AL-KHAIR
GADOON

SINCE 1980

AL-KHAIR GADOON LTD.

ANNUAL
REPORT 2022

www.alkhairgadoon.com

SR. NO.	CONTENTS	PAGE NO.
1	Vision & Mission Statement	2
2	Core Values	3
3	Company Information	4
4	Product Portfolio	5-7
5	Organizational Structure	8
6	Code of Conduct	9
7	Financial Highlights	10-11
8	Notice of Annual General Meeting	12-17
9	Chairman's Review Report	18-21
10	Directors' Report to the Members	22-33
11	Statement of Compliance with Code of Corporate Governance	34-35
12	Independent Auditors' Review Report on Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations 2019	36
13	Independent Auditors' Report to The Members	37-40
14	Statement of Financial Position	41
15	Statement of Profit or Loss and Other Comprehensive Income	42
16	Statement of Cash Flows	43
17	Statement of Changes in Equity	44
18	Notes to the Financial Statements	45-63
19	Pattern of Shareholding	64-65

Our VISION

To be the preferred choice of customers by creating innovative, comfortable and affordable brands in their everyday lives for the greater good.

Our MISSION

To provide a wide range of affordable, well-designed and functional home furnishing products in Pakistan, with an outstanding quality and service, that ensures the satisfaction of all our stakeholders, improving every life associated with 'AKGL'.

Core Values

RESPECT

We treat others the way we want to be treated by others
Give respect
We value diversity and believe in equality
We value different views
We respect the environment

RESILIENCE

We never give up
We stand tall in adversity
We accept challenges
We view failures and mistakes as learning opportunities

INTEGRITY

We deliver what we committed
We sustain the highest standards of ethics and honor
We act fairly
We do the right thing
We speak up when our Values are compromised

DYNAMISM

We stay ahead of the curve
We are innovative and aggressive
We are decisive and take calculated risks
We are agile and move fast

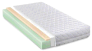
EXCELLENCE

We give our best
We try to excel in every aspect of our business
We operate outside our comfort zone
We transform to best practices
We believe in continuous betterment

COMPANY INFORMATION

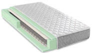
BOARD OF DIRECTORS:	Mohammad Afzal Sheikh	Chairman
	Mohammad Saeed Sheikh	Chief Executive
	Mohammad Amin Sheikh	Non-Executive Director
	Mrs. Parveen Afzal	Non-Executive Director
	Mrs. Farnaz Saeed	Non-Executive Director
	Mrs. Nafisa Amin	Non-Executive Director
	Mrs. Aleeza Zahid Tariq	Independent Director
	Mr. Kamal Subhani	Independent Director
AUDIT COMMITTEE:	Mr. Kamal Subhani	Chairman
	Mrs. Farnaz Saeed	Member
	Mrs. Aleeza Zahid Tariq	Member
	Mr. Khurram Iftikhar	Secretary
HUMAN RESOURCE & REMUNERATION COMMITTEE:	Mr. Kamal Subhani	Chairman
	Mrs. Farnaz Saeed	Member
	Mrs. Parveen Afzal	Member
	Miss Samina Kokab	Secretary
CFO / CHIEF ACCOUNTANT:	Jehanzeb Ch	
COMPANY SECRETARY:	Mohammad Amin Sheikh	
AUDITORS:	M/s. Tahir Siddiqi & Co., Chartered Accountants.	
LEGAL ADVISOR:	Mr. Umer (Advocate High Court)	
SHARES REGISTRAR:	Shemas International (Pvt) Limited 533-Imperial Garden Block, Main Boulevard, Paragon City, Barki Road, Lahore.	
BANKERS:	Meezan Bank Limited Bank Alfalah Limited. Habib Metropolitan Bank Allied Bank Soneri Bank	
REGISTERED OFFICE & FACTORY SITE:	92/3, 94A & 94B Phase III, Industrial Estate, Gadoon Amazai, District Swabi, (K.P.K) Tel: (0938) 270260 Fax: (0938) 270270	
CORPORATE OFFICE:	Al-Khair House, 43–T, Gulberg II, Lahore. Tel: (0342)-4311111 Fax: (042) 35716588, 35753719 Email: info@alkhairgadoon.com Website: www.alkhairgadoon.com	

PRODUCTS



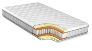
Foam Mattresses

Our range of foam mattresses combine comfort, durability and affordability in a single purchase. Evenly distributing your weight and reducing pressure points, get a tossing-and-turning free sleeping experience with the range of foam mattresses from AKGL.



Spring Mattresses

AKGL has made a name of its own in the industry with the array of spring mattresses at the customers disposal. Providing excellent value for money, our light and sturdy spring mattresses offer a great sleeping experience. We use state of the art technology to ensure that our springs provide excellent support for your body.



Orthopedic Mattresses

Keeping in line with the need of the industry, AKGL was quick in establishing the collection of orthopedic mattresses. Offering a firmer sleeping experience, our orthopedic mattresses provide targeted and tailored support for the spine and joints of the body.

PRODUCTS

Accessories

Our aim at AKGL is to enrich the lives of people with a comfortable and rewarding experience. That is exactly what our range of accessories does. From back support for the office, to pillows from home, whether you are on the move or looking for a great nap, we have your back.

Furniture

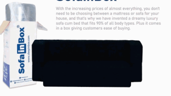
At AKGL, we not only take care of your comfortable sleep, but also delve into the aesthetics of your surroundings. Introducing contemporary designs of beds, sofas and other furniture, we don't just want your home to be an ideal place to rest, but also the home of your dreams.

SleepinBox

Our innovative mattress formula brings together a proprietary combination of materials to unlock your best night's sleep. Made up of 34 Density CertiPUR-US® certified polyurethane foam and tested for low VOC (Volatile Organic Compound) emissions for indoor air quality (less than 0.5 parts per million). Delivered to you in a Box!

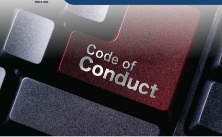
SofainBox

With the increasing prices of almost everything, you don't need to be choosing between a mattress or sofa for your house, and that's why we have invented a dreamy luxury sofa cum bed that fits 90% of all body types. Plus it comes in a box giving customers ease of buying.



Organogram


Board of Directors
Audit Comittee
CEO
Human Resource Comittee
Executive Director Operations
Executive Director Sales and Marketing
Chief Financial Officer
Executive Director Human Resources
Chief Internal Auditor
General Manager Information Management
General Manager Sales
General Manager Marketing
Company Secretary Corporate/ Legal Affairs
General Manager Finance
Manager Internal
Manager Data
Manager Operations
Manager Business Systems
Manager Treasury
Manager Accounting
Manager Production
Manager Quality Control
Manager Zone
Manager Legal
Manager Human
Manager Admin



Code of Conduct

The practices of AKGL are compliant and in accordance with applicable laws which are clearly defined in the code of conduct. Our Human Resource department plays an integral role in educating and training employees regarding the code of conduct and its implementation.

Compliance with Laws, Rules and Regulations
Safety and Security
Conflict of Interest
External Activities
Recruitment Decisions
Regulatory Compliance
Confidentiality
Work Place Harassment and Discrimination
Corporate Governance
Fair Dealing
Protection and Proper Use of Company Assets
Corporate Social Responsibility

Gross Sales
PKR in million

2022	2021
1,503	1,040

Profit/(Loss) After Tax
PKR in million

2022	2021
30.57	22.80

Total Assets
PKR in million

2022	2021
171,692	157,356

Earning Per Share
PKR

2022	2021
3.06	2.28

YEAR WISE STATISTICAL SUMMARY

	2022	2021	2020	2019	2018	2017
				(Rupees in millions)		
Investment Measures						
Share Capital	100	100	100	100	100	100
Shareholders' Equity	280.51	252.93	230.12	222.32	203.76	195.47
Profit / (loss) before taxation	45.93	39.68	16.02	27.77	11.16	-
Profit after taxation	30.57	22.81	8.00	19.39	7.38	8.33
Dividend Per share	-	-	-	-	-	-
Earnings / (Loss) per share - Rs.	3.06	2.28	0.80	1.94	0.74	0.83
Break-up value per share - Rs.	28.05	25.29	23.01	22.20	20.38	19.55
Measures of Financial Status						
Current Ratio	1.45:1	1.44:1	1.44:1	1.36:1	1.65:1	1.74:1
No of days – Stock	107	133	203	143	199	195
No of days - Debtors	17.29	23.76	41.89	31.31	29.90	13.60
Measures of Financial Performance						
Return on Capital Employed	9.52%	7.84%	3.25%	8.25%	3.09%	3.58%
Gross Profit Ratio	12.84%	14.41%	16.08%	14.99%	15.13%	12.55%
Profit before tax to sales	3.97%	4.94%	3.66%	4.83%	3.01%	3.24%
Profit after tax to sales	2.65%	2.84%	1.83%	3.38%	1.99%	2.27%
Debt Equity Ratio	40.39%	39.68%	26.23%	38.91%	50.80%	27.76%

NOTICE OF MEETING

Notice is hereby given that the 32nd Annual General Meeting of Al-Khair Gadoon Limited, will be held on Monday the October 26, 2022 at 8:00 A.M. at the Registered Office of the Company at 92/3, Phase III, Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa to transact the following business:-

1. To confirm the minutes of the 31st Annual General Meeting held on October 26, 2021.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2022, together with the Directors' and Auditors' Reports thereon.
3. To elect the Directors in accordance with provisions of Section 159 of the Companies Act, 2017. The following are the retiring Directors and number of Directors for next term (3 Years) are fixed at 8.

   (i) Mohammad Afzal Sheikh
   (ii) Mohammad Saeed Sheikh
   (iii) Mohammad Amin Sheikh
   (iv) Mrs. Parveen Afzal
   (v) Mrs. Farnaz Saaed
   (vi) Mrs. Nafisa Amin
   (vii) Mrs. Aleeza Zahid Tariq
   (viii) Mr. Kamal Subhani

4. To appoint Auditors of the Company and fix their remuneration.
5. To transact any other business with the permission of the Chairman.

BY ORDER OF THE BOARD

Muhammad Amin

MOHAMMAD AMIN SHEIKH
Company Secretary

Dated: October 03, 2022

NOTES:

1 Closure of Share Transfer Books

Share Transfer Books of the Company will remain closed from October 18 2022 to October 26, 2022 (both days inclusive). Transfers received in order upto the close of business on October 16, 2022 at the Corporate Office of the Company at Al-Khair House, 43-T, Gulberg II, Lahore will be entitled to voting rights at the Annual General Meeting.

