Report Thereon

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

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

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

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

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

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

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

## Auditors Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors 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 auditors 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 auditors 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, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

The engagement partner on the audit resulting in this independent auditors report is Atif Riaz.

**ISLAMABAD**

**DATED: OCTOBER 09, 2024**
**UDIN: AR202410060EnfLsPcmv**

**BDO EBRAHIM & CO.**
**CHARTERED ACCOUNTANTS**

**FRONTIER CERAMICS LIMITED**
**STATEMENT OF FINANCIAL POSITION**
**AS AT JUNE 30, 2024**

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **ASSETS** | | | |
| **NON CURRENT ASSETS** | | | |
| Property, plant and equipment | 7 | 2,645,028,257 | 2,535,105,392 |
| Investment property | 8 | 515,517 | 542,650 |
| | | 2,645,543,774 | 2,535,648,042 |
| Long term deposits | 9 | 5,925,450 | 5,925,450 |
| Long term advances | 10 | 592,148,042 | 550,921,284 |
| | | 3,243,617,266 | 3,092,494,776 |
| **CURRENT ASSETS** | | | |
| Stores, spares and loose tools | 11 | 275,632,704 | 270,488,018 |
| Stock in trade | 12 | 492,897,078 | 472,982,993 |
| Trade debts | 13 | 21,829,614 | 21,583,144 |
| Other receivables | 14 | 3,628,800 | 2,177,280 |
| Short term lending | 15 | - | 160,373,432 |
| Advances | 16 | 65,692,331 | 178,529,110 |
| Tax refunds due from Government | 17 | 162,950,265 | 63,962,052 |
| Taxation - net | 18 | 28,490,906 | 86,217,469 |
| Cash and bank balances | 19 | 73,148,026 | 7,116,368 |
| | | 1,124,269,724 | 1,263,429,866 |
| **TOTAL ASSETS** | | 4,367,886,990 | 4,355,924,642 |
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| Share capital | 20 | 378,738,210 | 378,738,210 |
| Discount on issue of right shares | 21 | (180,795,726) | (180,795,726) |
| | | 197,942,484 | 197,942,484 |
| Revaluation surplus on property, plant and equipment | 22 | 1,269,707,082 | 1,161,971,530 |
| Unappropriated profit | | 307,380,063 | 242,169,885 |
| | | 1,775,029,629 | 1,602,083,899 |
| **NON CURRENT LIABILITIES** | | | |
| Long term financing | 23 | - | 13,097,827 |
| Loan from related parties | 24 | 533,262,876 | 699,488,141 |
| Gas infrastructure development cess | 25 | - | 2,173,752 |
| Liability under diminishing Musharaka | 26 | - | 8,216,546 |
| Deferred liability | 27 | 25,393,458 | 25,393,458 |
| Deferred taxation | 28 | 382,938,517 | 347,656,942 |
| | | 941,594,851 | 1,096,026,666 |
| **CURRENT LIABILITIES** | | | |
| Unclaimed dividend | | 3,189,224 | 3,189,224 |
| Current portion of liability under diminishing Musharaka | 26 | 8,714,873 | 12,989,487 |
| Current portion of long term financing | 23 | 13,097,821 | 32,333,366 |
| Current portion of GIDC payable | 25 | 129,379,479 | 125,831,160 |
| Due to related parties | 29 | 37,576,325 | 32,767,629 |
| Contract liability | 30 | 836,755,119 | 177,383,666 |
| Trade and other payables | 31 | 622,549,669 | 1,273,319,545 |
| | | 1,651,262,510 | 1,657,814,077 |
| **TOTAL EQUITY AND LIABILITIES** | | 4,367,886,990 | 4,355,924,642 |
| **CONTINGENCIES AND COMMITMENTS** | 32 | | |

The annexed notes from 1 to 55 form an integral part of these financial statements.

**CHIEF FINANCIAL OFFICER** **CHIEF EXECUTIVE OFFICER** **DIRECTOR**

**FRONTIER CERAMICS LIMITED**
**STATEMENT OF PROFIT OR LOSS**
**FOR THE YEAR ENDED JUNE 30, 2024**

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| Sales - net | 33 | 3,419,349,654 | 4,115,402,797 |
| Cost of sales | 34 | (3,346,762,618) | (4,012,057,679) |
| Gross profit | | 72,587,036 | 103,345,118 |
| Distribution cost | 35 | (15,650,082) | (15,239,783) |
| Administrative expenses | 36 | (46,815,207) | (59,744,716) |
| Other operating expenses | 37 | (3,934,555) | (70,350,361) |
| Operating profit/(loss) | | 6,187,192 | (41,989,742) |
| Other income | 38 | 38,065,632 | 21,413,391 |
| Finance cost | 39 | (143,179,581) | (110,946,636) |
| Loss before income tax and minimum tax | | (98,926,757) | (131,522,987) |
| Minimum tax differential | 40 | (26,012,929) | (51,442,535) |
| Loss before income tax differential | | (124,939,686) | (182,965,522) |
| Taxation | 41 | 15,026,532 | 29,493,590 |
| Loss for the year | | (109,913,154) | (153,471,932) |
| Loss per share - basic and diluted | 42 | (2.90) | (4.05) |

The annexed notes from 1 to 55 form an integral part of these financial statements.

**CHIEF FINANCIAL OFFICER** **CHIEF EXECUTIVE OFFICER** **DIRECTOR**

**FRONTIER CERAMICS LIMITED**
**STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED JUNE 30, 2024**

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| Loss for the year | (109,913,154) | (153,471,932) |
| Other comprehensive income for the year | | |
| Items that will not be reclassified to profit or loss: | | |
| Revaluation surplus on property, plant and equipment | 337,125,189 | - |
| Deffered tax impact | (54,266,305) | - |
| | 282,858,884 | - |
| Total comprehensive income / (loss) for the year | 172,945,730 | (153,471,932) |

The annexed notes from 1 to 55 form an integral part of these financial statements.

**CHIEF FINANCIAL OFFICER** **CHIEF EXECUTIVE OFFICER** **DIRECTOR**

**FRONTIER CERAMICS LIMITED**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED JUNE 30, 2024**

| | Note | Share capital | | Reserves | | Total |
|---|---|---|---|---|---|---|
| | | | | Capital | Revenue | |
| | | Issued, subscribed and paid up capital | Discount on issue of right shares | Revaluation surplus on property, plant and equipment | Unappropriated profit | |
| | | ----------Rupees---------- | | | | |
| Balance as at July 01, 2022 | | 378,738,210 | (180,795,726) | 1,205,963,178 | 351,650,169 | 1,755,555,831 |
| Total comprehensive loss for the year ended June 30, 2023 | | | | | | |
| Loss for the year | | - | - | - | (153,471,932) | (153,471,932) |
| Transfer from revaluation surplus on property, plant and equipment in respect of incremental depreciation | 22 | - | - | (43,991,648) | 43,991,648 | - |
| Balance as at June 30, 2023 | | 378,738,210 | (180,795,726) | 1,161,971,530 | 242,169,885 | 1,602,083,899 |
| Total comprehensive income for the year ended June 30, 2024 | | | | | | |
| Loss for the year | | - | - | - | (109,913,154) | (109,913,154) |
| Revaluation surplus on property, plant and equipment-net of deferred tax | | - | - | 282,858,884 | - | 282,858,884 |
| Transfer from revaluation surplus on property, plant and equipment in respect of incremental depreciation | 22 | - | - | (175,123,332) | 175,123,332 | - |
| Balance as at June 30, 2024 | | 378,738,210 | (180,795,726) | 1,269,707,082 | 307,380,063 | 1,775,029,629 |

The annexed notes from 1 to 55 form an integral part of these financial statements.

**CHIEF FINANCIAL OFFICER** **CHIEF EXECUTIVE OFFICER** **DIRECTOR**

**FRONTIER CERAMICS LIMITED**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED JUNE 30, 2024**

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Loss before taxation | | (98,926,757) | (131,522,987) |
| Adjustment for non-cash items: | | | |
| Depreciation | | 227,229,457 | 245,355,377 |
| Finance cost | | 143,179,581 | 110,946,636 |
| Gas Infrastructure Development Cess | | (2,173,752) | (32,505,975) |
| Gain on disposal of property, plant and equipment | | - | (400,000) |
| | | 368,235,286 | 323,396,038 |
| Cashflows before working capital changes | | 269,308,529 | 191,873,051 |
| **Changes in working capital:** | | | |
| **(Increase) / decrease in current assets** | | | |
| Stores, spares and loose tools | | (5,144,686) | (89,723,236) |
| Stock in trade | | (19,914,085) | (238,354,552) |
| Trade debts | | (246,470) | (21,285,014) |
| Other receivables | | (1,451,520) | 27,506,193 |
| Short term lending | | 160,373,432 | (132,086,357) |
| Advances | | 112,836,779 | (96,952,389) |
| **Increase / (decrease) in current liabilities** | | | |
| Trade and other payables | | (680,187,836) | 129,702,547 |
| Due to related parties | | 4,808,696 | - |
| Contract liabilities | | 659,371,453 | - |
| Current portion of GIDC payable | | 3,548,319 | 35,968,717 |
| | | 233,994,082 | (385,224,091) |
| Cash generated from / (used in) operations | | 503,302,611 | (193,351,040) |
| Finance cost paid | | (15,094,609) | (25,026,721) |
| Taxes paid | | (71,232,777) | (87,800,934) |
| | | (86,327,386) | (112,827,655) |
| Net cash generated / (used in) from operating activities | | 416,975,225 | (306,178,695) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Addition to property, plant and equipment | | - | (17,059,243) |
| Disposal of property, plant and equipment | | - | 13,427,979 |
| Net cash used in investing activities | | - | (3,631,264) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Long term financing | | (32,333,372) | (27,831,730) |
| Lease liability | | (12,491,160) | (12,386,558) |
| Loan received from related party during the year | | 228,246,060 | 691,924,431 |
| Loan paid to related party during the year | | (493,138,337) | (375,265,800) |
| Long term advances | | (41,226,758) | 4,609,776 |
| Net cash (used in) / generated from financing activities | | (350,943,567) | 281,050,119 |
| Net increase / (decrease) in cash and cash equivalents | | 66,031,658 | (28,759,840) |
| Cash and cash equivalents at the beginning of the year | | 7,116,368 | 35,876,208 |
| Cash and cash equivalents at the end of the year | 19 | 73,148,026 | 7,116,368 |

The annexed notes from 1 to 55 form an integral part of these financial statements.

**CHIEF FINANCIAL OFFICER** **CHIEF EXECUTIVE OFFICER** **DIRECTOR**

## 1 STATUS AND NATURE OF BUSINESS

Frontier Ceramics Limited (the Company) was incorporated in July 1982 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017). Shares of the Company are listed on Pakistan Stock Exchange Limited. The principal activities of the Company are manufacturing of ceramic tiles, sanitary wares and related ceramic products.

## 2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office and manufacturing unit of the Company is situated at 29-Industrial Estate, Jamrud Road, Peshawar Pakistan.

Sale offices of the Company are located at 29-Industrial Estate, Jamrud Road, Peshawar, Pearl Plaza and Toyota Rawal Motors Building near Sawan Camp, GT road Rawalpindi.

## 3 BASIS OF PREPARATION

### 3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ( IASB ) as notified under the Companies Act , 2017;
- Islamic Financial Accounting Standard (IFAS) issued by the Institute of Chartered Accountant of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

### 3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain fixed assets which have been stated at revalued amount and recognition of certain staff retirement benefits at present value.

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

The preparation of these financial statements in conformity with approved accounting standards requires the management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historic experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years are discussed in Note 6.

### 3.3 Functional and presentation currency

These financial statements are presented in Pak Rupees (Rs. / Rupees), which is the Company's functional and presentation currency.

### 3.4 MATERIAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment and investment property - Note 5.2(a), 5.3 & 7.1 & 8
- Revaluation surplus - Note 5.2 (c)
- Provision for impairment of inventories - Note 5.7 & 12
- Provision for impairment of stores and spares - Note 5.6 & 11
- Measurement of ECL allowance for trade debts- Note 5.8 & 13.1
- Provision for GIDC charges - Note 25
- Provision for taxation and recognition of deferred tax assets - Note 5.12 (b),18 & 28
- Leases - Note 5.5 & 26
- Estimation of contingent liabilities - Note 32

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

### 4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have expected to have significant impact on the financial statements other than certain additional disclosures.

| | Effective date (annual periods beginning on or after) |
|---|---|
| Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- 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 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes | January 01, 2023 |

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 5 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

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

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

| | **Effective date (annual periods beginning on or after)** |
|---|---|
| Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements | January 01, 2024 |
| Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments | January 01, 2026 |
| Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments | January 01, 2026 |
| Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions | January 01, 2024 |
| Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current | January 01, 2024 |
| Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies | January 01, 2024 |

| | Effective date (annual periods beginning on or after) |
|---|---|
| Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants | January 01, 2024 |
| Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements | January 01, 2024 |
| Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability | January 01, 2025 |
| IFRS 17 Insurance Contracts | January 01, 2026 |

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

## 5 MATERIAL ACCOUNTING POLICIES AND INFORMATIONS

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

### 5.1 Change in accounting policy

During the year, the Company changed its accounting policy of recognizing the portion of income tax paid or payable for the year under the Income Tax Ordinance, 2001, not based on the taxable

profits of the Company, as a Levy under IFRIC-21/IAS-37 instead of the current income tax for the year under IAS-12.

'The management believes that the new policy provides reliable and more relevant information to the users of the financial statements.

The change in accounting policy has been accounted for retrospectively in accordance with International Accounting Standard 8: "Accounting Policies, Changes in Accounting Estimates and Errors''. There is, however, no material impact on the financial statements of the prior years.

**5.2 Property, plant and equipment**

**a) Operating fixed assets**

Operating fixed assets except for freehold land, building and plant and machinery are stated at cost less accumulated depreciation or impairment, if any. Freehold land, building and plant and machinery are stated at cost/revalued amount less accumulated depreciation or impairment, if any.

Depreciation is charged on the basis of written down value method whereby cost or revalued amount of an asset is written off over its useful life without taking into account any residual value. Full month depreciation is charged on addition, while no depreciation is charged in the month of disposal or deletion of assets.

Major renewals and repairs are capitalized and the assets so replaced are retired. Minor renewals or replacement, maintenance and repairs are charged to income as and when incurred. Gains or losses on disposal of property, plant and equipment are accounted for as profit or loss for the year.

Amount equivalent to incremental depreciation charged on revalued assets is transferred from revaluation surplus on building and plant and machinery net of deferred taxation to retained earnings (unappropriated profit).

The assets' residual value and useful lives are reviewed, and adjusted if significant, at each statement of financial position date.

Disposal of assets is recognized when significant risks and rewards incidental to the ownership have been transferred to buyers. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in the statement of profit or loss.

**b) Capital work in progress**

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

c) **Revaluation surplus on property, plant and equipment**

Any revaluation increase arising on the revaluation of land, buildings and plant and machinery is recognised in other comprehensive income and presented as a separate component of equity as Revaluation surplus on property, plant and equipment, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant and machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The revaluation surplus on buildings and plant and machinery to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

**5.3 Investment property**

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income on reducing balance basis so as to write-off the historical cost of assets over their estimated useful life. Depreciation is charged from the month of acquisition upto the month preceding the deletion of investment property. Rental income is recognised on accrual basis.

Investment properties are de recognized, when either they have been disposed off, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement or disposal of an investment property are recognized in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the cost of subsequent accounting is the carrying amount at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment upto the date of change in use.

**5.4 Impairment**

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

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Impaired assets are reviewed for possible reversal of the impairment at each statement of financial position date. Reversal of the impairment losses are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment losses had been recognized. A reversal of impairment loss is recognized in the statement of profit or loss.

## 5.5 Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with leases with a lease term of 12 months or less and leases of low-value assets are recognized as an expense in the statement of profit or loss.

## 5.6 Stores, spares and loose tools

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

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as operating fixed assets under "Plant and machinery" category and are depreciated over a time period not exceeding the useful life of the related assets.

The Company reviews the carrying amount of stores and spares on a periodic basis and provision is made for slow moving and obsolescence on periodic basis.

## 5.7 Stock in trade

Stock in trade, except stock in transit, are valued at lower of cost and net realizable value. Cost is determined as follows:

- Raw materials - at moving average method except stock in transit
- Work in process - at cost of material plus proportionate production overheads
- Finished goods - at cost of material as above plus proportionate production overheads

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

Stock in transit is valued at cost comprising invoice value plus other charges thereon.

## 5.8 Trade debts

Trade debts are recognized and carried at original invoiced amount which is fair value of the consideration to be received in future. The Company applies the IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses a lifetime expected loss allowance for trade debts. The Company was required to revise its impairment methodology under IFRS 9 for trade debts.

## 5.9 Loans, advances and other receivables

These are recognized at cost, which is the fair value of the consideration given. The Company assesses on a forward looking basis the expected credit losses associated with the advances, deposits and other receivables. The Company applies the general approach for calculating a lifetime expected credit losses for its loans, advances, deposits and other receivables recognized. The life time expected credit loss is determined at least annually. However, an assessment is made at each reporting date to determine whether there is an indication that a financial asset or a group of financial assets may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and impairment loss is recognized for the difference between the recoverable amount and the carrying value.

## 5.10 Cash and bank balances

Cash in hand and at banks are carried at nominal amount.

## 5.11 Share capital

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

## 5.12 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in statement of profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity in which case it is recognized in other comprehensive income or directly in equity respectively.

### a) Current

Provision for current taxation is based on taxable income on current rates of taxation after taking into account the rebates and tax credits available, if any, in accordance with the provisions of the Income Tax Ordinance, 2001.

The Company recognizes tax liabilities for pending tax assessments using estimates based on expert opinion obtained from tax/legal advisors. Differences, if any, between the income tax provision and the tax liability finally determined is recorded when such liability is so determined.

**b) Deferred**

Deferred tax is accounted for using the statement of financial position liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available in future years to utilize deductible temporary differences, unused tax losses and tax credits.

Deferred tax is calculated based on tax rates that have been enacted or substantively enacted up to the reporting date and are expected to apply to the periods when the differences reverse. Deferred tax for the year is charged or credited to the statement of profit or loss.

**c) Prior years**

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments and changes in estimates made during the current year, except otherwise stated.

**d) Levy**

The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in statement of profit or loss under the scope of IAS 12. Any excess of expected income tax paid or payable for the year under the Income Tax Ordinance, 2001 over the amount designated as current income tax for the year, is then recognized as a levy falling under the scope of IFRIC 21 / IAS 37.

**5.13 Borrowings**

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis.

Short term borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Borrowing cost on long term finances and short term borrowings which are specifically obtained for the acquisition of qualifying assets are capitalized as part of cost of that assets. All other borrowing costs are charged to statement of profit or loss in the period in which these are incurred.

## 5.14 Trade and other payables

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

## 5.15 Provisions

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

## 5.16 Revenue recognition

Revenue comprises the fair value for the sale of goods net of sales taxes and discounts. Revenue from the sale of goods is recognized when control of the goods passes to customers and the customers can direct the use of and substantially obtain all the benefits from the goods.

Revenue is recognized when specific criteria have been met for each of the Company's activities as described below.

### 5.16.1 Revenue from contracts with customers

### (a) Sale of goods

Sale of goods is recognized when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

### (b) Contract assets

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

### (c) Contract liabilities

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

**(d) Others**

Rental income is recognized on accrual basis.

**5.17 Earnings per share**

The Company presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**5.18 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalent comprise cash in hand, cash at bank and short term investments with maturity of not later than three months at known amount in rupees.

**5.19 Related party transactions**

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

**5.20 Dividend and appropriation to reserves**

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

**5.21 Financial instruments**

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Company losses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

**(i) Financial assets**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the

financial assets of the Company as at statement of financial position date are carried at amortized cost.

**(a) Amortized cost**

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

- it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**(b) Impairment**

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

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

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

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

**(ii) Financial liabilities**

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

**Recognition and measurement**

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost, as the case may be. The particular

measurement methods adopted are disclosed in the individual policy statements associated with each item.

**Derecognition**

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

**(iii) Offsetting of financial assets and financial liabilities**

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

**(iv) Derivative financial instruments**

These are initially recorded at fair value on the date a derivative contract is entered into and are re-measured to fair value at reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company does not apply hedge accounting for any derivatives.

Any gain or loss from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to statement of profit or loss.

## 5.22 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

## 5.23 Foreign currency translation

Transactions in foreign currencies are converted into Pak Rupees at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Exchange gains and losses are included in the statement of profit or loss.

## 5.24 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past

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

### 5.25 Ijarah

The Company accounts for assets under ijarah arrangements in accordance with Islamic Financial Accounting Standard (IFAS) 2 - Ijarah whereby rental payments due under these arrangements are recognised as an expense in the statement of profit or loss on a straight line basis over the ijarah (lease) term.

### 5.26 Staff retirement benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company. The accounting policy for provident fund is described below:

**Defined Contribution plan**

A defined contribution plan is post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution to defined benefit plans are recognised as an employee benefit expense in the statement of comprehensive income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in further payments is available.

The Company operates a defined contribution plan in the form of unrecognised provident fund scheme for all eligible employees. Contributions to the fund are made monthly at the rate of 10% of basic salary by the Company and the employees. The Company's contributions are recognised as employee benefit expense when they are due. If the contribution payments exceed the contribution due for service, the excess is recognised as an asset.

## 6 SIGNIFICANT ACCOUNTING JUDGMENTS AND CRITICAL ACCOUNTING ESTIMATES / ASSUMPTIONS

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

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

Judgments have been exercised by the management in applying the Company's accounting policies in many areas. Actual results may differ from estimates calculated using these judgments and assumptions.

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

**a) Income taxes**

The Company takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes as explained in note 5.12 of these financial statements.

**b) Property, plant and equipment**

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuers and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and useful lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

**c) Stores, spares and loose tools**

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

**d) Provision for inventory obsolescence and doubtful receivables**

The Company reviews the carrying amounts of stores, spares and loose tools and stock in trade on regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools and stock in trade. Further the carrying amount of trade and other receivables are assessed on regular basis and if there is any doubt about the reliability of these receivables, appropriate amount of provision is made.