2 Appointment of Proxies and Attending AGM:

Due to current COVID-19 situation, the Government has suspended large public gathering at one place. Additionally, the Securities and Exchange Commission of Pakistan ("SECP") in terms of its Circular No 5. of 2020 issued on March 17, 2020 and Pakistan Stock Exchange Limited ("PSX") through its notice Ref:PSX/N-372 dated March 19, 2020 has advised companies to modify their usual planning for general meetings for the safety and well-being of shareholders and the public at large.

Considering the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at the AGM through proxies.

Accordingly, the Company has made arrangement to ensure that all participants, including shareholders, can now participate in the AGM proceedings via video link. Those members who are willing to attend and participate in the AGM are requested to register themselves by providing their Names, Folio Number, Number of Shares, Cell Number, Email address, and valid copy of both sides of National Identity Card (CNIC) at "corporate@alkhairgroup.com" with subject of Registration for

Members who will be registered, after necessary verification as per the above requirements, will be provided a password protected video link by the Company via email. The said link will remain open from 08:00 a.m. on the date of AGM till the end of the meeting.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address "corporate@alkhairgroup.com".

Members are therefore, encouraged to attend the AGM through video link or by consolidating their attendance through proxies.

A member of the Company entitled to attend and vote at the meeting may appoint another member as his / her proxy to attend and vote. Votes may be given personally or by proxy or by Attorney or in case of a Corporation by representative. The instrument of proxy duly executed should be lodged at the Corporate Office of the Company at Al-Khair House, 43 – T, Gulberg II, Lahore not later than 48 hours before the time of meeting.

Any individual Beneficial Owner of the Central Depository Company (CDC), entitled to vote at this meeting must bring his / her Computerized National Identity Card (CNIC) or passport (in case of foreigner) along with CDC account number to prove his / her identity and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.

3 Change in Members Adress

Members are requested to immediately inform the Company's Share Registrar of any change in their mailing address.

Members are requested to provide by mail, photocopy of their CNIC or passport (in case of foreigner), unless it has been provided earlier, enabling the Company to comply with relevant laws.

4 Circulation of Annual Financial Statements for the year ended 30 June 2022 through DVD

The Securities and Exchange Commission of Pakistan vide SRO No. 470(1)/2016 dated May 31, 2016 has allowed companies to circulate Annual Audited Accounts to its members through CD/DVD/USB at their registered addresses. In view of this the Company is sending its 2022 Annual Report to the shareholders in form of CD. Any member requiring printed copy of 2022 Annual Report may send a request with identification details, the Company will send the hard copy of printed accounts 2022 free of cost within one week.

5 Consent for Video Conference Facility

In accordance with Section 132 (2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least seven days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that place subject to availability of such facility in that place. To avail this facility a request is to be submitted to the Company Secretary of the Company on given address:

The Company Secretary, Al-Khair Gadoon Ltd, 43-T, Gulberg II, Lahore.

6 Replacement of Physical Shares

As per Section 72(2) of the Companies Act, 2017, every existing 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 SECP, within a period not exceeding four (4) years from the commencement of the Act, i.e., May 30, 2017. Those Shareholders having physical shareholding are encouraged to open a CDC Sub – Account with any Broker or Investor Account directly with CDC to place their physical shares into scrip less form. This will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ الخیر گدون لمیٹڈ کے حصص داران کا 32واں سالانہ اجلاس عام مورخہ 26 اکتوبر، 2022، بروز بدھ بوقت صبح 8:00 بجے بمقام رجسٹرڈ دفتر 92/3، فیز 3، انڈسٹریل اسٹیٹ، گدون اماز‏ئی، ضلع صوابی، خیبر پختونخواہ میں درج ذیل امور کے انجام دہی کے لیے منعقد ہوگا۔

1 26 اکتوبر، 2021 کو منعقدہ 31ویں سالانہ اجلاس عام کی کاروائی کی توثیق کرنا۔

2 30 جون، 2022 کو ختم شدہ سال کے لیے کمپنی کے پڑتال شدہ سالانہ مالیاتی گوشوارے بشمول ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری دینا۔

3 کمپنی ایکٹ 2017 کی دفعہ 159 کے تحت ڈائریکٹرز کا انتخاب۔ سبکدوش ہونے والے ڈائریکٹرز مندرجہ ذیل ہیں اور اگلی مدت (تین سال) کے لیے ڈائریکٹرز کی تعداد آٹھ مقرر کی گئی ہے۔

1	محمد افضل شیخ	2	محمد سعید شیخ
3	محمد امین شیخ	4	محترمہ پروین افضل
5	محترمہ فرناز سعید	6	محترمہ نفیسہ امین
7	محترمہ علیضا زاہد طارق	8	کمال سبحانی

4 محاسب کا تقرر اور ان کے مشاہرہ کا تعین کرنا۔

5 جناب چیئرمین کی اجازت سے کسی دیگر امر پر کاروائی۔

حسب الحکم بورڈ

Muhammad Amin

محمد امین شیخ

کمپنی سیکرٹری

تاریخ: 03 اکتوبر، 2022

نوٹس:

1 کمپنی کی حصص منتقلی کی کتابیں 18 اکتوبر 2022 سے 26 اکتوبر، 2022 (بشمول دونوں دن) بند رہیں گی۔ تمام ٹرانسفرز جو قواعد و ضوابط کے مطابق کمپنی کے کارپوریٹ دفتر الخیر ہاؤس، 43-ٹی، گلبرگ 2، لاہور میں 17 اکتوبر، 2022 تک وصول ہوں گی۔ وہ سالانہ اجلاس عام میں ووٹ کے اہل تصور ہوں گے۔

2 COVID-19 کی موجودہ صورتحال کے تحت، حکومت نے ایک مقام پر عوامی اجتماعات کو معطل کر دیا ہے۔ مزید برآں، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے 2020 کے سرکلرز نمبر 5 جاری کردہ 17 مارچ 2020 اور پاکستان سٹاک ایکسچینج لمیٹڈ کے نوٹس ریفرنس نمبر PSX/N-372 بتاریخ 19 مارچ 2020 میں کمپنیوں کو مشورہ دیا ہے کہ وہ اپنے حصص داران اور عوام کی حفاظت اور فلاح و بہبود کے لیے بڑے پیمانے پر عام اجلاسوں کے لیے اپنی معمول کی منصوبہ بندی میں ردوبدل کریں۔

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت پر غور کرتے ہوئے کمپنی اپنے کورم کی ضروریات کی تعمیل کو یقینی بناتے ہوئے حصصداران کے کم سے کم جسمانی تعامل کے ساتھ سالانہ اجلاس عام کو طلب کرنے کا ارادہ رکھتی ہے اور اراکین سے درخواست کی جاتی ہے کہ وہ اپنی حاضری کو یقینی بناتے ہوئے پراکسز کے ذریعے اجلاس میں شرکت کریں۔

مزید یہ کہ کمپنی نے ایسا یقینی بنانے کے لیے انتظامات کیے ہیں کہ حصصداران سمیت تمام شرکا اب ویڈیو لنک کے ذریعے سالانہ اجلاس عام کی کاروائی میں حصہ لے سکتے ہیں۔ وہ تمام اراکین جو سالانہ اجلاس عام میں شرکت کرنا چاہتے ہیں، ان سے التماس ہے کہ اپنا نام، فولیو نمبر، تعداد حصص، موبائل نمبر، ای میل ایڈریس اور لاگو کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل (دونوں جانب سے کاپی) کے ساتھ بعنوان "رجسٹریشن برائے سالانہ اجلاس عام" کو corporate@alkhairgadoon.com پر بذریعہ ای میل درج ذیل نمبر 8 کے مطابق عمل کریں۔

مندرجہ بالا معلومات مہیا کرنے کے بعد رجسٹریشن کروانے والے اراکین کی ضروری تصدیق کے بعد انہیں کمپنی کی جانب سے بذریعہ ای میل، پاسورڈ سے محفوظ کردہ ویڈیو لنک مہیا کیا جائے گا۔ وہ لنک سالانہ اجلاس عام والے دن صبح 8:00 بجے سے اجلاس کے اختتام تک دستیاب رہے گا۔

حصص داران سالانہ اجلاس عام کے ایجنڈا آئٹمز سے متعلق اپنے سوالات اور تبصرے بذریعہ ای میل corporate@alkhairgadoon.com پر ارسال کر سکتے ہیں۔

اراکین کو ترغیب دی جاتی ہے کہ وہ ویڈیو لنک یا پراکسیز کے ذریعے اپنی حاضری کو یقینی بناتے ہوئے سالانہ اجلاس عام میں شرکت کریں۔

سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ایک رکن اپنی جگہ دوسرے کسی رکن کو بطور پراکسی اجلاس میں شرکت کرنے اور ووٹ دینے کے لیے مقرر کر سکتا/ کر سکتی ہے۔ ووٹ ذاتی طور پر، بذریعہ پراکسی، بذریعہ اٹارنی یا ادارے کی صورت میں نمائندہ دیئے جا سکتے ہیں۔ پراکسی کے مؤثر ہونے کے لیے ضروری ہے کہ وہ کمپنی کے کارپوریٹ آفس، الخیر ہاؤس، 43-ٹی، گلبرگ 2، لاہور میں اجلاس کے وقت سے کم سے کم 48 گھنٹے قبل وصول ہو جائیں۔

سینٹرل ڈپازٹری کمپنی (CDC) کے ا کی شیئرز ہولڈرز جو اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کے اکی حقدار ہیں وہ شناخت کے طور پر اپنا کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ (اگر غیر ملکی ہو تو) اور CDC اکاؤنٹ نمبر ضرور ساتھ لائیں۔ پراکسی کی صورت میں کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی منسلک کرنا لازمی ہے مذکورہ مقصد کے لیے کارپوریٹ ممبر کے نمائندے اپنے ساتھ مطلوبہ دستاویز ضرور لائیں۔

3 ممبرز سے درخواست ہے کہ وہ اپنے پتے میں کسی بھی قسم کی تبدیلی کی صورت میں کمپنی کے شیئرز رجسٹرار کو فوری اطلاع دیں۔

ممبرز سے درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ (غیر ملکی ہونے کی صورت میں) کی نقل بذریعہ ڈاک ارسال کریں (اگر پہلے نہ دی ہو) تاکہ کمپنی متعلقہ قوانین کے مطابق عمل کر سکے۔

4 سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے بذریعہ ایس آر او 470(I)/2016 مورخہ 31 مئی 2016 کو کمپنیوں کو اجلاس عام میں شیئرز ہولڈرز کی رائے حاصل کرنے کے بعد سالانہ آڈٹ شدہ اکاؤنٹس، اجلاس عام کے نوٹس اور کمپنی کی دیگر معلومات بذریعہ سی ڈی / ڈی وی ڈی / یو ایس بی ممبران کو ارسال کرنے کی اجازت دی ہے۔ اس بنا پر کمپنی کی سالانہ رپورٹ 2022 ڈی وی ڈی میں اپنے ممبران کو بھجوا رہی ہے تاہم کمپنی کسی بھی ممبر کی شناختی تفصیلات کے ساتھ طلب کرنے پر ایک ہفتے کے اندر بلا معاوضہ ہارڈ کاپی سالانہ اکاؤنٹس 2022 ارسال کر دے گی۔

5 کمپنیز ایکٹ 2017 کے سیکشن (2) 132 کے تحت کمپنی کو مجموعی طور پر **10%** یا اس سے زیادہ کے حصص داران جغرافیائی لحاظ سے ویڈیو کانفرنس کی درخواست کم از کم سالانہ اجلاس عام کے سات دن پہلے وصول کروائیں تاکہ کمپنی اگر متعلقہ جگہ ویڈیو کانفرنس کی سہولت ہو تو اس جگہ اس سہولت کا انتظام کرے گی۔ اس سہولت کو حاصل کرنے کے لیے درخواست کمپنی کے کمپنی سیکرٹری کے نام مندرجہ ذیل پتہ پر ارسال کریں۔

کمپنی سیکرٹری، الخیر گدون لمیٹڈ، 43-ٹی، گلبرگ II، لاہور۔

6 کمپنیز ایکٹ 2017 کے سیکشن 72(2) کے مطابق تمام کمپنیز کے لیے لازم ہے کہ ایس ای سی پی کی جانب سے دی گئی تاریخ، ایکٹ کے نفاذ کی تاریخ یعنی 30 مئی 2017 سے 4 سال کے اندر فزیکل صورت میں موجود شیئرز کو بک انٹری صورت میں تبدیل کریں۔ فزیکل صورت میں شیئرز رکھنے والے تمام شیئرز ہولڈرز کی ہمت افزائی کی جاتی ہے کہ وہ اپنے فزیکل شیئرز کو اسکرپ لیس فارم میں سی ڈی سی میں رکھنے کے لیے کسی بروکر کے پاس سب اکاؤنٹ یا براہ راست سی ڈی سی میں اکاؤنٹ کھولیں۔ اس سے انہیں کئی طریقوں سے سہولت ہوگی کہ وہ شیئرز کو محفوظ رکھنے کے ساتھ ان کی فروخت کسی بھی وقت کر سکتے ہیں کیونکہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے موجودہ قوانین کے مطابق فزیکل شیئرز کی ٹریڈنگ ممنوع ہے۔

CHAIRMAN'S REVIEW REPORT

It is my pleasure to welcome you on the 32nd Annual General Meeting of your Company. I present before you on behalf of the Board of Directors, the Audited Accounts of the Company for the financial year ended June 30, 2022 along-with my review on the performance of the Company.

Role of the Board of Directors

Board of Directors has continuously provided valuable guidance and oversight to ensure strong governance and effective encouragement and input to the management throughout the year. The Board of Directors has performed its duties diligently in upholding the best interest of shareholders of the Company and in managing the affairs of the Company. A review of the Board's own performance and effectiveness on a self-assessment basis in accordance with the requirements of Companies Act, 2017 and Listed Companies Regulations, 2017 and Code of Corporate Governance Regulations, 2019, has been conducted and appreciated, during the year under review, to ensure Best Practices.

Economy and Foam Industry

Economy is progressing towards more sustainable and inclusive growth. The economy has witnessed a V-shaped recovery with 5.97% growth in FY2022 against the growth of 3.94% last year. It is worth mentioning that after 15 years economic growth has surpassed its target. The outgoing fiscal year has witnessed a broad based recovery across all sectors supported by various sector specific measures implemented by the government. The performance in manufacturing, construction and export sectors is encouraging. Foam sector is highly competitive sector in the country in view of intense competition from existing players and new entrants. Other factors which affect the foam industry are foreign exchange rates fluctuations. Most of the raw materials are imported and due to increase in raw material prices and fluctuations in exchange rates have negative impact on the business of consumer goods including foam products but due to operational excellence and management skills the Company has succeeded in achieving its corporate objectives.

Performance of the Company

During the financial year ended June 30, 2022, inspite of uncertainity of economy and devalution of rupee which has affected on cost of raw material ,the performance of the Company has improved significantly and revenue has increased by 43.98% as compared to previous year which is indicative of operational excellence and management skills.

Future Outlook

Pakistan's economy already had volatile growth pattern over the years, with regular boom and bust cycles facing challenges in achieving long-term and inclusive growth. Unsustainable economic growth was caused by unaddressed long-standing structural issues for example, loss-making State-Owned Enterprises (SOEs), weak external position due to insufficient export capacity and low FDI, under-reformed energy sector, low savings and investment. In the backdrop of these challenges, the present government focused on an economic vision of getting sustainable economic growth through improving efficiency, reducing cost of doing business, improving regulatory environment, enhancing productivity and increasing investment. The company expects better performance in the coming future and will remain focussed on the needs of nits trade partnering customers. But now the flood situation may adversely affect the business of the company for short period of time.

Social Responsibilities

The Company is contributing million of Rupees to the National Exchequer in terms of taxes, duties and cess. Being socially responsible, the Company has provided safe working conditions avoiding the risk of health of employees and public at large. It is a matter of immense pleasure for me that the Company is also contributing towards the society through social activities and has integrated Corporate Social Responsibility in its business.

Lahore: September 19, 2022

MOHAMMAD AFZAL SHEIKH
CHAIRMAN

چیئرمین کا جائزہ

آپ کی کمپنی کی بتیسویں سالانہ جنرل میٹنگ میں آپ کو خوش آمدید کہتے ہوئے مجھے خوشی ہے۔ میں بورڈ آف ڈائریکٹرز کی جانب سے آپ کے سامنے کمپنی کی کارکردگی پر اپنے جائزے کے ساتھ 30 جون 2022 کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈٹ شدہ اکاؤنٹس پیش کرتا ہوں۔

بورڈ آف ڈائریکٹرز کا کردار

بورڈ آف ڈائریکٹرز نے سال بھر انتظامیہ کو مضبوط گورننس اور موثر حوصلہ افزائی کو یقینی بنانے کے لیے مسلسل قیمتی رہنمائی اور نگرانی فراہم کی ہے۔ بورڈ آف ڈائریکٹرز نے کمپنی کے حصص یافتگان کے بہترین مفاد کو برقرار رکھنے اور کمپنی کے معاملات کو منظم کرنے کے لیے اپنی ذمہ داریاں پوری تندہی سے انجام دی ہیں۔ کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز ریگولیشنز، 2017 اور کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019 کے تقاضوں کے مطابق خود تشخیص کی بنیاد پر بورڈ کی اپنی کارکردگی اور تاثیر کا جائزہ لیا گیا اور اس کی تعریف کی گئی۔

معیشت اور فوم انڈسٹری

معیشت مزید پائیدار اور جامع ترقی کی طرف بڑھ رہی ہے۔ مالی سال 2022 میں 5.97 فیصد نمو کے ساتھ معیشت نے وی شکل کی بحالی دیکھی ہے جبکہ گزشتہ سال 3.94 فیصد کی نمو تھی۔ یہ بات قابل ذکر ہے کہ 15 سال بعد اقتصادی ترقی اپنے ہدف سے آگے نکل گئی ہے۔ سبکدوش ہونے والے مالی سال میں تمام شعبوں میں وسیع بنیاد پر ریکوری دیکھنے میں آئی ہے جس کی حمایت حکومت کی طرف سے نافذ کردہ مختلف سیکٹر مخصوص اقدامات کے ذریعے کی گئی ہے۔ مینوفیکچرنگ، تعمیرات اور برآمدی شعبوں میں کارکردگی حوصلہ افزا ہے۔ فوم سیکٹر ملک میں موجودہ کھلاڑیوں اور نئے آنے والوں کے شدید مقابلے کے پیش نظر انتہائی مسابقتی شعبہ ہے۔ دیگر عوامل جو فوم انڈسٹری کو متاثر کرتے ہیں وہ ہیں زر مبادلہ کی شرح میں اتار چڑھاؤ۔ زیادہ تر خام مال درآمد کیا جاتا ہے اور خام مال کی قیمتوں میں اضافے اور شرح مبادلہ میں اتار چڑھاؤ کی وجہ سے فوم مصنوعات سمیت اشیائے خورد و نوش کے کاروبار پر منفی اثرات مرتب ہوتے ہیں لیکن آپریشنل عمدگی اور انتظامی مہارتوں کی وجہ سے کمپنی اپنے کارپوریٹ مقاصد کو حاصل کرنے میں کامیاب ہوئی ہے۔

کمپنی کی کارکردگی

30 جون 2022 کو ختم ہونے والے مالی سال کے دوران، معیشت کی غیر یقینی صورتحال اور روپے کی قدر میں کمی کے باوجود جس نے خام مال کی قیمتوں کو متاثر کیا ہے، کمپنی کی کارکردگی میں نمایاں بہتری آئی ہے اور آمدنی میں پچھلے سال کے مقابلے میں 43.98 فیصد اضافہ ہوا ہے۔ جو بہترین آپریشنل اور مینجمنٹ کی مہارت کی نشاندہی کرتا ہے۔

مستقبل کا خاکہ

طویل مدتی اور جامع ترقی کے حصول میں چیلنجوں کا سامنا کرنے کے ساتھ، پاکستان کی معیشت میں پہلے ہی سالوں کے دوران غیر مستحکم شرح نمو رہی ہے۔ غیر پائیدار اقتصادی ترقی کی وجہ طویل عرصے سے حل نہ کیے جانے والے ساختی مسائل تھے، مثال کے طور پر خسارے میں چلنے والے سرکاری اداروں (SOEs)، ناکافی برآمدی صلاحیت کی وجہ سے کمزور بیرونی پوزیشن اور کم FDI، زیر اصلاح توانائی کا شعبہ، کم بچتیں اور سرمایہ کاری۔ ان چیلنجوں کے پس منظر میں، موجودہ حکومت نے کارکردگی کو بہتر بنانے، کاروبار کرنے کی لاگت کو کم کرنے، ریگولیٹری ماحول کو بہتر بنانے، پیداواری صلاحیت میں اضافہ اور سرمایہ کاری میں اضافہ کے ذریعے پائیدار اقتصادی ترقی حاصل کرنے کے معاشی وژن پر توجہ مرکوز کی۔ کمپنی آنے والے مستقبل میں بہتر کارکردگی کی توقع رکھتی ہے اور تمام ٹریڈ پارٹنرز کی صارفین کی ضروریات پر توجہ مرکوز رکھے گی۔ لیکن اب سیلاب کی صورتحال کمپنی کے کاروبار کو مختصر مدت کے لیے بری طرح متاثر کر سکتی ہے۔

سماجی ذمہ داریاں

کمپنی ٹیکس، ڈیوٹیز اور سیس کی مد میں قومی خزانے میں ملین روپوں کا حصہ ڈال رہی ہے۔ سماجی طور پر ذمہ دار ہونے کے ناطے، کمپنی نے ملازمین اور عوام کی صحت کے خطرے سے بچنے کے لیے محفوظ کام کے حالات فراہم کیے ہیں۔ یہ میرے لیے انتہائی خوشی کی بات ہے کہ کمپنی سماجی سرگرمیوں کے ذریعے معاشرے کے لیے بھی اپنا حصہ ڈال رہی ہے اور اس نے اپنے کاروبار میں کارپوریٹ سماجی ذمہ داری کو مربوط کیا ہے۔

محمد افضل شیخ

چیئرمین

لاہور: 19 ستمبر 2022

DIRECTORS' REPORT TO THE MEMBERS

The Directors of your Company are pleased to present the 32nd Annual Report with the audited financial statements of the Company for the year ended June 30, 2022.