**e) Contingencies**

The Company reviews the status of all the legal cases on regular basis. Based on expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

## 7 PROPERTY, PLANT AND EQUIPMENT

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| Operating fixed assets | 7.1 | 2,621,671,563 | 2,505,909,525 |
| Right of use asset | | 23,356,694 | 29,195,867 |
| | | 2,645,028,257 | 2,535,105,392 |

## 7.1 PROPERTY, PLANT AND EQUIPMENT

The following is the statement of operating fixed assets:

| Description | Note | OWNED | | | | | | | | | | | | | ROU Asset | Grand Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Freehold land | Factory building | Plant and machinery | | | | | | Furniture and fixtures | Office equipment | Computers | Vehicles | Total | Vehicles | |
| | | | | Imported | Local | Electrification | Casting benches | Laboratory ware | Generators | | | | | | | |
| | | Rupees | | | | | | | | | | | | | | |
| **Year ended June 30, 2024** | | | | | | | | | | | | | | | | |
| **Net carrying value basis** | | | | | | | | | | | | | | | | |
| Opening net book value (NBV) | | 480,000,000 | 370,763,679 | 1,531,090,236 | 5,130,392 | 21,999,256 | 136,202 | 13,198 | 57,779,763 | 36,009 | 219,652 | 35,185 | 38,705,953 | 2,505,909,525 | 29,195,867 | 2,535,105,392 |
| Additions | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Revaluation during the year | | 120,000,000 | 217,221,810 | (91,638) | (296) | (1,339) | (8) | (1) | (3,339) | - | - | - | - | 337,125,189 | - | 337,125,189 |
| Disposals | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation charge | 7.2 | - | (50,733,902) | (149,700,491) | (980,435) | (1,087,696) | (13,317) | (2,522) | (11,041,909) | (7,201) | (41,952) | (12,535) | (7,741,191) | (221,363,151) | (5,839,173) | (227,202,324) |
| **Closing net book value** | | 600,000,000 | 537,251,587 | 1,381,298,107 | 4,149,661 | 20,910,221 | 122,877 | 10,675 | 46,734,515 | 28,808 | 177,700 | 22,650 | 30,964,762 | 2,621,671,563 | 23,356,694 | 2,645,028,257 |
| **Gross carrying value basis** | | | | | | | | | | | | | | | | |
| Cost / revalued amount | | 600,000,000 | 849,099,970 | 2,298,447,589 | 17,934,804 | 33,801,365 | 478,082 | 202,552 | 89,442,826 | 2,696,361 | 4,917,744 | 380,940 | 79,096,279 | 3,976,498,512 | 37,343,999 | 4,013,842,511 |
| Accumulated depreciation | | - | (311,848,383) | (917,149,482) | (13,785,143) | (12,891,144) | (355,205) | (191,877) | (42,708,311) | (2,667,553) | (4,740,044) | (358,290) | (48,131,517) | (1,354,826,949) | (13,987,305) | (1,368,814,254) |
| **Net book value** | | 600,000,000 | 537,251,587 | 1,381,298,107 | 4,149,661 | 20,910,221 | 122,877 | 10,675 | 46,734,515 | 28,808 | 177,700 | 22,650 | 30,964,762 | 2,621,671,563 | 23,356,694 | 2,645,028,257 |
| **Year ended June 30, 2023** | | | | | | | | | | | | | | | | |
| **Net carrying value basis** | | | | | | | | | | | | | | | | |
| Opening net book value (NBV) | | 480,000,000 | 411,959,643 | 1,698,596,728 | 6,412,990 | 23,157,111 | 150,817 | 16,248 | 72,224,704 | 44,332 | 270,424 | 48,380 | 43,822,441 | 2,736,703,818 | 39,697,594 | 2,776,401,412 |
| Additions | | - | - | 2,521,264 | - | - | - | - | - | - | - | - | 14,537,979 | 17,059,243 | - | 17,059,243 |
| Transferred from leased assets | | - | - | - | - | - | - | - | - | - | - | - | 3,050,000 | 3,050,000 | (3,050,000) | - |
| Disposals | | - | - | - | - | - | - | - | - | - | - | - | (13,027,979) | (13,027,979) | - | (13,027,979) |
| Depreciation charge | 7.2 | - | (41,195,964) | (170,027,756) | (1,282,598) | (1,157,855) | (14,615) | (3,050) | (14,444,941) | (8,323) | (50,772) | (13,195) | (9,676,488) | (237,875,557) | (7,451,727) | (245,327,284) |
| **Closing net book value** | | 480,000,000 | 370,763,679 | 1,531,090,236 | 5,130,392 | 21,999,256 | 136,202 | 13,198 | 57,779,763 | 36,009 | 219,652 | 35,185 | 38,705,953 | 2,505,909,525 | 29,195,867 | 2,535,105,392 |
| **Gross carrying value basis** | | | | | | | | | | | | | | | | |
| Cost / revalued amount | | 480,000,000 | 631,878,160 | 2,298,539,227 | 17,935,100 | 33,802,704 | 478,090 | 202,553 | 89,446,165 | 2,696,361 | 4,917,744 | 380,940 | 79,096,279 | 3,639,373,323 | 37,343,999 | 3,676,717,322 |
| Revaluation surplus | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Accumulated depreciation | | - | (261,114,481) | (767,448,991) | (12,804,708) | (11,803,448) | (341,888) | (189,355) | (31,666,402) | (2,660,352) | (4,698,092) | (345,755) | (40,390,326) | (1,133,463,798) | (8,148,132) | (1,141,611,930) |
| **Net book value** | | 480,000,000 | 370,763,679 | 1,531,090,236 | 5,130,392 | 21,999,256 | 136,202 | 13,198 | 57,779,763 | 36,009 | 219,652 | 35,185 | 38,705,953 | 2,505,909,525 | 29,195,867 | 2,535,105,392 |
| **Annual rate of depreciation (%)** | | - | 10% | 10% | 20% | 5% | 10% | 20% | 20% | 20% | 20% | 30% | 20% | | 20% | |

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **7.2 Total depreciation** | | | |
| Depreciation on property, plant and equipment | | 227,202,324 | 245,327,284 |
| Depreciation on investment property | 8.1 | 27,133 | 28,093 |
| | | 227,229,457 | 245,355,377 |
| **Allocation of depreciation** | | | |
| Cost of sales | 34 | 218,140,279 | 234,958,281 |
| Distribution cost | 35 | 4,544,589 | 5,198,548 |
| Administrative expenses | 36 | 4,544,589 | 5,198,548 |
| | | 227,229,457 | 245,355,377 |

7.3 Free hold land of the Company is located at 29-Industrial Estate, Jamrud Road, Peshawar Pakistan. Details of factory and residential buildings of the company constructed on this land are as follows:

| Location | Particulars | Covered Area (sq.ft) |
|---|---|---|
| 29-Industrial Estate, Jamrud Road, Peshawar Pakistan | a) Main factory building including material godown, store room, Kiln area, workshops and other civil works. | 575,211 |
| | b) Workers' accommodations, guard rooms, Store and Masjid. | 14,811 |
| | | 590,022 |

## 7.4 Revaluation of freehold land, building and plant and machinery

7.4.1 The Company has adopted the revaluation model for subsequent measurement of freehold land, buildings and plant and machinery. During October 31, 2023, the Company has carried out revaluation of its assets through independent valuer M/s Indus Surveyor (Private) Limited on the basis of market value as disclosed in note 46.2. Further details of revaluation carried out by the Company to date are as follows:

| Name of independent valuer | Date of revaluation | Revaluation surplus (Rupees) |
|---|---|---|
| M/s Indus Surveyors (Private) Limited | October 31, 2023 | 337,125,189 |
| M/s K.G Traders (Private) Limited | October 22, 2020 | 578,033,224 |
| M/s K.G Traders (Private) Limited | June 30, 2019 | 643,554,757 |
| M/s Mughal Associates | June 30, 2015 | 128,039,030 |
| M/s Mughal Associates | May 21, 2012 | 35,560,289 |
| M/s Mughal Associates | June 30, 2010 | 353,104,564 |
| M/s Industrial Consultants and Machinery Linkers | June 08, 2004 | 66,359,632 |
| M/s Global Engineers (Private) Limited | August 25, 1996 | 283,925,776 |

7.4.2 Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| Free hold land | 3,518,245 | 3,518,245 |
| Factory building | 6,009,387 | 6,677,097 |
| Plant and machinery | | |
| Imported | 84,873,348 | 94,303,720 |
| Local | 440,286 | 550,358 |
| Electrification | 2,508,224 | 2,640,236 |
| Casting benches | 38,935 | 43,261 |
| Laboratory ware | 925 | 1,156 |
| Generators | 10,494 | 13,117 |
| | 87,872,212 | 97,551,848 |
| | 97,399,844 | 107,747,190 |

7.4.3 The forced sale value of the revalued property has been assessed at Rs. 2,325 million.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 8 | **INVESTMENT PROPERTY** | | | |
| | Office building | 8.1 | 515,517 | 542,650 |

8.1 The movement in this head is as follows:

| | | |
|---|---|---|
| **Year ended June 30,** | | |
| **Net carrying value basis** | | |
| Opening net book value | 542,650 | 570,743 |
| Depreciation charge | (27,133) | (28,093) |
| Closing net book value | 515,517 | 542,650 |
| **Gross carrying value basis** | | |
| Cost | 2,648,885 | 2,648,885 |
| Accumulated depreciation | (2,133,368) | (2,106,235) |
| Net book value | 515,517 | 542,650 |
| **Annual rate of depreciation (%)** | **5%** | **5%** |

8.2 This represents two offices bearing no. 102 and 103 measuring 1,200 Sq.ft each, situated at 1st floor, Kashif center, Shahrah e Faisal, Karachi owned by the Company. This has been held to earn rental income by letting out its office and disclosed in the financial statements as an investment property applying cost model in accordance with IAS 40 "Investment Property". Fair value of the investment property assessed by the management amounts to Rs. 7 million (2023: Rs. 7 million) at year end.

8.3 The rental income in respect of the property amounting to Rs. 1.451 million has been recognised in statement of profit or loss in other income. Depreciation on this property is calculated using written down value method and is charged to administrative expenses.

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 9 | **LONG TERM DEPOSITS** | | |
| | Peshawar Electric Supply Company | 1,403,200 | 1,403,200 |
| | Faisalabad Electric Supply Company | 350,000 | 350,000 |
| | Sui Northern Gas Private Limited | 4,062,000 | 4,062,000 |
| | WAPDA | 48,250 | 48,250 |
| | Office security | 30,000 | 30,000 |
| | Others | 32,000 | 32,000 |
| | | 5,925,450 | 5,925,450 |

9.1 These deposits are for indefinite time period. Therefore, these are carried at cost as the impact of amortization is not material in respect of these financial statements.

## 10 LONG TERM ADVANCES

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| Balance at start of the year | | 1,083,865 | 5,693,641 |
| Additions during the year | | 117,495 | - |
| Adjusted during the year | | (228,912) | (4,609,776) |
| | 10.1 | 972,448 | 1,083,865 |
| Advance against land | 10.2 | 591,175,594 | 549,837,419 |
| Balance at end of the year | | 592,148,042 | 550,921,284 |

10.1 This represents unsecured, interest free advance given to Toyota Rawal Motors (Private) Limited and Rawal Industrial Equipment (Private) Limited, related parties for the lease of vehicles for employees. This balance will be adjusted against the salaries of employees of the Company. These are not amortized as per IFRS-9 as the impact of amortization is not material in respect of these financial statements.

10.2 The Board of Directors of the Company in their meeting held on January 07, 2021 decided in principal to avail the opportunity of initially acquiring 1,031 kanals of land off CPEC highway & Jand-Mianwali road, Mouza Masan, Tehsil and District Mianwali from a related party Mr. Nadeem Khalid (Chief Executive Officer) at payment terms over the period of five years. Keeping in view conducive business environment, directors feel that if the environment remains stable then in next ten years, the Company will establish a large ceramic factory at the said location.

## 11 STORES, SPARES AND LOOSE TOOLS

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| Stores | | 269,944,429 | 264,340,412 |
| Spare parts and loose tools | | 5,688,275 | 6,147,606 |
| | 11.1 | 275,632,704 | 270,488,018 |

11.1 Stores, spares and loose tools includes items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalised in cost of respective assets.