Financial Performance	**2022**	**2021**
	Rupees	
Sales from Operations - net	1,155,795,102	802,746,762
Gross Profit	148,438,473	115,669,994
Profit before Taxation	45,927,399	40,180,491
Taxation	(15,354,940)	(17,373,280)
Profit after Taxation	30,572,459	22,807,211
Earning per Share - Basic and Diluted (Rupees)	3.06	2.28

During the year 2022, net sales of the Company Increased by Rs.353.048 million (43.98%) from Rs.802.746 million to Rs.1,155.795 million. The Financial Year 2021-22 has been a year of high performance and growth for the Company. Operating in an environment of increasing competition, the Company posted increase in net sales by almost 44% despite of the fact that the devaluation of rupee has negatively affected the cost of raw material. The Board has played a pivotal role in achieving the Company's objectives and safeguarding interests of the shareholders. We are hopeful that during the next financial year the situation will considerably further improve as the market conditions show considerable improvement.

Future Outlook

The Government is very keen and has taken verious remedial measures for strengthening of the economy of the country in post coronavirus pandamic (Covid-19)scenario. Earlier Government has given financial pakages to mitigate negative impacts of the pandemic whereas State Bank of Pakistan also reduced policy rates to support the business community and revival of the economy in the country. However, the major threat to business specially at retail level is ever rising inflation and dearness prevailing in the country which has severely affected the purchasing power of customers resultantly affecting the sales targets of foam and allied products.The management of the Company is fully aware of state of affairs of the Company and economic conditions of the country in terms of inflation, prevailing dearness in the country, in addition to intense competition from existing players and new entrants which are major challenges to meet in coming future. But now the flood situation of country may adversely affect the business of the company for short time.

The management of the Company is fully cognizant of the situation and will overcome through the strategies of improved operational efficiencies, synergies, best product mix management, effective cost control measures and better trade partnering with customers. The Company has been exhibiting strong performance against challenges over the years, be it vulnerability of increased competition, fluctuation in raw material prices or exchange rate. Operational excellence and management skills have positioned the Company for sustainable growth to meet challenges ahead. Being socially responsible, financially viable and operationally smart will remain the key objectives of the Company.

Principal Activity

The principal activity of the Company is manufacturing and sale of foam and allied products.

Risks and Uncertainties

The Board of Directors is responsible to oversee the Company's operations and to devise an effective strategy to mitigate any potential and adverse impact of risks.

The Company's activities may expose it to a variety of financial risks, market risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company's principle financial liabilities comprise of trade and other payables and short term borrowings. The Company's principal financial assets comprise of trade debts, advances, short term deposits, other receivable and cash and bank balances that arise directly from its operation.

The Company's overall risk management program focuses on the unpredictability of financial and market activities and seek to minimize potential adverse effects on the financial performance. The Company has adequately disclosed all the risk related outcomes in the financial statements.

Internal Financial Control

A sound internal control system is established and implemented at all levels of the Company by the Board of Directors. The system is sound in design for achievement of Company's objectives and operational effectiveness and efficiency, reliable financial reporting, to safe guard the assets and resources and compliance with applicable laws, regulations and policies.

Related Party Transactions

The Company has executed all transactions with its related parties on arm's length prices except where it has been disclosed in the financial statements. All related party transactions during the financial year ended June 30, 2022 were put before the Audit Committee and upon its recommendations the same approved by the Board of Directors.

Environment, Health and Safety

The Company maintains safe working conditions avoiding the risk to health of employees and public at large. The management has maintained clean environment in all its operations and consistently upgrading their safety.

Corporate Social Responsibility

The Company strongly believes in the integration of Corporate Social Responsibility into its business and consistently endeavours to uplift the people that are influenced directly or indirectly by our business.

Reporting

The Board has ensured completeness, true and fair presentation and timely issuance of its financial statements in accordance with the requirements of third and fourth schedules to the Companies Act, 2017, the Listing Regulations of Pakistan Stock Exchange and International Financial Reporting Standards.

Corporate and Financial Reporting

The Company is committed to gain highest standards of corporate governance. The Board is pleased to give the following specific statements to comply with the requirements of the Code of Corporate Governance Regulations, 2019.

- The financial statements prepared by the management of Al-Khair Gadoon Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of Al-Khair Gadoon Limited have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as going concern.

- There has been no material departure from the best practices of corporate governance, as detailed in the Code of Corporate Governance Regulations, 2019 issued by SECP.
- Key operating and financial data for last six years in summarized form is annexed to the report.
- No trades in shares of Al-Khair Gadoon Limited were carried out by the Directors, CEO, CFO, Head of Internal Audit & Company secretary and their spouses and minor children except those notified to the regulatory authorities.
- Reasons for significant deviations from last year's operating results have been explained in the relevant section of the Directors' report.
- Information about outstanding taxes, duties, levies and charges is given in the notes to the Financial Statements.
- The Company has no significant plans and decisions regarding corporate restructuring, business operations and discontinuing of operations.
- Details of number of Board and committees' meetings held during the year and attendance by each director has been disclosed below.
- The Board has been provided with detailed in-house briefings and information package to acquaint them with the code of conduct, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the Company for and on behalf of shareholders.

Compliance with the Code of Corporate Governance & Transfer Pricing

The Code of Corporate Governance Regulations, 2019 as formulated by the SECP & ICAP regulations have been complied with and the statement to that effect is annexed. The requirements of transfer pricing as set out in the listing rules of Pakistan Stock Exchange relevant to the year 2021 have also been complied.

Significant Features of Directors' Remuneration

The Board of Directors has approved Directors Remuneration. The Board has formulated a policy for remuneration of executive directors depending upon their responsibility in affairs of the Company. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings on demand. In order to retain the best talent, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. Please refer note 30 to the Financial Statements.

Directors' Training

Majority of the Directors of the Company are exempted from the requirement of Directors' Training Program in view of 14 years of education and 15 years of experience as director on listed company.

Staff Retirement Benefits

The Company operates an un-funded gratuity scheme for all employees with qualifying services period of six months.

Dividend

Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid within 30 days from the date of declaration to those Members whose names appear on the Register of Members in respect of shares held in the name. Based on capitalizing assets, the board has declared nil dividend for the year ended June,30 2022.

Chairman's Review

The Chairman's review included in the Annual Report deals with the nature of business, challenges faced and performance of the Company during the year ended June 30, 2022, as well as future prospects and uncertainties.

Attendance of Board and Committee Meetings

During the year five Board meetings, four Audit Committee, and two Human Resource and Remuneration Committee meetings were held. The attendance is as follows:

Sr. No.	Directors / Members of Committees	Number of attendance		
		Board of Directors	Audit Committee	HR & R Committee
1	Mohammad Afzal Sheikh	5	-	-
2	Mohammad Saeed Sheikh	5	-	-
3	Mohammad Amin Sheikh	5	-	-
4	Mrs. Parveen Afzal	5	2	1
5	Mrs. Farnaz Saeed	5	4	1
6	Mrs. Nafeesa Amin	3	-	1
7	Mr. Kamal Subhani	5	4	2
8	Mrs. Aleeza Zahid Tariq	2	2	
9	Sheikh Pervaiz Afzal	1	0	-

External Auditors

The auditors Messer's Tahir Siddiqi & Co. Chartered Accountants are the retiring auditors of the Company and offer their services for re-appointment. They confirmed that they have been given satisfactory rating under the Quality Control Review program of The Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP. The audit committee and the Board recommended their re-appointment by the shareholders at the Annual General Meeting of the Company as auditors of the Company for the year ending June 30, 2023.

Pattern of Shareholding

The pattern of shareholding of the Company is annexed to the report.

Material Changes

There have been no material changes since June 30, 2022 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

Appreciation

We would like to acknowledge and appreciate the devoted and sincere services of our workers, staff members of the management team. We are grateful to our bankers and other stakeholders. We also thank for continued co-operation extended by our customers and retailers who are the key element of our Company.