## 12 STOCK IN TRADE

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| Raw materials | 208,508,635 | 195,683,709 |
| Work in process | 53,121,269 | 16,010,549 |
| Finished goods | 231,267,174 | 261,288,735 |
| | 492,897,078 | 472,982,993 |

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| **13** | **TRADE DEBTS** | | | |
| | Unsecured - considered good | | | |
| | Trade receivables | | 32,621,186 | 32,374,716 |
| | Allowance for expected credit loss | 13.1 | (10,791,572) | (10,791,572) |
| | | | 21,829,614 | 21,583,144 |
| 13.1 | Allowance for expected credit loss | | | |
| | Balance at start of the year | | (10,791,572) | - |
| | Charge for the year | | - | (10,791,572) |
| | Balance at end of the year | | (10,791,572) | (10,791,572) |
| **14** | **OTHER RECEIVABLES** | | | |
| | Rent receivable | | 3,628,800 | 2,177,280 |
| **15** | **SHORT TERM LENDING** | | | |
| | Khalid and Khalid Holdings (Private) Limited | 15.1 | - | 160,373,432 |
| 15.1 | Balance at start of the year | | 160,373,432 | 28,287,075 |
| | Additions during the year | | 31,254,746 | 166,308,977 |
| | Mark up | | 31,615,088 | 12,577,380 |
| | Payments received during the year | | (226,689,142) | (46,800,000) |
| | Balance at end of the year | | (3,445,876) | 160,373,432 |

15.2 This represents amount advanced to Khalid and Khalid Holdings (Private) Limited, a related party due to common directorship. The advance is unsecured and interest is charged at 1 year Kibor + 3.25%. The maximum aggregate amount outstanding at the end of any month during the year was Rs. 148,092,739.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| **16** | **ADVANCES** | | | |
| | Unsecured - considered good | | | |
| | Advances | | | |
| | - to suppliers | | 3,668,885 | 3,668,885 |
| | - to SNGPL | 31.1 | - | 127,043,660 |
| | - against letter of credit | | 12,719,057 | 3,314,592 |
| | - against letter of credit margin | | 15,234,296 | 8,746,216 |
| | - security deposit | | 1,652,200 | 1,652,200 |
| | - against letter of guarantee | | 29,297,900 | 29,632,000 |
| | - against salaries | | 3,062,827 | 4,430,696 |
| | - against expenses | | 57,166 | 40,861 |
| | | | 65,692,331 | 178,529,110 |

| | | Note | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|---|---|
| **17** | **TAX REFUNDS DUE FROM GOVERNMENT** | | | |
| | Considered good | | | |
| | Balance as at start of year | | 63,962,052 | 63,962,052 |
| | Transferred from taxation - net | | 98,988,213 | - |
| | Balance as at the end of year | | 162,950,265 | 63,962,052 |
| **18** | **TAXATION - NET** | | | |
| | Balance at start of the year | | 86,217,469 | 49,859,070 |
| | Prior year adjustment | | 12,770,744 | - |
| | | | 98,988,213 | 49,859,070 |
| | Adjusted against / transferred to tax refunds due from Government | | (98,988,213) | - |
| | | | - | 49,859,070 |
| | Minimum tax / levy | 41 | (42,741,871) | (51,442,535) |
| | Advance income tax | | 71,232,777 | 87,800,934 |
| | Balance at end of the year | | 28,490,906 | 86,217,469 |
| **19** | **CASH AND BANK BALANCES** | | | |
| | Cash in hand | | 177,563 | 624,399 |
| | Cash at bank Local currency: | | | |
| | Current accounts | | | |
| | - conventional | | 48,268,028 | 2,626,147 |
| | -under shariah arrangements | | 3,511,829 | 27,393 |
| | Saving account | | | |
| | -under shariah arrangements | | 21,190,606 | 3,838,429 |
| | | | 73,148,026 | 7,116,368 |

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|

## 20 SHARE CAPITAL

### 20.1 Authorised share capital

| Number of shares | | | | |
|---|---|---|---|---|
| 2024 | 2023 | | | |
| 75,000,000 | 75,000,000 | Ordinary shares of Rs.10 each | 750,000,000 | 750,000,000 |

### 20.2 Issued, subscribed and paid up capital

| Number of shares | | | | |
|---|---|---|---|---|
| 2024 | 2023 | | | |
| 37,873,821 | 37,873,821 | Ordinary shares of Rs.10 each fully paid in | 378,738,210 | 378,738,210 |

20.3 All ordinary share holders have same rights regarding dividend, voting, board selection, right of first refusal and block voting.

## 21 DISCOUNT ON ISSUE OF RIGHT SHARES

This represents discount on issue of right shares upon exercising the option given to members in board of directors meeting held on February 18, 2014 to subscribe for the right shares issue which were allotted on August 08, 2014 at a discount of Rs. 6 per share with the entitlement of 389.25% shares against SECP approval vide letter No. EMD/233/584/02 dated February 07, 2014 for the total right issue of 30.133 million shares at Rs. 4 per share (discount of Rs. 6 per share) by way of right issue. All the relevant legal formalities required by the repealed Companies Ordinance, 1984 (now Companies Act, 2017) were completed by the Company before issuance of the right shares.

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| **22 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT** | | |
| Balance as at July 01, | 1,454,213,834 | 1,516,173,902 |
| Add: Revaluation surplus for the year | 337,125,189 | |
| Less: | | |
| Transferred to equity in respect of incremental depreciation charged during the year | 175,123,332 | 43,991,648 |
| Related deferred tax liability during the year transferred to profit or loss account | 71,529,247 | 17,968,420 |
| | 246,652,579 | 61,960,068 |
| | 1,544,686,444 | 1,454,213,834 |
| Less: | | |
| Related deferred tax effect : | | |
| Balance as at July 01, | 292,242,304 | 310,210,724 |
| Revaluation during the year | 54,266,305 | - |
| Effect of change in rate | - | - |
| Incremental depreciation charged during the year transfer to statement of profit or loss | (71,529,247) | (17,968,420) |
| | 274,979,362 | 292,242,304 |
| | 1,269,707,082 | 1,161,971,530 |

22.1 The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| **23** | **LONG TERM FINANCING** | | | |
| | From Financial Institute - secured | 23.1 | 13,097,821 | 45,431,193 |
| | Less: current portion of loan | | (13,097,821) | (32,333,366) |
| | | | - | 13,097,827 |

23.1 This represents an amount received from Bank Al-Habib Islamic in respect of three years Musharka agreement for purchase of generator and charge on current asset / fixed assets is created as a security against facility. The repayment of the loan would be paid in 31 installments starting from May 18, 2022. The rental is calculated on principle amount using three months 1 year KIBOR plus 3.25% per anum and is charged as finance cost.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| **24** | **LOAN FROM RELATED PARTIES** | | | |
| | From associated person - unsecured | 24.1 | 106,619,974 | 395,378,510 |
| | From associated Companies - unsecured | 24.2 | | |
| | - Rawal Industrial Equipment (Private) Limited | | 253,556,959 | 154,679,383 |
| | - Toyota Rawal Motors (Private) Limited | | 173,085,943 | 149,430,248 |
| | | | 533,262,876 | 699,488,141 |

**24.1** From associated person - unsecured

| | | |
|---|---|---|
| Opening balance | 395,378,510 | 108,010,610 |
| Additions during the year | 4,400,000 | 528,124,431 |
| Markup | 39,544,610 | 41,967,467 |
| Payments made during the year | (332,703,146) | (282,723,998) |
| Closing balance | 106,619,974 | 395,378,510 |

This represents interest bearing unsecured loan and accumulated markup thereon received from Chief Executive Officer of the Company for working capital requirements. The loan carries mark up at the rate at 1 year KIBOR plus 2% per annum and was restructured on June 30, 2021. As per the revised terms, the borrower will accrue interest over the years for a grace period of six years after which the payment of principle amount stands due. Moreover, markup will be payable after the settlement of the principal amount.

**24.2** From associated Companies - unsecured

**24.2.1** - Rawal Industrial Equipment (Private) Limited

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| Opening balance | 154,679,383 | 107,788,764 |
| Additions during the year | 189,246,060 | 106,100,000 |
| Markup | 36,566,707 | 8,232,421 |
| Payments made during the year | (126,935,191) | (67,441,802) |
| Closing balance | 253,556,959 | 154,679,383 |

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 24.2.2 | - Toyota Rawal Motors (Private) Limited | | |
| | Opening balance | 149,430,248 | 98,812,563 |
| | Additions during the year | 34,600,000 | 57,700,000 |
| | Markup | 22,555,695 | 18,017,685 |
| | Payments made during the year | (33,500,000) | (25,100,000) |
| | Closing balance | 173,085,943 | 149,430,248 |

This represents interest bearing unsecured loans and accumulated markup thereon received from related parties, Rawal Industrial Equipment (Private) Limited and Toyota Rawal Motors (Private) Limited for working capital requirements of the Company. The loan was restructured on June 30, 2021 and carries mark up at the rate at 1 year KIBOR plus 2 % per annum. As per the revised terms, the borrower will accrue interest over the years for a grace period of six years after which the payment of principle amount stands due. Moreover, markup will be payable after the settlement of the principal amount.

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| 25 | **GAS INFRASTRUTURE DEVELOPMENT CESS** | | |
| | Total GIDC Charges | 128,004,912 | 124,542,170 |
| | Future finance cost | 1,374,567 | 3,462,742 |
| | Accumulated present value of GIDC | 129,379,479 | 128,004,912 |
| | Less: current portion of GIDC | (129,379,479) | (125,831,160) |
| | | - | 2,173,752 |

25.1 In 2011, GIDC was imposed on natural gas consumers including companies with effect from January 01, 2012 to finance the cost of laying the overland gas pipeline. In 2013, the Peshawar High Court declared the GIDC Act, 2011 as ultra vires the constitution and stuck down the GIDC Act, 2011. In August 2014, Supreme Court of Pakistan dismisses the appeal filed by the Federal Government of Pakistan deciding that GIDC is a fee and not a tax and could not be imposed by money bill. In September 2014, the GIDC Ordinance was promulgated by the President of Pakistan with retrospective effect with original imposition. In October 2016, the Sindh High Court declared the levy to be un-constitutional. In August 2020, the Honorable Supreme Court of Pakistan held that GIDC is validly levied and allowed the Government to collect the amount in 24 equal installments. Further, in November 2020, the Supreme Court dismissed the review petition seeking review of its order (issued in August 2020). Supreme Court in its judgement on the review petitions noted that government is agreeing to recover the arrears for GIDC in 48 monthly installments (instead of 24 months, as mentioned in August 2020 order of the Supreme Court). The Federal Government has started the recovery of this fee and the Company has recorded the liability amounting to Rs. 119.353 million in this regard after receiving bill of Rs. 129.395 million from the SNGPL at fair value in accordance with IFRS 9 by discounting the future cash payments required to be made in 48 installments, to settle the liability for GIDC. Balance at year end after unwinding is Rs. 129.379 million and payment is due on July 31, 2024.

| | | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| **26** | **LEASE LIABILITY UNDER DIMINISHING MUSHARAKA** | | |
| | Lease Liabilities | 8,714,873 | 21,206,033 |
| | Current maturity of lease liabilities | (8,714,873) | (12,989,487) |
| | | - | 8,216,546 |
| 26.1 | Movement of lease liabilities is as follows: | | |
| | Balance at start of the year | 21,206,033 | 33,592,591 |
| | Additions | - | - |
| | Payments | (12,491,160) | (12,386,558) |
| | Balance at end of the year | 8,714,873 | 21,206,033 |

26.2 The maturity analysis of lease liabilities as at the statement of financial position date is as follows

| | | |
|---|---|---|
| Less than one year | 8,714,873 | 12,989,487 |
| One to five years | - | 8,216,546 |
| Total lease liabilities | 8,714,873 | 21,206,033 |

**26.3 Amounts recognized in Statement of profit or loss**

| | | |
|---|---|---|
| Rentals on lease liabilities | 3,969,393 | 5,597,335 |
| Short term leases | 120,000 | 120,000 |
| **Amounts disclosed in the statement of cash flows** | | |
| Total cash outflows for lease | 12,491,160 | 12,386,558 |

26.1.1 This represents outstanding balance of diminishing musharaka facility from Bank AL Habib Limited and carries 6 months KIBOR plus 2.50% with floor 5% and cap 20%. Repayment is to be made in 36 equal monthly installments commencing from March 18, 2022 and ending on March 18, 2025.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| **27** | **DEFERRED LIABILITY** | | | |
| | Staff retirement benefits - gratuity | 27.1 | 25,393,458 | 25,393,458 |

| | | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|---|
| **27.1** | **Staff retirement benefit - gratuity** | | |
| | Balance at start of the year | 25,393,458 | 25,393,458 |
| | Charged to profit and loss during the year | - | - |
| | Charged to other comprehensive income during the year | - | - |
| | Balance at end of the year | 25,393,458 | 25,393,458 |

The gratuity scheme provides terminal benefits to permanent employees of the Company who had completed at least six months of service on the basis of last drawn gross salary. However, management of the Company has decided to replace gratuity with provident fund for its permanent employees from the 1st day of January 2021 and the Company will pay gratuity to its employees on the basis of valuation carried on by an independent valuer as on June 30, 2022. The Company has not paid any gratuity to its employees during the current or prior year.

Because of replacement of gratuity with provident fund, liability against gratuity has been ceased on June 30, 2022. Therefore the company has not recalculated the liability against gratuity at year end.

| | | Note | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|---|---|
| **28** | **DEFERRED TAXATION** | | | |
| | Deferred taxation | 28.1 | 382,938,517 | 347,656,942 |

28.1 Deferred tax liabilities / (assets) arising due to taxable temporary differences are as follows:

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| Surplus on revaluation of fixed assets | 274,979,362 | 292,242,304 |
| Accelerated depreciation | 114,206,686 | 63,591,246 |
| Right of use asset | 6,773,441 | 8,466,801 |
| Lease liability | (2,527,313) | (6,149,750) |
| Provision for gratuity | (7,364,103) | (7,364,103) |
| Allowance for expected credit loss | (3,129,556) | (3,129,556) |
| | 382,938,517 | 347,656,942 |
| Tax rate used | 29% | 29% |

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 29 | **DUE TO RELATED PARTIES** | | | |
| | Rawal Industrial Equipment (Private) Limited | | 26,622,808 | 26,622,808 |
| | Khalid and Khalid Holdings (Private) Limited | 15.1 | 3,445,876 | - |
| | Toyota Rawal Motors (Private) Limited | | 7,507,641 | 6,144,821 |
| | | | 37,576,325 | 32,767,629 |

## 30 CONTRACT LIABILITY

This represents amounts received from customers which will be recognized as revenue upon the completion of performance obligation of the company.

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| 31 | **TRADE AND OTHER PAYABLES** | | | |
| | Trade creditors | | 243,497,145 | 240,047,652 |
| | Accrued liabilities | 31.1 | 172,603,446 | 891,277,065 |
| | Old labour dues | 31.2 | 3,256,878 | 3,256,878 |
| | Sales tax payable | | 27,939,639 | 1,678,650 |
| | Withholding income tax payable | | 6,422,913 | 5,916,998 |
| | Workers' profit participation fund | 31.3 | 77,675,394 | 78,416,560 |
| | Workers' welfare fund | 31.4 | 7,066,915 | 7,464,572 |
| | Provident fund payable | 31.5 | 84,087,339 | 45,261,170 |
| | | | 622,549,669 | 1,273,319,545 |

31.1 This includes the demand of Sui Northern Gas Pipes Limited (SNGPL) against extra tariff charges amounting to Rs. 810.827 million. The Company challenged it in court along with the application for grant of temporary injunction against the SNGPL and the status quo was granted in our favour but later on the learned trial court (Gas Utility Court, Peshawar) rejected the suit on the ground of jurisdiction. The said order was then challenged in appeal which is still pending / sub-judice before the Honorable Peshawar High Court, Peshawar as there are conflicting judgements on the point of jurisdiction passed by the Honorable High Courts and Supreme Court of Pakistan. Hence the Company has moved an application in the present case as well as in the other connected cases pending in the high court for constitution of larger bench on the issue of jurisdiction the matter will take time and there is no probability of final decision in near future. The company earlier paid Rs. 127.044 million to SNGPL in this regard as the Company protested the case and the said amount was recognized as an advance payment.

However, Company opted for the settlement of the matter with SNGPL vide their offer letter July 20, 2023 whereby Company was offered to settle the matter at amount of Rs. 810.827 million vis a vis earlier provided amount of Rs 680.764 million which is under subjudice with the court. Consequently, company has to settle / pay additional amount of Rs. 130.063 million including

additional Late Payment Surcharge (LPS) of Rs. 121.189 million. In case of non-compliance, the settlement facility shall be revoked forthwith followed by immediate disconnection of gas supply. Such arrangements are further subject to conditions that all the court cases pertaining to billing dispute would be withdrawn, however, GIDC/GST court recoveries cases which is separate subjudice matter with the court shall be dealt separately as per the Court orders. During the year 2024, the company has paid the amount Rs. 683.783 million after adjustment of advance payment of Rs. 127.044 million. All the outstanding dues were cleared in this regard and gas supply was resumed.

31.2 This represents labor dues of old employees which relates to the period prior to the acquisition by current management of the Company. The dues were recorded in the year ended June 30, 2011 due to claims lodged against Company by workers and on receipt of notification from SECP in 2012.

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| **31.3 Movement in workers' profit participation fund:** | | |
| Balance at start of the year | 78,416,560 | 68,693,604 |
| Interest for the year | 17,032,077 | 17,702,342 |
| Provision for the year | - | - |
| Paid during the year | (17,773,243) | (7,979,386) |
| Balance at end of the year | 77,675,394 | 78,416,560 |

| | | |
|---|---|---|
| **31.4 Movement in workers' welfare fund:** | | |
| Balance at start of the year | 7,464,572 | 7,464,572 |
| Provision for the year | 534,753 | - |
| Paid during the year | (932,410) | - |
| Balance at end of the year | 7,066,915 | 7,464,572 |

31.5 With effect from January 01, 2021 the Company has opted provident fund for staff retirement benefits covering all permanent and regular employees as per registered provident fund rules and regulations.

## 32 CONTINGENCIES AND COMMITMENTS

### 32.1 Contingencies

#### 32.1.1 Noman Ghani vs. FCL and others

This is the recovery suit against the respondents FCL. In this suit claim is of Rs. 1.248 million. Later on, plaintiff submits an application for amendment of plaint i.e. seeks further claim from the

court for Rs. 20 million and 18% being current bank interest because of the mental torture and damages. The learned court did not admit the plaintiff's further claim. Now a days the present case is pending before High Court. In the instant case total amount of Rs. 1.248 million are involved. Thus, the matter in issue will limited just up to the Rs.1.248 million.

### 32.1.2 FCL vs. G.M. of SNGPL

This case is pending before the gas utility court. In this case, The company claims that after amendment in the law the company is not bound to pay further tax and extra tax in the gas bill. Total amount of Rs. 1 million is involved in the case.

### 32.1.3 Shameem Akhter vs. FCL

The above case is pending before the wages authority. In the instant case the applicant claim is that the FCL is liable to pay Rs. 0.498 million. The case is fixed in evidence in the Wages authority.

### 32.1.4 Amer Zada vs FCL

The above case is also pending before the wages authority. In the instant case the applicant claim that the FCL is liable to pay Rs. 0.28 million. This case too is fixed before the wages authority.

### 32.1.5 FCL vs. G.M. OF SNGPL

This case is pending before the gas utility court Peshawar. The claim of the recovery is from company on the basis of previous management. The total claim is Rs. 1.822 million. We submitted our reply in the case and now the case is fixed for the replication of the SNGPL.

### 32.1.6 Bank Guarantees

Guarantee has been issued by Bank Al Habib on behalf of the Company in the normal course of business in favour of PARCO, PESCO and M/s Sui Northern Gas Pipelines Limited aggregating to Rs. 256.13 million (2023: Rs. 277.98 million).

### 32.1.7 Review Petition of Talat Sher vs FCL

In the above title case, the applicant's claim is of Rs. 0.648 million. The case was decided in our favour however Mr. Talat Sher filed review petition against the order which was passed in our favour. In separate sheet of an annexure documents the amount is mentioned, furthermore the applicant also seeks reinstatement of service.

### 32.1.8 Ali Rehman vs FCL

In this case applicant seeks from court to reinstate his service. The applicant claim amount is Rs. 0.261 million which was mentioned in his grievance notice. The claim is filed in the Labor Court. The case is decided in our favour however Mr. Ali Rehman filed review petition against the order which was passed in our favour.

### 32.1.9 FCL vs Federation of Pakistan

In the instant case we filed a written petition about the GIDC amount of rupees round about 11 million. Earlier our unit as well as others units challenged the GIDC Act 2011 and the said Act was declared illegal by the Supreme Court, Thus new Act we also challenged. Similarly the others units also challenged the said GIDC Act in different petitions.

### 32.1.10 Muhammad Iqbal vs FCL

This is also recovery suit against the company. The total claim of this suit is Rs. 1.711 million. This suit is decided in our favour and now pending in revision before High Court, Thus total amount involved in the case is of Rs. 1.711 million.

### 32.1.11 Muhammad Noor vs FCL

In this case the applicant filed his suit before the Labor Court, total claim of the applicant is Rs. 1.304 million. The case is pending before high court.

### 32.1.12 Muhammad Farhad vs FCL

This case is identical to proceeding case. In this case applicant filed his suit before the Labor Court. Total claim of the applicant is of Rs. 0.683 million. The case is pending in evidence while the compromise is also under consideration between applicant and FCL authority.

### 32.1.13 Muhammad Anwar Khan vs FCL

This is also identical nature case like the previous two cases. In this case the applicant filed his suit before the Labor Court. Total claim of the applicant is of Rs. 0.775 million. The case is pending in evidence while the compromise is also under consideration between applicant and FCL authority.

### 32.1.14 EFU vs FCL

FCL sued EFU over not increasing rent of 2 office rooms of FCL occupied by EFU in Karachi. According to agreement signed on July 26, 2006 for Room No 102 and additional agreement signed on May 07, 2007 for Room No 103, EFU was obliged to increase rent of Rooms @10% per annum, but EFU did not comply with this requirement. However, decision of court is still pending.

| | | Note | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|---|---|
| 32.2 | **Commitments** | | | |
| | The Company has the following commitments: | | | |
| | - Against letter of credit | | | |
| | - against import of raw materials | | 139,740,170 | 1,256,092 |
| | - against import of stores and spares | | 14,610,153 | 13,978,760 |
| | - Against purchase of land from CEO | | 542,924,406 | 584,262,581 |
| | | | 697,274,729 | 599,497,433 |
| | **Commitments for Ijarah arrangements** | | | |
| | Not later than one year | | 3,364,878 | 10,645,716 |
| | Later than one year and not later than five years | | 6,173,246 | 15,081,431 |
| | | | 9,538,124 | 25,727,147 |
| 33 | **SALES** | | | |
| | Gross sales - tiles | | 4,162,245,780 | 4,979,428,421 |
| | Less: | | | |
| | Trade discounts | 33.1 | (105,246,895) | (126,427,987) |
| | Sales tax | | (637,649,231) | (737,597,637) |
| | | | 3,419,349,654 | 4,115,402,797 |

33.1 This represents trade discount to specific customers. The ceramics industry was included in the third schedule of Sales Tax Act, 1990 through Finance Bill 2019-2020. This shifted the responsibility of company to charge sales tax on the retail price. Previously sales tax was charge on the ex-factory price i.e. excluding dealer margin from the retail price.