MOHAMMAD AFZAL SHEIKH
CHAIRMAN

MOHAMMAD SAEED SHEIKH
CHIEF EXECUTIVE

Lahore: September 19, 2022

ڈائریکٹرز رپورٹ برائے حصص داران

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ بتیسویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی کارکردگی

رقم روپوں میں

	2021	2022
آپریشنز سے فروخت ۔ خالص	802,746,762	1,155,795,102
مجموعی منافع	115,669,994	148,438,473
قبل از ٹیکس منافع	40,180,491	45,927,399
ٹیکس	(17,373,280)	(15,354,940)
بعد از ٹیکس منافع	22,807,211	30,572,459
فی شیئر آمدنی۔ بنیادی اور کم از کم (روپے)	2.28	3.06

مالی سال 2022 کے دوران کمپنی کی خالص فروخت 353.048 ملین روپے بڑھی جو 802.746 ملین روپے سے بڑھ کر 1,155.795 ملین روپے ہو گئی۔ مالی سال 22-2021 کمپنی کے لیے اعلیٰ کارکردگی اور ترقی کا سال رہا ہے۔ بڑھتی ہوئی مسابقت کے ماحول میں کام کرتے ہوئے، کمپنی نے اس حقیقت کے باوجود کہ روپے کی قدر میں کمی نے خام مال کی قیمت کو منفی طور پر متاثر کیا ہے، اس کے باوجود خالص فروخت میں تقریباً 44 فیصد اضافہ کیا۔ بورڈ نے کمپنی کے مقاصد کو حاصل کرنے اور شیئر ہولڈرز کے مفادات کے تحفظ میں اہم کردار ادا کیا ہے۔ ہمیں امید ہے کہ اگلے مالی سال کے دوران صورتحال کافی حد تک بہتر ہو جائے گی کیونکہ مارکیٹ کے حالات میں خاطر خواہ بہتری دکھائی دے رہی ہے۔

مستقبل کا نقطہ نظر:

حکومت بہت پر جوش ہے اور اس نے کورونا وائرس وبائی امراض (COVID-19) کے بعد کے منظر نامے میں ملک کی معیشت کی مضبوطی کے لیے بہت سے تدارکاتی اقدامات کیے ہیں۔ اس سے قبل حکومت نے وبائی امراض کے منفی اثرات کو کم کرنے کے لیے مالیاتی پیکجز دیے ہیں جبکہ اسٹیٹ بینک آف پاکستان نے بھی کاروباری برادری کی مدد اور ملک میں معیشت کی بحالی کے لیے پالیسی ریٹ میں کمی کی ہے۔ تاہم، کاروبار کے لیے خاص طور پر خوردہ سطح پر سب سے بڑا خطرہ ملک میں بڑھتی ہوئی مہنگائی ہے جس نے صارفین کی قوت خرید کو بری طرح متاثر کیا ہے جس کے نتیجے میں فوم اور اس سے منسلک مصنوعات کی فروخت کے اہداف متاثر ہوئے ہیں۔ کمپنی کی انتظامیہ اس سے پوری طرح آگاہ ہے۔ کمپنی کی صورتحال اور ملک کے معاشی حالات مہنگائی کے لحاظ سے، ملک میں موجودہ مہنگائی، موجودہ کھلاڑیوں اور نئے داخل ہونے والوں کے درمیان شدید مقابلے کے علاوہ جو آنے والے مستقبل میں سامنے آنے والے بڑے چیلنجز ہیں۔ لیکن اب ملک کی سیلابی صورتحال کمپنی کے کاروبار کو مختصر وقت کے لیے بری طرح متاثر کر سکتی ہے۔

کمپنی کی انتظامیہ صورتحال سے پوری طرح باخبر ہے اور بہتر آپریشنل افادیت، ہم آہنگی، بہترین پروڈکٹ مکس مینجمنٹ، لاگت پر قابو پانے کے موثر اقدامات اور صارفین کے ساتھ بہتر تجارتی شراکت داری کی حکمت عملیوں کے ذریعے قابو پائے گی۔ کمپنی کئی سالوں سے چیلنجوں کے خلاف مضبوط کارکردگی کا مظاہرہ کر رہی ہے، چاہے وہ بڑھتی ہوئی مسابقت کا خطرہ ہو، خام مال کی قیمتوں میں اتار چڑھاؤ ہو یا شرح مبادلہ۔ آپریشنل فضیلت اور انتظامی مہارتوں نے کمپنی کو پائیدار ترقی کے لیے پیش کیا ہے تاکہ آنے والے چیلنجوں کا مقابلہ کیا جا سکے۔ سماجی طور پر ذمہ دار، مالی طور پر قابل عمل اور آپریشنل طور پر ہوشیار ہونا کمپنی کے اہم مقاصد رہیں گے۔

اولین سرگرمی:

کمپنی کی بنیادی سرگرمی فوم اور اس سے منسلک مصنوعات کی تیاری اور فروخت ہے۔

خطرات اور غیر یقینی صورتحال:

بورڈ آف ڈائریکٹرز کمپنی کے کاموں کی نگرانی کرنے اور خطرات کے کسی بھی ممکنہ اور منفی اثرات کو کم کرنے کے لیے ایک موثر حکمت عملی وضع کرنے کا ذمہ دار ہے۔

کمپنی کی سرگرمیاں اسے مختلف قسم کے مالی خطرات، مارکیٹ کے خطرات (بشمول کرنسی کا خطرہ، شرح سود کا خطرہ اور قیمت کا خطرہ)، کریڈٹ رسک اور لیکویڈیٹی کے خطرے سے دوچار کر سکتی ہیں۔

کمپنی کی اصولی مالی ذمہ داریاں تجارت اور دیگر قابل ادائیگیوں اور مختصر مدت کے قرضوں پر مشتمل ہیں۔ کمپنی کے اصل مالیاتی اثاثے تجارتی قرضوں، ایڈوانسز، قلیل مدتی ڈپازٹس، دیگر قابل وصول اور نقد اور بینک بیلنس پر مشتمل ہیں جو براہ راست اس کے آپریشن سے پیدا ہوتے ہیں۔

کمپنی کا مجموعی رسک مینجمنٹ پروگرام مالیاتی اور مارکیٹ کی سرگرمیوں کی غیر متوقع صلاحیت پر توجہ مرکوز کرتا ہے اور مالی کارکردگی پر ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔ کمپنی نے مالی بیانات میں خطرے سے متعلق تمام نتائج کا مناسب طور پر انکشاف کیا ہے۔

اندرونی مالیاتی کنٹرول:

بورڈ آف ڈائریکٹرز کے ذریعے کمپنی کی تمام سطحوں پر ایک مضبوط اندرونی کنٹرول سسٹم قائم اور نافذ کیا جاتا ہے۔ یہ نظام کمپنی کے مقاصد کے حصول اور آپریشنل تاثیر اور کارکردگی، قابل اعتماد مالیاتی رپورٹنگ، اثاثوں اور وسائل کی حفاظت اور قابل اطلاق قوانین، ضوابط اور پالیسیوں کی تعمیل کے لیے ڈیزائن میں درست ہے۔

متعلقہ پارٹیوں سے لین دین:

کمپنی نے بڑھتی ہوئی قیمتوں پر اپنے متعلقہ فریقوں کے ساتھ تمام لین دین کو انجام دیا ہے سوائے اس کے جہاں مالی بیانات میں اس کا انکشاف کیا گیا ہو۔ 30 جون 2022 کو ختم ہونے والے مالی سال کے دوران تمام متعلقہ فریقین کے لین دین کو آڈٹ کمیٹی کے سامنے رکھا گیا تھا اور اس کی سفارشات پر بورڈ آف ڈائریکٹرز نے ان کی منظوری دی تھی۔

ماحولیات، صحت اور حفاظت:

کمپنی ملازمین اور عوام کی صحت کو لاحق خطرے سے بچنے کے لیے کام کے محفوظ حالات کو برقرار رکھتی ہے۔ انتظامیہ نے اپنے تمام آپریشنز میں صاف ستھرا ماحول برقرار رکھا ہے اور ان کی حفاظت کو مسلسل اپ گریڈ کیا ہے۔

کارپوریٹ سماجی ذمہ داری:

کمپنی اپنے کاروبار میں کارپوریٹ سماجی ذمہ داری کے انضمام پر پختہ یقین رکھتی ہے اور ان لوگوں کی ترقی کے لیے مسلسل کوشش کرتی ہے جو ہمارے کاروبار سے براہ راست یا بالواسطہ متاثر ہوتے ہیں۔

رپورٹنگ:

بورڈ نے کمپنیز ایکٹ 2017، پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کے تیسرے اور چوتھے شیڈول کی ضروریات کے مطابق مکمل، درست اور منصفانہ پیش کش اور اپنے مالیاتی گوشواروں کے بروقت اجراء کو یقینی بنایا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ:

آپ کی کمپنی کارپوریٹ گورننس کے اعلیٰ ترین معیارات حاصل کرنے کے لیے پرعزم ہے۔ بورڈ کو کوڈ آف کارپوریٹ گورننس ریگولیشنز،2019 کے تقاضوں کی تعمیل کرنے کے لیے درج ذیل مخصوص بیانات دینے پر خوشی ہے۔

الخیر گدون لمیٹڈ کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشواروں میں اس کی حالت، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کیا گیا ہے۔

الخیر گدون لمیٹڈ کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔

- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- مالیاتی بیانات کی تیاری میں پاکستان میں لاگو ہونے والے بین الاقوامی مالیاتی رپورٹنگ کے معیارات پر عمل کیا گیا ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے موثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- تشویش کے طور پر جاری رکھنے کی کمپنی کی صلاحیت پر کوئی خاص شک نہیں ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی خارج نہیں ہوا، جیسا کہ SECP کے جاری کردہ کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019 میں تفصیل سے بتایا گیا ہے۔
- پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا خلاصہ شکل میں رپورٹ کے ساتھ منسلک ہے۔
- الخیر گدون لمیٹڈ کے حصص میں کوئی لین دین ڈائریکٹرز، سی ای او، سی ایف او، ہیڈ آف انٹرنل آڈٹ اینڈ کمپنی سیکرٹری اور ان کی شریک حیات اور نابالغ بچوں کے ذریعہ نہیں کیا گیا سوائے ان کے جو ریگولیٹری حکام کو مطلع کیا گیا تھا۔
- گزشتہ سال کے آپریٹنگ نتائج سے اہم انحراف کی وجوہات ڈائریکٹرز کی رپورٹ کے متعلقہ حصے میں بیان کی گئی ہیں۔
- بقایا ٹیکس، ڈیوٹیز، لیویز اور چارجز کے بارے میں معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔
- کمپنی کے پاس کارپوریٹ ری سٹرکچرنگ، کاروباری آپریشنز اور آپریشنز کو بند کرنے کے حوالے سے کوئی اہم منصوبہ اور فیصلے نہیں ہیں۔
- سال کے دوران منعقدہ بورڈ اور کمیٹیوں کے اجلاسوں کی تعداد اور ہر ڈائریکٹر کی حاضری کی تفصیلات ذیل میں ظاہر کی گئی ہیں۔
- بورڈ کو ضابطہ اخلاق، قابل اطلاق قوانین، ان کے فرائض اور ذمہ داریوں سے واقف کرانے کے لیے تفصیلی اندرون خانہ بریفنگ اور معلوماتی پیکیج فراہم کیا گیا ہے تاکہ وہ حصص یافتگان کے لیے اور ان کی جانب سے کمپنی کے معاملات کو موثر طریقے سے سنبھال سکیں۔

کوڈآف کارپوریٹ گورننس اور ٹرانسفر پرائسنگ کے ساتھ تعمیل:

کوڈآف کارپوریٹ گورننس ریگولیشنز، 2019 جیسا کہ ایس ای سی پی اور آئی سی اے پی ریگولیشنز نے وضع کیا ہے اس کی تعمیل کی گئی ہے اور اس کا بیان منسلک ہے۔ سال 2021 سے متعلقہ پاکستان اسٹاک ایکسچینج کے لسٹنگ رولز میں متعین کردہ ٹرانسفر پرائسنگ کے تقاضوں کی بھی تعمیل کی گئی ہے۔