| | | Note | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|---|---|
| 34 | **COST OF SALES** | | | |
| | Raw material consumed | 34.1 | 620,373,980 | 1,009,291,419 |
| | Stores, spares and loose tools consumed | 34.2 | 394,112,716 | 410,893,086 |
| | Gas and electricity | | 1,730,484,215 | 2,240,644,602 |
| | Depreciation | 7.2 | 218,140,279 | 234,958,281 |
| | Salaries, wages and other benefits | 34.5 | 377,567,287 | 300,264,690 |
| | Traveling and conveyance | | 979,874 | 1,483,897 |
| | Repairs and maintenance | | 229,885 | 210,157 |
| | Ijarah payments | 34.4 | 8,481,656 | 13,508,495 |
| | Insurance | | - | 1,325,725 |
| | GIDC expense | | 1,374,567 | 3,462,742 |
| | Miscellaneous | 34.3 | 2,107,318 | 1,955,072 |
| | | | 3,353,851,777 | 4,217,998,166 |

| | | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| | Work in process | | | |
| | Opening | | 16,010,549 | 14,876,298 |
| | Closing | | (53,121,269) | (16,010,549) |
| | | | (37,110,720) | (1,134,251) |
| | Finished goods | | | |
| | Opening | | 261,288,735 | 56,482,499 |
| | Closing | | (231,267,174) | (261,288,735) |
| | | | 30,021,561 | (204,806,236) |
| | | | 3,346,762,618 | 4,012,057,679 |
| 34.1 | Raw material consumed | | | |
| | Opening stock | | 195,683,709 | 163,269,644 |
| | Add: purchases | | 633,198,906 | 1,041,705,484 |
| | Less: closing stock | | (208,508,635) | (195,683,709) |
| | | | 620,373,980 | 1,009,291,419 |
| 34.2 | Stores, spares and loose tools consumed | | | |
| | Opening stock | | 270,488,018 | 180,764,782 |
| | Add: purchases | | 399,257,402 | 500,616,322 |
| | Less: closing stock | | (275,632,704) | (270,488,018) |
| | | | 394,112,716 | 410,893,086 |
| 34.3 | Miscellaneous | | | |
| | Internet expenses | | 601,320 | 632,220 |
| | Mobile expense | | 10,000 | 24,000 |
| | Postage and shipping | | 142,545 | 8,195 |
| | Printing and stationary | | 5,700 | 21,910 |
| | Professional tax | | 1,176,306 | 1,212,475 |
| | Medical | | 51,447 | - |
| | Sales tax | | 120,000 | 29,800 |
| | Fuel expense | | - | 26,472 |
| | | | 2,107,318 | 1,955,072 |

34.4 This represents Ijarah payments for motor vehicles taken under Ijarah arrangement from Orix Modaraba Leasing Company. Under the agreement, the lease was commenced from July 2021 and the term of Ijarah is three years and Ijarah payments of Rs. 887,143 are payable on monthly basis in 36 installments.

34.5 Salaries, wages and other benefits includes an amount of Rs. 12,640,606 (2023: Rs. 9,398,425) in respect of staff retirement benefits.

## 35 DISTRIBUTION COST

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| Salaries, allowances and benefits | 35.1 | 10,668,305 | 9,309,056 |
| Communication and travel expense | | 427,388 | 471,499 |
| Printing and repair expense | | 9,800 | 260,680 |
| Depreciation | 7.2 | 4,544,589 | 5,198,548 |
| | | 15,650,082 | 15,239,783 |

35.1 Salaries, wages and other benefits includes an amount of Rs. 190,031 (2023: Rs. 291,378) in respect of staff retirement benefits.

## 36 ADMINISTRATIVE EXPENSES

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| Directors' remuneration | 50 | 3,440,800 | 3,010,600 |
| Salaries, allowances and benefits | | 34,524,182 | 36,522,169 |
| Fee and subscription | | 134,867 | 60,175 |
| Rent, rates and taxes | | 1,286,681 | 1,258,726 |
| Utilities | | 120,000 | 120,000 |
| Communication | | 391,129 | 391,968 |
| Printing, postage and stationary | | 350,109 | 376,245 |
| Advertisement expense | | 192,900 | 266,505 |
| Depreciation | 7.2 | 4,544,589 | 5,198,548 |
| Traveling and conveyance | | 322,200 | 1,124,822 |
| Vehicle running and maintenance | | 370,287 | 424,198 |
| Entertainment | | 935,860 | 13,050 |
| Repair and maintenance | | 201,603 | 186,138 |
| Provision against doubtful trade debts | 13 | - | 10,791,572 |
| | | 46,815,207 | 59,744,716 |

36.1 Salaries, wages and other benefits includes an amount of Rs. 743,776 (2023: Rs. 1,237,394) in respect of staff retirement benefits.

## 37 OTHER OPERATING EXPENSES

| | Note | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| Worker's welfare fund | | 534,753 | - |
| Auditors' remuneration | 37.1 | 1,202,000 | 1,100,000 |
| Legal and professional charges | | 2,197,802 | 1,836,194 |
| Penalty | | - | 658,609 |
| Exchange loss | 37.2 | - | 66,755,558 |
| | | 3,934,555 | 70,350,361 |

| | | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|---|
| **37.1** | **Auditors' remuneration** | | |
| | Annual audit fee | 900,000 | 820,000 |
| | Review of half year financial statements | 180,000 | 170,000 |
| | Out of pocket expenses | 122,000 | 110,000 |
| | | 1,202,000 | 1,100,000 |

37.2 The exchange loss is mainly attributed to devaluation of rupee against the foreign currencies and increase in exchange rates at the time of payments usance / deferred LC of raw material and plant and machinery during the year 2023.

| | | Note | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|---|---|
| **38** | **OTHER INCOME** | | | |
| | Rental income | | 1,451,520 | 1,451,520 |
| | Markup | | 31,615,088 | 12,577,380 |
| | Others | 38.1 | 4,999,024 | 7,384,491 |
| | | | 38,065,632 | 21,413,391 |

38.1 This represents amount received on sub lease of vehicles obtained under ijarah agreement to employees.

| | | Note | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|---|---|
| **39** | **FINANCE COST** | | | |
| | Mark up / interest on: | | | |
| | Letter of guarantee margin | | 2,223,711 | 2,916,524 |
| | Workers' profit participation fund | | 17,032,077 | 17,702,342 |
| | Provident fund | | 12,385,883 | - |
| | Long term financing | | | |
| | From financial institutions | | 11,962,622 | 20,819,608 |
| | From related party | 24 | 98,667,012 | 68,217,573 |
| | | | 110,629,634 | 89,037,181 |
| | Bank charges | | 908,276 | 1,290,589 |
| | | | 143,179,581 | 110,946,636 |

| | | Note | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|---|---|
| **40** | **MINIMUM TAX DIFFERENTIAL** | | | |
| | Minimum tax | 40.1 | 26,012,929 | 51,442,535 |

40.1 This represents portion of minimum tax paid under section 113 of the Income Tax Ordinance, 2001 representing levy in terms of requirements of IFRIC 21/IAS 37.

40.2 Reconciliation between current tax charged under the Ordinance with current tax recognized in the profit and loss account, is as follows:

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| Current tax liability for the year as per applicable tax laws | 42,741,871 | 51,442,535 |
| Portion of current tax computed as per tax laws, representing income tax under IAS 12 | (16,728,942) | - |
| Income tax differential | 26,012,929 | 51,442,535 |

## 41 TAXATION

| | | |
|---|---|---|
| Provision for taxation | | |
| Current year | 16,728,942 | - |
| Prior year adjustment | (12,770,744) | - |
| Deferred | (18,984,730) | (29,493,590) |
| | (15,026,532) | (29,493,590) |

41.1 Reconciliation between accounting profit and tax expense for the year is not prepared as the Company is subject to minimum tax in the current year.

## 42 LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

| | Note | 2024 | 2023 |
|---|---|---|---|
| Loss after taxation (Rs.) | | (109,913,154) | (153,471,932) |
| Weighted average (number of shares) | | 37,873,821 | 37,873,821 |
| Loss per share-basic and diluted (Rs.) | 42.1 | (2.90) | (4.05) |

42.1 There were no convertible / dilutive potential ordinary shares outstanding at June 30, 2024 and June 30, 2023.

## 43 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOW ARISING FROM FINANCING ACTIVITIES

| | Liabilities | | | Equity | |
|---|---|---|---|---|---|
| | Lease liabilities | Long term financing | Loan from related parties | Unclaimed dividend | TOTAL |
| | ---------- Rupees ---------- | | | | |
| Balance as at July 01, 2022 | 33,592,591 | 73,262,923 | 314,611,937 | 3,189,224 | 424,656,675 |
| Changes from financing cash flows: | | | | | |
| Addition of obligations | - | - | 691,924,431 | - | 691,924,431 |
| Repayment of obligations | (17,983,893) | (37,889,242) | (375,265,800) | - | (431,138,935) |
| Total changes from financing activities | (17,983,893) | (37,889,242) | 316,658,631 | - | 260,785,496 |
| Other changes | | | | | |
| Liability related | | | | | |
| Markup for the year | 5,597,335 | 10,057,512 | 68,217,573 | - | 83,872,420 |
| Total liability - related changes | 5,597,335 | 10,057,512 | 68,217,573 | - | 83,872,420 |
| Equity related | | | | | |
| Total equity related other changes | - | - | - | - | - |
| Balance as at June 30, 2023 | 21,206,033 | 45,431,193 | - | 3,189,224 | 69,826,450 |
| Changes from financing cash flows: | | | | | |
| Addition of obligations | | | 228,246,060 | | |
| Repayment of obligations | (16,355,951) | (36,663,372) | (493,138,337) | - | (546,157,660) |
| Total changes from financing activities | (16,355,951) | (36,663,372) | (264,892,277) | - | (317,911,600) |
| Other changes | | | | | |
| Liability related | | | | | |
| Markup for the year | 3,969,393 | 4,330,000 | 98,667,012 | - | 106,966,405 |
| Total liability - related to other changes | 3,969,393 | 4,330,000 | 98,667,012 | - | 106,966,405 |
| Equity related | | | | | |
| Total equity related other changes | - | - | - | - | - |
| Balance as at June 30, 2024 | 8,714,873 | 13,097,821 | (166,225,265) | 3,189,224 | (141,118,745) |

## 44 FINANCIAL ASSETS AND LIABILITIES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as follows:

| 2024 | Total | Interest/mark up bearing | | | Not interest / mark up bearing |
|---|---|---|---|---|---|
| | | Maturity upto one year | Maturity after one year | Sub-total | |
| | Rupees | | | | |
| **Financial assets** | | | | | |
| Financial assets at amortised cost: | | | | | |
| Long term deposits | 5,925,450 | - | - | - | 5,925,450 |
| Trade debts | 21,829,614 | - | - | - | 21,829,614 |
| Other receivables | 3,628,800 | | | | 3,628,800 |
| Advances | 34,012,927 | - | - | - | 34,012,927 |
| Cash and bank balances | 73,148,026 | 21,190,606 | - | 21,190,606 | 51,957,420 |
| | 138,544,817 | 21,190,606 | - | 21,190,606 | 117,354,211 |
| **Financial liabilities** | | | | | |
| Financial liabilities at amortised cost: | | | | | |
| Long term financing | 13,097,821 | 13,097,821 | - | 13,097,821 | - |
| Trade and other payables | 584,930,239 | - | - | - | - |
| Loan from related parties | 533,262,876 | - | - | - | 533,262,876 |
| Due to related parties | 37,576,325 | | | | |
| Unclaimed dividend | 3,189,224 | | | | |
| Contract liability | 836,755,119 | | | | |
| Liability against assets subject to finance lease | 8,714,873 | 8,714,873 | - | 8,714,873 | - |
| | 2,017,526,477 | 21,812,694 | - | 21,812,694 | 533,262,876 |
| **On SOFP gap** | (1,878,981,660) | (622,088) | - | (622,088) | (415,908,665) |
| **Off SOFP items** | | | | | |
| Financial commitments: | | | | | |
| Letter of credits | 154,350,323 | - | - | - | 154,350,323 |
| Against purchase of land | 542,924,406 | | | | 542,924,406 |
| Bank guarantee | 256,130,000 | - | - | - | 256,130,000 |
| | 953,404,729 | - | - | - | 953,404,729 |
| **Total gap** | (2,832,386,389) | (622,088) | - | (622,088) | (1,369,313,394) |