ڈائریکٹرز کے معاوضے کی اہم خصوصیات:

بورڈآف ڈائریکٹرز نے ڈائریکٹرز کے معاوضے کی منظوری دے دی ہے۔ بورڈ نے کمپنی کے معاملات میں ان کی ذمہ داری کے لحاظ سے ایگزیکٹو ڈائریکٹرز کے معاوضے کے لیے ایک پالیسی بنائی ہے۔ تاہم، کوڈآف کارپوریٹ گورننس کے مطابق، اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کا فیصلہ کرنے میں حصہ نہ لے۔ کمپنی نان ایگزیکٹیو ڈائریکٹرز کو معاوضہ ادا نہیں کرتی ہے سوائے ڈیمانڈ پر میٹنگز میں شرکت کی فیس کے۔ بہترین ٹیلنٹ کو برقرار رکھنے کے لیے، کمپنی کی معاوضے کی پالیسیاں صنعت کے مروجہ رجحانات اور کاروباری طریقوں کے مطابق بنائی گئی ہیں۔ برائے مہربانی نوٹ 30 کو مالیاتی بیانات سے رجوع کریں۔

ڈائریکٹرز کی ٹریننگ:

کمپنی کے ڈائریکٹرز کی اکثریت چودہ سالہ تعلیم اور لسٹڈ کمپنی کے ڈائریکٹر کے طور پر پندرہ سالہ تجربے کے پیش نظر کمپنی کے زیادہ تر ڈائریکٹرز کو ڈائریکٹرز کے تربیتی پروگرام کی ضرورت سے مستثنیٰ ہے۔

اسٹاف ریٹائرمنٹ کے فوائد:

کمپنی تمام ملازمین کے لیے چھ ماہ کی کوالیفائنگ خدمات کی مدت کے ساتھ ایک غیر فنڈڈ گریجویٹی اسکیم چلاتی ہے۔

تقسیم منافع:

بورڈآف ڈائریکٹرز کی طرف سے تجویز کردہ ڈیویڈنڈ، اگر سالانہ جنرل میٹنگ میں اعلان کیا جاتا ہے تو اعلان کی تاریخ سے 30 دنوں کے اندر ان ممبران کو ادا کر دیا جائے گا جن کے نام رجسٹر آف ممبرز پر موجود ہوں گے۔

چیئرمین کا جائزہ:

سالانہ رپورٹ میں شامل چیئرمین کا جائزہ 30 جون 2022 کو ختم ہونے والے سال کے دوران کاروبار کی نوعیت، درپیش چیلنجز اور کمپنی کی کارکردگی کے ساتھ ساتھ مستقبل کے امکانات اور غیر یقینی صورتحال سے متعلق ہے۔

بورڈ اور کمیٹی کے اجلاسوں میں شرکت:

سال کے دوران بورڈ کے چار اجلاس، چار آڈٹ کمیٹی، اور ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے دو اجلاس ہوئے۔ حاضری حسب ذیل ہے:

نمبر شمار	نام ڈائریکٹرز / کمیٹی ممبر	تعداد حاضری بورڈ	آڈٹ کمیٹی	ہیومن ریسورس کمیٹی
1	محمد افضل شیخ	5	-	-
2	محمد سعید شیخ	5	-	-
3	محمد امین شیخ	5	-	-
4	مسز پروین افضل	5	2	1
5	مسز فرناز سعید	5	4	1
6	مسز نفیسہ امین	3	-	1
7	جناب کمال سبحانی	5	4	2
8	مسز علیزہ زاہد طارق	2	2	-
9	شیخ پرویز افضل	1	-	-

بیرونی آڈیٹرز:

موجودہ آڈیٹرز میسرز طاہر صدیقی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کمپنی کے ریٹائر ہونے والے آڈیٹرز ہیں اور دوبارہ تقرری کے لیے اپنی خدمات پیش کرتے ہیں۔ انہوں نے تصدیق کی کہ انہیں انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی سی اے پی) کے کوالٹی کنٹرول ریویو پروگرام کے تحت تسلی بخش درجہ بندی دی گئی ہے اور یہ فرم انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کے ضابطہ اخلاق سے متعلق رہنما اصولوں کی مکمل تعمیل کرتی ہے، جیسا کہ اس نے اپنایا ہے۔ آئی سی

اے پی آڈٹ کمیٹی اور بورڈ نے 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کے سالانہ جنرل میٹنگ میں شیئر ہولڈرز کے ذریعے ان کی دوبارہ تقرری کی سفارش کی۔

شیئر ہولڈنگ کی ترتیب:

کمپنی کے شیئر ہولڈنگ کا نمونہ رپورٹ کے ساتھ منسلک ہے۔

بڑی تبدیلیاں:

30 جون 2022 سے رپورٹ کی تاریخ تک کوئی مادی تبدیلیاں نہیں ہوئی ہیں اور کمپنی نے اس عرصے کے دوران کوئی ایسا عہد نہیں کیا ہے جس سے کمپنی کی مالی حالت پر منفی اثر پڑے۔

اظہار تشکر:

ہم اپنے کارکنوں، انتظامی ٹیم کے عملے کے اراکین کی مخلصانہ اور مخلصانہ خدمات کا اعتراف اور تعریف کرنا چاہیں گے۔ ہم اپنے بینکرز اور دیگر اسٹیک ہولڈرز کے شکر گزار ہیں۔ ہم اپنے صارفین اور خوردہ فروشوں کی طرف سے جاری تعاون کے لیے بھی شکریہ ادا کرتے ہیں جو ہماری کمپنی کا کلیدی عنصر ہیں۔

محمد افضل شیخ	H. Saeed محمد سعید شیخ
چیئرمین	چیف ایگزیکٹو

لاہور: 19 ستمبر 2022

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

Name of company:	Al-Khair Gadoon Limited
Year Ending:	30-06-2022

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

1 The total number of directors are eight as per the following:

a)	Male:	Four
b)	Female:	Four

2 The composition of board is as follows:

i)	Independent Director:	Mr. Kamal Subhani Mrs. Aleeza Zahid Tariq
ii)	Non-executive Directors:	Mohammad Amin Sheikh Mohammad Afzal Sheikh Mrs. Nafeesa Amin Mrs. Parveen Afzal Mrs. Farnaz Saeed
iii)	Executive Directors	Mohammad Saeed Sheikh

iv) The board consists of four female directors as narrated above.

3 The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Al-Khair Gadoon Limited;

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 significant policies along with the 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 Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;

8 The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9 Majority of the Directors of the Company are exempted from the requirement of Directors' Training Program;

10 There is new appointment of Chief Financial Officer during the year. No change in Company Secretary and Head of Internal Audit has been made during the year. However, any change to their remuneration and terms and conditions of employment have been 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:

Audit Committee:

Mr. Kamal Subhani	Chairman
Mrs. Farnaz Saeed	Member
Mrs. Aleeza Zahid Tariq	Member

HR and Remuneration Committee

Mr. Kamal Subhani	Chairman
Mrs. Farnaz Saeed	Member
Miss. Samina Kokab	Secretary

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 (quarterly/half yearly/ yearly) of the committees were as per following:

a)	Audit Committee:	Four
b)	HR and Remuneration Committee	Two

15 The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and conversant with the policies and procedures of the Company.

16 The statutory auditors of the Company M/S Tahir Siddiqi & Co., Chartered Accountants 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 their 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 other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

M. Saeed

MOHAMMAD SAEED SHEIKH
CHIEF EXECUTIVE

Lahore: September 19, 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AL-KHAIR GADOON LIMITED

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

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

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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

Lahore: September 19, 2022
CR202210544SAy62g3hc

Tahir Siddiqi & Co.
Chartered Accountants
Engagement Partner: Sarah Tahir Siddiqi, FCA

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AL-KHAIR GADOON LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of AL-KHAIR GADOON LIMITED ("the Company"), which comprise the statement of financial position as at June 30, 2022 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our 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 and other 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 Company's affairs as at June 30, 2022 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

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. The 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.

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
i	**Capital Expenditure** (Refer to Note 5 to the annexed financial statements) As disclosed in note 5 th the financial statements, the company has incurred significant amount of capital expenditure dating the year. We focused on the capital expenditure incurred during the year as this represents a significant transaction for the year and involves certain judgemental areas, such as capitalization of elements of eligible components of cost as per the applicable financial reporting standards, therefore, we have this as a key audit matter.	We obtained an understanding of the company's process with respect to capital expenditure and tested controls relevant to such We assessed the company's capitalization policy to determine compliance with relevant accounting standards and tested the Assessed the nature of costs incurred and examined the tittle documents including the tittle deeds to assess whether the tittle documents are in the name of the company.
ii	**Revenue Recognition** (Refer to Note 4.20 and 21 to the annexed financial statements) The Company recognized a net revenue of Rs1,155,795,102./- for the year ended June 30, 2022. We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicaters of the Company and significant increase in revenue from last year.	Reviewed the adequacy of the disclosures made by the Company under the applicable financial reporting framework. Our audit procedures in relation to the matter, amongst others, included: Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of the key internal controls over recording of revenue; Comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; Comparing a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. Comparing the details of journal entries posted to revenue accounts during the year, which met some specific risk-based criteria, with the relevant underlying documentation; Assessing the appropriateness of accounting policy for revenue recognition and comparing with the applicable accounting and reporting standards; and Assessing the adequacy of disclosures related to revenue as required under the accounting and reporting standards as applicable in Pakistan.

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

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

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

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

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 the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

(d) No zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Sarah Tahir Siddiqi.

Tahir Siddiqi & Co.
Chartered Accountants
Lahore: September 19, 2022

CR202210544SAy52g3hc

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, Plant and Equipment	5	**171,692,983**	157,356,869
		171,692,983	157,356,869
CURRENT ASSETS			
Stores and Spares		**5,403,169**	3,251,471
Stock in Trade	6	**292,018,364**	291,109,349
Trade Debts	7	**55,406,221**	54,123,497
Advances, Deposits and Prepayments	8	**41,456,375**	7,571,055
Advance Taxes - Net	9	**37,180,036**	40,006,622
Cash and Bank Balances	10	**17,399,686**	20,072,530
		448,863,851	416,134,524
TOTAL ASSETS		**620,556,834**	573,491,393
EQUITY AND LIABILITIES			
Authorized Capital			
12,000,000 Ordinary shares of Rs. 10 each	11	**120,000,000**	120,000,000
Issued, Subscribed and Paid up Capital	11	**100,000,000**	100,000,000
Capital Reserves - Share Premium	12	**25,000,000**	25,000,000
Unappropriated Profit		**155,511,610**	126,615,042
Shareholders' Equity		**280,511,610**	251,615,042
NON CURRENT LIABILITIES			
Long Term Loan	13	**11,111,083**	14,448,401
Lease Liabilities	14	**1,679,918**	-
Deferred Liabilities	15	**27,671,328**	23,517,413
		40,462,329	37,965,814
CURRENT LIABILITIES			
Current portion of Long Term Loan	14	**3,337,317**	6,771,375
Lease Liabilities	14	**560,343**	-
Trade and Other Payables	16	**117,949,487**	108,489,232
Taxes Payable	17	**325,767**	458,358
Short Term Borrowings	18	**175,632,281**	166,413,872
Un-Claimed Dividend	19	**1,777,700**	1,777,700
		299,582,895	283,910,537
CONTINGENCIES AND COMMITMENTS	20	-	-
TOTAL EQUITY AND LIABILITIES		**620,556,834**	573,491,393

The annexed notes from 1 to 39 form an integral part of these financial statements.

MOHAMMAD AFZAL SHEIKH	MOHAMMAD SAEED SHEIKH	JEHANZEB CH
CHAIRMAN	CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER

Lahore: September 19, 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Sales - net	21	**1,155,795,102**	802,746,762
Cost of sales	22	**(1,007,356,629)**	(687,076,768)
Gross profit		**148,438,473**	115,669,994
Administrative expenses	23	**(47,949,341)**	(39,335,054)
Distribution expenses	24	**(43,497,292)**	(26,244,182)
		(91,446,633)	(65,579,236)
Operating profit		**56,991,840**	50,090,758
Finance cost	25	**(8,404,719)**	(8,517,556)
Other operating expenses	26	**(3,371,338)**	(2,888,259)
Other operating income	27	**711,616**	1,495,548
		(11,064,441)	(9,910,267)
Profit before taxation		**45,927,399**	40,180,491
Income tax expense	28	**(15,354,940)**	(17,373,280)
Profit for the year - net		**30,572,459**	22,807,211
Other comprehensive income / (loss):			
Items that will not be re-classified to profit or loss			
Re-measurement of defined benefits		**(2,360,409)**	(1,852,026)
Deferred tax on remeasurements of defined benefit plan		**684,518**	537,088
		(1,675,891)	(1,314,938)
Total comprehensive income for the year		**28,896,568**	21,492,273
Earnings per share - before tax (basic and diluted - Rupees)	29	**4.59**	4.02
Earnings per share - after tax (basic and diluted - Rupees)	29	**3.06**	2.28

The annexed notes from 1 to 39 form an integral part of these financial statements.

MOHAMMAD AFZAL SHEIKH **CHAIRMAN**	**MOHAMMAD SAEED SHEIKH** **CHIEF EXECUTIVE**	**JEHANZEB CH** **CHIEF FINANCIAL OFFICER**

Lahore: September 19, 2022

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

	Note	2022 Rupees	2021 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	34	**48,759,987**	(74,132,729)
Finance cost paid		**(7,548,992)**	(7,761,981)
WPPF paid		**(2,153,438)**	(863,483)
Income tax (paid) / refunds received		**(21,130,634)**	25,899,749
Dividend paid		-	(67,246)
Sales tax (paid) / refunds received		**9,261,328**	(661,945)
Gratuity paid		**(1,490,372)**	(1,992,888)
		(23,062,108)	14,552,206
Net cash (used in) generated from operating activities		**25,697,879**	(59,580,523)
Cash flows from investing activities			
Fixed capital expenditure		**(33,058,018)**	(38,285,584)
Proceeds from sale of property, plant and equipment		-	6,869,511
Net cash (used in) investing activities		**(33,058,018)**	(31,416,073)
Cash flows from financing activities			
Short term borrowings		**5,784,350**	91,345,085
Long Term Loans		**(3,337,318)**	14,448,401
Lease Liabilities		**2,240,261**	
Net cash generated / (used in) financing activities		**4,687,293**	105,793,486
Net (decrease)/increase in cash and cash equivalents		**(2,672,844)**	14,796,890
Cash and cash equivalents at the beginning of the year		**20,072,530**	5,275,640
Cash and cash equivalents at the end of the year	11	**17,399,686**	20,072,530

The annexed notes from 1 to 39 form an integral part of these financial statements.

MOHAMMAD AFZAL SHEIKH **CHAIRMAN**	**MOHAMMAD SAEED SHEIKH** **CHIEF EXECUTIVE**	**JEHANZEB CH** **CHIEF FINANCIAL OFFICER**

Lahore: September 19, 2022

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

	Issued, Subscribed and Paid up Share Capital	Share Premium	Unappropriated Profit	Total
	(----------	Rupees	----------	)
Balance as at 1 July 2020	**100,000,000**	**25,000,000**	**105,122,769**	**230,122,769**
Comprehensive income for the year				
Profit for the year	-	-	22,807,211	22,807,211
Other comprehensive income (loss) for the year	-	-	(1,314,938)	(1,314,938)
	-	-	21,492,273	21,492,273
Balance as at 30 June 2021	**100,000,000**	**25,000,000**	**126,615,042**	**251,615,042**
Balance as at 1 July 2021				
Comprehensive income for the year				
Profit for the year	-	-	30,572,459	30,572,459
Other comprehensive (loss) for the year	-	-	(1,675,891)	(1,675,891)
	-	-	28,896,568	28,896,568
Balance as at 30 June 2022	**100,000,000**	**25,000,000**	**155,511,610**	**280,511,610**

The annexed notes from 1 to 39 form an integral part of these financial statements.

MOHAMMAD AFZAL SHEIKH	MOHAMMAD SAEED SHEIKH	JEHANZEB CH
CHAIRMAN	CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER

Lahore: September 19, 2022

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2022

1 Legal Status and Operations

The Company was incorporated as a private limited company on August 27, 1990 under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017), and converted into Public Limited Company on August 31, 1995. The shares of the company are listed on Pakistan Stock Exchange Limited.

The principal activities of the Company are to manufacture and sale foam and allied products. The geographical location and addresses of the Company's business units including plants are as follows:

Business Unit	**Geographical location and address**
- Registered office	92/3, Phase-III, Industrial Estate, Gadoon Amazai, District Swabi, KPK.
- Manufacturing Plant;	
	92/3, Phase-III, Industrial Estate, Gadoon Amazai, District Swabi, KPK. 94-A, 94-B, Phase-III, Industrial Estate, Gadoon Amazai, District Swabi, KPK.
- Corporate Office	Al-Khair House, 43-T, Gulberg II, Lahore.

2 Basis of Preparation

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017
- 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except for certain items, as disclosed in the relevant accounting policies below.These Financial Statements have been prepared on going concern basis.

Functional and presentation currency

2.3 These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.4 Key Judgments and estimates

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 judgment in the process of applying the company's accounting policies. The areas involving a high degree of judgment 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:

- Estimated useful lives, residual values and depreciation method of property, plant and equipment [Refer Note of PPE note 4.1 and note 5].
- Revenue from Contracts with Customers [Refer Note-21]
- Obligation of defined benefit obligation [Refer Note-15]
- Estimation of provisions for loss allowance [Refer Note-8]
- Estimation of contingent liabilities [Refer Note-20]
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) [Refer Note-10]

3 New and Amended Standards and Interpretations

3.1 Standards, amendments to approved accounting standards effective in current year

New and amended standards and interpretations mandatory for the first time for the financial year beginning on or after June 30, 2020

- IAS-1 & 8 Definition of Material (Effective date is January 01, 2020)

Amendments to IAS-1, Presentation of financial statements and IAS-8 " Accounting policies, changes in accounting estimates and errors" are intended to make the definition of material in IAS-1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS standards. Redefined, definition of materiality-Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that primary users of general purpose financial statements make on the basis of those financial statements which provide financial information about a specific reporting entity.

The other new standards, amendments to approved accounting standards that are mandatory for the financial year beginning on June 30, 2020 are considered not to be relevant or to have any significant effect on the company's financial reporting and operations.

3.1.1 IFRS-16 Leases (Rent Concessions) **Effective date June 01, 2020**

- Under IFRS-16, rent concessions often met the definition of a lease modification, unless they were envisaged in the original lease agreement. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Covid-19, pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to Covid-19, related rent concessions that reduce lease payments due on or before June 30, 2021.This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors The amendment does not affect lessors.

IAS-37 Onerous Contracts **Effective date January 01, 2022**

Under IAS-37, ' Provisions, Contingent liabilities and Contingent assets' a contract is onerous when the un-avoidable costs of meeting the contractual obligations, i.e the lower of the costs of fulfilling the contract and the costs of terminating it, outweigh the economic benefits. The amendments clarify that the cost of fulfilling a contract comprise both the incremental costs-e.g, direct labour and materials and an allocation of other direct costs. Such as an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

- **IAS-16 Proceeds before an assets intended Use** **Effective date January 01, 2022**

Amendments to IAS-16' Property, plant and equipment's" prohibit a company from deducting from the cost of property, plant and equipment amounts received from the selling the items produced while the company is preparing the asset for its intending use. Instead a company will, recognize such sale proceeds and related costs in profit or loss. The amendments apply retrospectively, but only to items of PPE, made available for use on or after beginning of the earliest period presented in the financial statements, in which the company first applies the amendments.

4 Significant Accounting Policies

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

4.1 Owned Assets

Company has adopted cost model for its property, Plant and equipment. Property, Plant and equipment except for leasehold and freehold land and capital work in progress are stated at cost less accumulated depreciation and impairment loss if any. Freehold land is stated at cost less impairment loss if any.

Depreciation charged on all depreciable fixed assets is charged to profit and loss account on the reducing balance method over its estimated useful life at annual rates mentioned in note to the fixed assets. Depreciation on additions is charged from the month in which asset is available for use and on disposal before the month of disposal. Depreciation methods, useful lives and residual values of items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change or adjustment in depreciation method, useful lives and residual values is accounted for as a change in accounting estimate under IAS-8, ' Accounting policies, changes in accounting estimates and errors" and is applied prospectively in the financial statements by adjusting the depreciation charge for the period in which the amendment or change has been made and for future periods.

Subsequent costs including major renewals and improvements are included in the carrying amount of the assets or are recognized as a separate asset, only when it is probable that the future economic benefits associated with the asset will flow to the company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized at the time of replacement. Normal repair and maintenance and day to day servicing are charged to the statement of profit or loss as incurred.