| 2023 | Total | Interest/mark up bearing | | | Not interest / mark up bearing |
|---|---|---|---|---|---|
| | | Maturity upto one year | Maturity after one year | Sub-total | |
| | Rupees | | | | |
| **Financial assets** | | | | | |
| Financial assets at amortised cost: | | | | | |
| Long term deposits | 5,925,450 | - | - | - | 5,925,450 |
| Long term advances | 550,921,284 | | | - | 550,921,284 |
| Other receivables | 2,177,280 | | | - | 2,177,280 |
| Trade debts | 21,583,144 | - | - | - | 21,583,144 |
| Short term lending | 160,373,432 | 160,373,432 | - | 160,373,432 | - |
| Advances | 35,714,896 | - | - | - | 35,714,896 |
| Cash and bank balances | 7,116,368 | 3,838,429 | - | 3,838,429 | 3,277,939 |
| | 783,811,854 | 164,211,861 | - | 164,211,861 | 619,599,993 |
| **Financial liabilities** | | | | | |
| Financial liabilities at amortised cost: | | | | | |
| Long term financing | 73,262,923 | 29,473,410 | 43,789,513 | 73,262,923 | - |
| Trade and other payables | 885,665,895 | - | - | - | 885,665,895 |
| Loan from related parties | 699,488,141 | - | - | - | 699,488,141 |
| Gas infrastructure development cess | 2,173,752 | - | - | - | 2,173,752 |
| Liability against assets subject to finance lease | 22,458,745 | 11,133,846 | 22,458,745 | 33,592,591 | - |
| | 1,683,049,456 | 40,607,256 | 66,248,258 | 106,855,514 | 1,587,327,788 |
| **On SOFP gap** | (899,237,602) | 123,604,605 | (66,248,258) | 57,356,347 | (967,727,795) |
| **Off SOFP items** | | | | | |
| Financial commitments: | | | | | |
| Letter of credits | 15,234,852 | - | - | - | 15,234,852 |
| Against purchase of land from CEO | 584,262,581 | | | | 584,262,581 |
| Bank guarantee | 277,980,000 | - | - | - | 277,980,000 |
| | 877,477,433 | - | - | - | 877,477,433 |
| **Total gap** | (1,776,715,035) | 123,604,605 | (66,248,258) | 57,356,347 | (1,845,205,228) |

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

## 45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 45.1 Risk management policies

The Company's objective in managing risks is the creation and protection of shareholders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

### 45.2 Credit risk

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

### (a) Exposure to credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from short term lending, advances, deposits, trade debts, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| Description | 2024 Rupees | 2023 Rupees |
|---|---|---|
| Long term deposits | 5,925,450 | 5,925,450 |
| Trade debts | 32,621,186 | 32,374,716 |
| Other receivables | 3,628,800 | 2,177,280 |
| Short term lending | - | 160,373,432 |
| Advances | 34,012,927 | 162,758,556 |
| Bank balances | 48,268,028 | 6,491,969 |
| | 124,456,391 | 370,101,403 |

| | 2024 Rupees | 2023 Rupees |
|---|---|---|
| The aging of gross trade receivables at the reporting date is: | | |
| Neither past due nor impaired | - | - |
| Past due but not impaired | - | - |
| 1-30 days | - | - |
| 31-90 days | - | - |
| More than 90 days | 32,621,186 | 32,374,716 |
| | 32,621,186 | 32,374,716 |

All the trade debts at statement of financial position date are domestic parties.

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Sales made to certain customers are secured through letters of credit.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. The ratings of banks ranges from A to AAA.

**(b) Concentration of credit risk**

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

**(c) Impaired assets**

During the year no assets have been impaired other than trade debts.

**45.3 Liquidity risk**

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

| 2024 | Carrying amount | Contractual cash flows | Six months or less | Six to twelve months | One to two years | Two to five years | Over five years |
|---|---|---|---|---|---|---|---|
| | (Rupees) | | | | | | |
| Long term financing | 13,097,821 | 13,097,821 | 13,097,821 | | - | - | - |
| Trade and other payables | 622,549,669 | 622,549,669 | 311,274,835 | 311,274,835 | - | - | - |
| Due to related parties | 37,576,325 | 37,576,325 | 37,576,325 | | | | |
| Unclaimed dividend | 3,189,224 | | | | | | |
| Loan from related parties | 533,262,876 | 533,262,876 | - | - | 533,262,876 | - | - |
| Gas infrastructure development cess | 129,379,479 | 129,379,479 | 129,379,479 | - | - | - | - |
| Liability against assets subject to finance lease | 8,714,873 | 8,714,873 | 6,494,744 | 6,494,744 | - | - | - |
| | 1,347,770,267 | 1,344,581,043 | 497,823,204 | 317,769,579 | 533,262,876 | - | - |

| 2023 | Carrying amount | Contractual cash flows | Six months or less | Six to twelve months | One to two years | Two to five years | Over five years |
|---|---|---|---|---|---|---|---|
| | (Rupees) | | | | | | |
| Long term financing | 45,431,193 | 45,431,193 | 16,166,683 | 16,166,683 | 13,097,827 | | - |
| Short term borrowings | - | - | - | - | - | - | - |
| Trade and other payables | 1,273,319,545 | 1,273,319,545 | 636,659,773 | 636,659,773 | - | - | - |
| Due to related parties | 32,767,629 | 26,622,808 | 26,622,808 | - | - | - | - |
| Loan from related parties | 699,488,141 | 699,488,141 | - | - | 699,488,141 | - | - |
| Gas infrastructure development cess | 128,004,912 | 128,004,912 | 125,831,160 | 2,173,752 | - | - | - |
| Liability against assets subject to finance lease | 21,206,033 | 21,206,033 | 6,494,744 | 6,494,744 | 8,216,546 | - | - |
| | 2,200,217,453 | 2,194,072,632 | 811,775,168 | 661,494,952 | 720,802,514 | - | - |

## 45.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The Company is not exposed to price risk.

### a) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company believes that it is not exposed to currency risk as there are no foreign currency financial assets or financial liabilities.

**b) Interest rate risk**

Interest rate risk is the risk that the fair value or 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 borrowings. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments is:

| | 2024 | 2023 | 2024 | 2023 |
|---|---|---|---|---|
| | Effective Rate (In percent) | | Carrying amount (Rupees) | |
| Fixed rate instrument | | | | |
| Gas infrastructure development cess | 7% | 7% | 129,379,479 | 128,004,912 |
| Variable rate instrument | | | | |
| Long term financing | 21.22 % to 25.52% | 19.31% to 25.52 | 13,097,821 | 73,262,923 |
| Liability under finance | 18.91 % to 25.9 % | 15.02% to 23.65% | 8,714,873 | 21,206,033 |
| Loan from related parties | 21.22 % to 25.29 % | 17.77% to 24.91 % | 533,262,876 | 699,488,141 |
| | | | 555,075,570 | 793,957,097 |

**c) Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for prior year.

| | Profit and loss | |
|---|---|---|
| | 100 bp Increase | 100 bp Decrease |
| **As at June 30, 2024** | | |
| Cash flow sensitivity - Variable rate financial liabilities | 5,550,756 | (5,550,756) |
| **As at June 30, 2023** | | |
| Cash flow sensitivity - Variable rate financial liabilities | 7,939,571 | (7,939,571) |

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

**46 FAIR VALUE MEASUREMENT**

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

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IFRS 9. The carrying amount of trade receivables and

payables is assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments, if relevant.

**46.1 Fair value hierarchy**

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

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

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

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

46.2 The Company has revalued its freehold land, buildings, plant and machinery on October 31, 2023. Fair value of freehold land, buildings, plant and machinery are based on the valuation carried out by an independent valuer M/s Indus Surveyor (Private) Limited. The revaluation surplus/loss as per valuation report are as follow

| Description | 2024<br>Rupees |
|---|---|
| Freehold land | 120,000,000 |
| Factory building | 217,221,810 |
| Plant and Machinery | (96,621) |
| | 337,125,189 |

46.3 Fair value of land, buildings, plant and machinery are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation.

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

M/s Indus Surveyor (Private) Limited carried out inspection / survey, detail enquiries and

verifications from various estate agents, brokers and builders / developers and keeping in view the location of the property, utilization size, shape, state of infrastructure and current trends in prices of real estate in the vicinity.

**Valuation techniques used to derive level 2 fair values - Plant and Machinery**

For the valuation of machineries installed / available at premises, after taking its available specifications such as make, model capacity, etc, and with the help of photographs, the valuers have enquired present market value of similar machinery in new as well as in similar condition from various local authorised dealers who deals in old and new similar machineries. Replacement value was then ascertained from competitive rates of the machines, thereafter, an average depreciation factor was applied on the replacement value of the machines.

46.4 Had there been no revaluation, the net book value of the specific classes of operating assets have been disclosed in note 7.4.2.

**46.5 Interest rate used for determining fair value**

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since majority of the interest bearing instruments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are of short term in nature, fair value significantly approximates to carrying value.

## 47 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with reference to disclosure requirements of fourth schedule of the Companies Act, 2017 relating to "All Shares Islamic Index".

| Description | Explanation | 2024 Rupees | 2023 Rupees |
|---|---|---|---|
| Loans | Placed under interest arrangement | 13,097,821 | 45,431,193 |
| Ijarah payment | Placed under Shariah permissible arrangements | 8,481,656 | 13,508,495 |
| Long term deposits | Non-interest bearing | 5,925,450 | 5,925,450 |
| All sources of other income | Disclosed in note 38 | 38,065,632 | 21,413,391 |

The Company has working relation with First Habib Modaraba under Islamic windows.

There is no other bank balance / investments which carry any interest or markup arrangements.

## 48 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

**Capital for the reporting periods under review is summarized as follows:**

| | 2024<br>Rupees | 2023<br>Rupees |
|---|---|---|
| Equity | 1,775,029,629 | 1,602,083,899 |
| Long term financing | 546,360,697 | 744,919,334 |
| Gearing ratio | 24% | 32% |

## 49 PLANT CAPACITY AND PRODUCTION

During the year, the tile production capacity attained was 4,708,581 sq. meters (2023: 5,820,309 sq. meters) against annual manufacturing capacity of 7,800,000 sq. meters (2023: 7,800,000 sq. meters). Low capacity is mainly due to gas supply shortage and depressed economic conditions in the country for the construction sector.

## 50 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

a) The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

| | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Chief Executive | Directors | Executives | Total | Chief Executive | Directors | Executives | Total |
| | Rupees | | | | | | | |
| Managerial remuneration | 4,397,942 | 1,569,610 | 5,364,356 | 11,331,908 | 4,267,993 | 1,374,770 | 5,277,973 | 10,920,736 |
| Utilities | 977,320 | 301,580 | 1,192,079 | 2,470,979 | 948,442 | 261,060 | 1,172,882 | 2,382,384 |
| House rent | 4,397,942 | 1,569,610 | 5,364,356 | 11,331,908 | 4,267,993 | 1,374,770 | 5,277,973 | 10,920,736 |
| Total | 9,773,204 | 3,440,800 | 11,920,791 | 25,134,795 | 9,484,428 | 3,010,600 | 11,629,128 | 24,223,856 |
| Number of persons | 1 | 7 | 4 | 12 | 1 | 7 | 4 | 12 |

b) The aggregate amount charged in the financial statements for remuneration, including all benefits to Executive directors and Non executive directors of the Company is as follows:

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Executive Directors | Non Executive Directors | Total | Executive Directors | Non Executive Directors | Total |
| | Rupees | | | | | |
| Managerial remuneration | 3,015,800 | 425,000 | 3,440,800 | 2,610,600 | 400,000 | 3,010,600 |
| Number of persons | 2 | 5 | 7 | 2 | 5 | 7 |

## 51 TRANSACTIONS WITH RELATED PARTIES

51.1 The related parties and associated undertakings of the Company comprise of associated companies, directors and key management personnel. Transactions with related parties and associated undertakings involve advance for working capital requirements. Year end balances are disclosed in relevant notes to the financial statements. Transactions with related parties are as follows:

| Name of the related party | Relationship | Transactions during the year | 2024 Rupees | 2023 Rupees |
|---|---|---|---|---|
| **Toyota Rawal Motors (Private) Limited** | **Associated company by virtue of common directorship** | Interest on long term borrowings | 22,555,695 | 14,401,962 |
| | | Long term borrowing received | 34,600,000 | 114,840,000 |
| | | Long term borrowing repaid | 33,500,000 | 124,391,500 |
| | | Utilities | 120,000 | 120,000 |
| | | Rental for building | 1,242,820 | 1,027,126 |
| | | Closing balance | 173,085,943 | 149,430,248 |
| **Rawal Industrial Equipment (Private) Limited** | **Associated company by virtue of common directorship** | Purchase of fixed assets | - | 32,478,633 |
| | | Long term borrowing received | 189,246,060 | 36,200,000 |
| | | Long term borrowing repaid | 126,935,191 | 122,317,272 |
| | | Interest on long term borrowings | 36,566,707 | 7,948,120 |
| | | Closing balance | 253,556,959 | 154,679,383 |
| **Mr. Nadeem Khalid** | **Chief Executive** | Long term financing - Received | 4,400,000 | 187,480,739 |
| | | Long term financing - Loan repaid | 332,703,146 | 101,613,900 |
| | | Markup on long term loan | 39,544,610 | 2,147,336 |
| | | Advances for land paid during the year | 41,338,175 | 239,672,419 |
| | | Advances for land-closing balance | 591,175,594 | 549,837,419 |
| | | Closing balance | 106,619,974 | 395,378,510 |
| **Khalid & Khalid Holdings (Pvt.) Ltd.** | **Associated company by virtue of common directorship** | Short term lending - Paid | 31,254,746 | 21,294,142 |
| | | Short term lending - Received | 226,689,142 | 2,900,000 |
| | | Interest on short term lending | 31,615,088 | 1,376,138 |
| | | Closing balance | 3,445,876 | 160,373,432 |

### 51.2 Compensation to key management personnel

The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (note 50)". There are no transactions with key management personnel other than under their terms of employment.

## 52 NUMBER OF EMPLOYEES

| | 2024 Numbers | 2023 Numbers |
|---|---|---|
| **Number of employees** | | |
| At June 30, | 765 | 813 |
| Average during the year | 787 | 824 |

## 53 CORRESPONDING FIGURES

The corresponding figures reclassified as per the details given below to reflect more appropriate presentation in financial statements.

| Description | From | To | Amount Rupees |
|---|---|---|---|
| **Statement of financial position** | | | |
| | - Trade and Other payables | Contract liability | 177,383,666 |
| | - Trade and Other payables | Due to related parties | 32,767,629 |

## 54 DATE OF AUTHORIZATION

These financial statements are authorized for issue by the Board of Directors of the Company on 07 OCT 2024.

## 55 GENERAL

Figures have been rounded off to the nearest rupee.

**CHIEF FINANCIAL OFFICER** **CHIEF EXECUTIVE OFFICER** **DIRECTOR**

## FRONTIER CERAMICS LIMITED

**Pattern of Shareholding**

**As of June 30, 2024**

| Categories of Shareholders | Shareholders | Shares Held | Percentage |
|---|---|---|---|
| **Directors and their spouse(s) and minor children** | | | |
| NADEEM KHALID | 2 | 7,007,239 | 18.50 |
| MR. OMER KHALID | 2 | 6,750,739 | 17.82 |
| MR. JAVED KHALID | 2 | 1,957,500 | 5.17 |
| MS. SHABINA ANJUM | 1 | 200 | 0.00 |
| MR. MUHAMMAD RIAZ KHAN | 1 | 200 | 0.00 |
| SHAZIA KHALID | 1 | 2,446 | 0.01 |
| NUMRAH KHALID | 1 | 6,750,739 | 17.82 |
| ZIA KHALID | 1 | 2,446 | 0.01 |
| SANAH KHALID | 1 | 6,750,739 | 17.82 |
| AMERA KHALID | 1 | 6,750,739 | 17.82 |
| **Associated Companies, undertakings and related parties** | - | - | - |
| **NIT & ICP** | 1 | 39,700.00 | 0.10 |
| **Banks Development Financial Institutions, Non Banking Financial Financial Institutions.** | 2 | 106200 | 0.28 |
| **Insurance Companies** | 2 | 142500 | 0.38 |
| **Modarabas and Mutual Funds** | 1 | 14500 | 0.04 |
| **General Public** | | | |
| a. Local | 835 | 1594253 | 4.21 |
| **Foreign Individuals** | 2 | 600 | 0.00 |
| **OTHERS** | 5 | 3081 | 0.01 |
| **Total** | **861** | **37,873,821** | **100.00** |

| Share holders holding 10% or more | Shares Held | Percentage |
|---|---|---|
| NADEEM KHALID | 7,007,239 | 18.50 |
| MR. OMER KHALID | 6,750,739 | 17.82 |
| NUMRAH KHALID | 6,750,739 | 17.82 |
| SANAH KHALID | 6,750,739 | 17.82 |
| AMERA KHALID | 6,750,739 | 17.82 |

**FRONTIER CERAMICS LIMITED**

**Pattern of Shareholding**

**As of June 30, 2024**

| # Of Shareholders | Shareholdings'Slab | | | Total Shares Held |
|---|---|---|---|---|
| 116 | 1 | to | 100 | 6,363 |
| 589 | 101 | to | 500 | 267,384 |
| 54 | 501 | to | 1000 | 52,983 |
| 64 | 1001 | to | 5000 | 169,237 |
| 7 | 5001 | to | 10000 | 58,100 |
| 2 | 10001 | to | 15000 | 26,600 |
| 3 | 15001 | to | 20000 | 51,000 |
| 1 | 20001 | to | 25000 | 20,800 |
| 4 | 35001 | to | 40000 | 148,855 |
| 5 | 40001 | to | 45000 | 218,000 |
| 1 | 45001 | to | 50000 | 50,000 |
| 1 | 50001 | to | 55000 | 50,200 |
| 1 | 65001 | to | 70000 | 68,600 |
| 3 | 95001 | to | 100000 | 298,500 |
| 1 | 170001 | to | 175000 | 170,500 |
| 1 | 245001 | to | 250000 | 249,504 |
| 1 | 935001 | to | 940000 | 939,500 |
| 1 | 1955001 | to | 1960000 | 1,957,000 |
| 1 | 2315001 | to | 2320000 | 2,320,000 |
| 1 | 4430001 | to | 4435000 | 4,430,739 |
| 1 | 6065001 | to | 6070000 | 6,067,739 |
| 3 | 6750001 | to | 6755000 | 20,252,217 |
| **861** | | | | **37,873,821** |

**PROXY FORM**

I/We _____

of_____.

being a member(s) of FRONTIER CERAMICS LIMITED and a holder of _____

ordinary Shares as per share Register Folio No._____.

herby appoint Mr._____.

of_____ of failing him

Mr._____

of_____ who is also

a member of FRONTIER CERAMICS LIMITED Vide Folio No. _____ as my proxy in my/our absence to attend and vote for me/us and on my /our behalf at the Fortieth Annual General Meeting of the Company to be held on Monday October 28, 2024 at 9:00 am Company's Registered Office situated at 29-Industrial Estate, Jamrud Road, Peshawar.

Signed by said _____

| | | | |
|---|---|---|---|
| Witness: | _____ (Signature) | Witness | _____ (Signature) |
| Name: | _____ | Name | _____ |
| Address: | _____ | Address: | _____ |
| CNIC No: | _____ | CNIC No: | _____ |

**Please affix**
**Rs. 5/- (Revenue Stamp)**

Signature of member(s) _____

## Note:

1. Duly completed forms of proxy must be deposited with the Company Secretary at the Frontier ceramics Limited Registered Office situated at 29-Industrial Estate, Jamrud Road, Peshawar.no later than 48 hours before the time fixed for the meeting.
2. Proxy must be given to a person who is a member of the Company, except in the case of Companies where the proxy may be given to any of its employee for which certified true copy of Power of Attorney and / or Board Resolution with regard to appointment of proxy should be attached.
3. In case the proxy is the beneficial owner of CDC, an attested copy of his / her CNIC or Passport must be enclosed.
4. The proxy shall produce his / her valid original CNIC or original passport at the time of the meeting.
5. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid

# پراکسی فارم

میں/ہم _____

بطور ممبر فرانٹیر سرامکس لمیٹڈ اور عارضی شئیرز _____ رجسٹرڈ فولیو نمبر _____ اپنی جانب سے جناب _____

_____ کا تقرر کرتا ہوں جو کہ فرانٹیر سرامکس لمیٹڈ رجسٹرڈ فولیو نمبر _____ کے تحت ممبر ہیں اور میرے نمائندے کے طور پر کمیٹی کی 41ویں سالانہ جنرل میٹنگ میں شرکت کر کے ووٹ دے سکتے ہیں جس کا انعقاد بروز پیر 28 اکتوبر 2024ء کو صبح 09:00 بجے فرانٹیر سرامکس لمیٹڈ فیکٹری 29–انڈسٹریل اسٹیٹ جمرود روڈ پشاور میں ہوگا۔

1۔نام: _____

دستخط: _____

پتہ:

_____

شناختی کارڈ/پاسپورٹ نمبر: _____

(پانچ روپے والے ریونیو اسٹیمپ پر دستخط)

1۔نام: _____

دستخط: _____

پتہ:

_____

شناختی کارڈ/پاسپورٹ نمبر: _____

مورخہ:

نوٹ:

1۔پراکسی فارم مکمل پر کر کے کمپنی کے رجسٹرڈ آفس واقع (فرانٹیر سرامکس لمیٹڈ فیکٹری 29–انڈسٹریل اسٹیٹ جمرود روڈ پشاور) میں میٹنگ سے کم از کم 48 گھنٹے قبل جمع کروائیں۔

2۔پروکسی لازمی طور پر اس شخص کو مقرر کیا جائے گا جو کہ اس کمپنی کا ممبر ہو سوائے کمپنیز کی صورت میں کہ جہاں یہ پروکسی اس کے کسی ملازم کو بھی نامزد کیا جا سکتا ہے جس کے لئے تصدیق شدہ مختار نامے یا بورڈ کی قرارداد کی نقل پروکسی (نائب) کی تقرری کے سلسلے میں لازمی منسلک کی جائے گی۔

3۔اگر پروکسی سی ڈی سی کا بینیفشری اونر ہے تو اس کے قومی شناختی کارڈ نمبر یا پاسپورٹ کی تصدیق شدہ نقل لازمی طور پر منسلک کی جائے گی۔

4۔یہ پروکسی (نائب) اجلاس عام کے وقت اپنا اصل جائز العمل قومی شناختی کارڈ یا پاسپورٹ لازمی پیش کرے گا۔

5۔اگر کوئی ممبر ایک سے زیادہ پروکسی اور ایک سے زیادہ انسٹرومنٹس آف پروکسی کمپنی کے پاس کسی ممبر کی جانب سے جمع کرواتا ہے تو ایسے تمام انسٹرومنٹس آف پروکسی عمل درآمد کے لئے ناجائز قرار دے دیئے جائیں گے۔