Disposal of an item of property, plant and equipment is recognized when significant risks and rewards, incidental to the ownership of that asset, have been transferred to the buyer. Gains and losses on disposals are determined by comparing the carrying amount of that asset with sale proceeds and are recognized within other income/ other operating expenses, in the statement of profit or loss.

4.2 Leased assets

At, the inception of a contract, the company assesses whether a contract is or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The extension and termination options are incorporated in determination of lease term only when the company is reasonably certain to exercise these options. Leases are recognized as right of use assets and corresponding liabilities at the date at which the leased assets are available for use by the company.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the company's incremental borrowing rate. Lease liabilities are subsequently measured at amortized cost using the effective interest rate. Right of use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentive received. The depreciable right of use assets are depreciated over the useful life of assets on reducing balance method. The carrying amount of the right of use assets is deducted by impairment losses if any. At transition, the company recognizes right to use assets equal to the present value of lease payments. Payments associated with the short term leases and leases of low value assets are recognized on a straight line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less.

4.3 Capital work in progress

Capital work in progress is stated at cost less expected impairment loss if any.These are transferred to specific assets as and when these are available for use.

4.4 Stock in Trade

These are valued at lower of cost and net realizable value. Cost of raw materials and components are represent invoice values plus other charges incurred thereon. Cost of inventory is based on weighted average cost. Cost in relation to work in process and finished goods, represent direct cost of raw materials, wages and appropriated manufacturing overheads. Goods in transit are valued at cost accumulated upto the reporting date.

The company reviews the carrying amount of stock in trade on an ongoing basis and as appropriate, inventory is written down to its net realizable value or provision is made for obsolescence if there is any change in usage pattern and physical form of related inventory. Net realizable value is the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make sale.

4.5 Stores, Spares and Loose Tools

These are valued at lower of cost and net realizable value. The cost of inventory is based on weighted average cost. Items in transit at cost accumulated up to the reporting date. The company reviews the carrying amounts of stores, spares and loose tools on an ongoing basis and provision is made for obsolescence if there is any change in usage

4.6 Taxation

Current

Current tax is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available if any and taxes paid if any.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax assets are recognized for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilize those temporary differences and unused tax losses and credits. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

4.7 Trade debts and other receivables

Trade debts and other receivables are classified as financial assets at amortized cost according to IFRS-9. Under, IAS-39, trade and other receivables were previously classified as loans and receivables. Trade debts are initially recognized at original invoice value which is the fair value of the consideration to be received in future and subsequently measured at cost less provisions for loss Allowance. The company uses simplified approach for measuring expected credit losses. The company estimates the credit losses using a provision matrix, where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Bad debts are written off with the approval of board of Directors when identified.

4.8 Cash and cash equivalents

These are stated at the cost in the statement of financial position. For the purposes of cash flow statement cash and cash equivalents comprise of cash in hand and balances held with banks.

4.9 Trade and other payables

Trade and other payables are initially measured at cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the company.

4.10 Financial Liabilities

Financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value less directly attributable transaction costs, if any and subsequently measured at amortized cost using effective interest rate method.

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

4.11 Financial assets

The detail of new accounting policies after the application of IFRS-9 are as follows. The new IFRS effectively eliminated loans and receivables category of the previous IAS-39.

4.11.1 Classification

Financial assets are classified into financial assets at amortized cost, financial assets at fair value through or loss and financial assets fair value through other comprehensive income as per the requirements of IFRS-9. The financial assets are classified at initial recognition based on the business model used for managing the financial assets and contractual terms of the cash flows.

a Financial assets at amortized cost

A financial asset shall be classified as financial asset at amortized cost if both of the following conditions are met

The assets held within a business model whose objective is to hold assets in order to collect contractual cash flows.

Contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b Financial assets at fair value through other comprehensive income

Debt instruments where contractual cash flows are solely payments of principal and interest and the objective of the company is achieved by collecting cash flows and selling the financial assets.

Equity investments that are not held for trading and the company made an irrevocable action at initial recognition to measure it at fair value to measure it at fair value with only dividend income recognized in profit or loss.

c Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. A debt instrument is classified as financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on them on different basis.

4.11.2 Recognition and measurement

Regular purchase and sales of the financial assets are recognized on the trade date, the date on which the company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

After initial recognition, financial assets are measured at amortized cost. Gains or losses arising from changes in fair value of the financial assets at ' fair value through profit or loss' category are presented in the statement of profit or loss within other income/ other operating expenses, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the statement of profit or loss as part of other income, when the company's right to receive payments is established. Gains or losses arising from changes in fair value through other income category are recognized in other comprehensive income with only dividend income recognized in profit or loss.

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss-measured as difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss- is removed from equity and recognized in the statement of profit or loss. Impairment losses recognized in

4.12 Offsetting of financial instruments

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

4.13 Derivative financial instruments and hedging categories

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designed as a hedging instrument, if so, the nature of the item being hedged. The company designates certain derivatives as either fair value hedge or cash flow hedge.

a Fair value hedge

A hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment or a component of any such item that is attributable to a particular risk and could affect profit or loss.

b Cash flow hedge

A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction and could affect profit or loss.

4.14 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on the accrual basis. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

4.15 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of the asset.

4.16 Provisions and Contingencies

Provisions are recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote

4.17 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pakistan rupees at monthly average rates. Monetary assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the reporting date. Exchange gain or losses if any are charged to profit or loss account.

4.18 Impairment of Non-financial assets

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrences of impairment loss or reversal of previous impairment losses if any. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. The reversal of impairment loss is restricted only to the original cost of the asset.

4.19 Impairment of Financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effecti interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.At each reporting date, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.The Company uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

4.20 Revenue Recognition

According to the core principles of IFRS-15, the company recognizes the revenue to depict the transfer of promised goods and services to customers in an amount that reflects the considerations to which the company expects to be entitled in exchange for those goods and services. The company recognizes the revenue in accordance with that core principle by applying the following steps.
-Identify the contract with customers.
-Identify the performance obligations in the contract.
-Determine the transaction price.
-Allocate the transaction price to the performance obligation in the contract.
-Recognize revenue when the entity satisfies a performance obligation.
The company is involved in the sale of foam and allied products. Revenue from sale of goods is recognized when the company satisfies a performance obligation (at a point of time) by transferring promised goods to customers being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commissions, sales returns and discounts if any. Income from different sources other than above is recognized on the following basis.
-Interest income is recognized on accrual basis.
-Dividend income is recognized when the right to receive payment is established.

4.21 Related Party Transactions

The company enters into transactions with related parties on arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors it is in the interest of the company to do so.

4.22 Long term investment in associates

Investment in associated companies is accounted for using the equity method of accounting. Under this method investment is initially recognized at cost plus the company's equity in undistributed earnings and losses after acquisition less any impairment in the value of individual investments.

4.23 Staff Retirement benefits

The company operates a defined benefit plan i.e gratuity scheme for all its permanent employees subject to attainment of retirement age and minimum service of prescribed period. Contributions are made to fund on the basis of actuarial recommendations. Actuarial valuation is carried out using the project unit credit method. All actuarial gains and losses are recognized in other comprehensive income.

4.24 Earnings per share

The Company presents basic and diluted 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 the weighted average number of ordinary shares outstanding during the period. 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.

4.25 Dividend and appropriations

Dividend is recognized as liability in period in which it is declared. Appropriations of profit are reflected in the statement of changes in equity in the period in which appropriations are approved.

4.26 Warranty

The Company has made a policy to provide warranty to replace the damaged products for an average period of ten years. The Company has a history of very low claims over the years, hence the same has been accounted for in the financial statements and this has no material impact on statement of profit or loss and other comprehensive income and statement of cash flows.

4.27 Share Capital

Ordinary shares are classified as equity and recognized at face value.

5 PROPERTY, PLANT & EQUIPMENT

	Note	2022 Rupees	2021 Rupees
Operating Fixed Assets	5.1	171,692,983	157,356,870
Capital Work in Progress	5.5	-	-
		171,692,983	157,356,870

5.1 Operating Fixed Assets

	Land		Building		Plant & Machinery	Tools & Equipment	Office Equipment	Furniture & Fixture	Computers	Vehicles	Total Amount in Rupees
	Lease Hold	Free Hold	Lease Hold	Free Hold							
As at July 1, 2020 -											
Cost	22,414,019	3,000,000	46,504,980	54,968,953	32,179,103	3,577,126	5,612,790	1,666,292	1,418,010	85,298,904	256,640,177
Accumulated Depreciation	-	-	10,619,372	32,626,816	22,870,644	1,981,933	3,022,526	1,285,307	866,277	44,725,536	117,998,411
Net Book Value	**22,414,019**	**3,000,000**	**35,885,608**	**22,342,137**	**9,308,459**	**1,595,193**	**2,590,264**	**380,985**	**551,733**	**40,573,368**	**138,641,766**
Year ended June 30, 2021											
Opening Net Book Value	22,414,019	3,000,000	35,885,608	22,342,137	9,308,459	1,595,193	2,590,264	380,985	551,733	40,573,368	138,641,766
Addition (Cost)	-	-	2,305,438	1,047,028	14,703,816	619,600	419,250	141,350	851,000	18,400,062	38,487,544
Transfer / Adjustment	-	-	-	-	-	-	-	-	-	-	-
	22,414,019	3,000,000	38,191,046	23,389,165	24,012,275	2,214,793	3,009,514	522,335	1,402,733	58,973,430	177,129,310
Disposal - Net Book Value											
Cost	-	-	-	-	-	-	-	-	-	21,948,156	21,948,156
Accumulated Depreciation	-	-	-	-	-	-	-	-	-	(16,506,373)	(16,506,373)
	-	-	-	-	-	-	-	-	-	5,441,783	5,441,783
Depreciation Charge	-	-	3,719,269	1,135,098	1,824,708	192,499	278,753	41,036	90,833	7,048,461	14,330,657
Closing Net Book Value	22,414,019	3,000,000	34,471,777	22,254,067	22,187,567	2,022,294	2,730,761	481,299	1,311,900	46,483,186	157,356,870
As at July 1, 2021 -											
Cost	22,414,019	3,000,000	48,810,418	56,015,981	46,882,919	4,196,726	6,032,040	1,807,642	2,269,010	81,750,810	273,179,566
Accumulated Depreciation	-	-	14,338,641	33,761,914	24,695,352	2,174,432	3,301,279	1,326,343	957,110	35,267,624	115,822,695
Net Book Value	**22,414,019**	**3,000,000**	**34,471,777**	**22,254,067**	**22,187,567**	**2,022,294**	**2,730,761**	**481,299**	**1,311,900**	**46,483,186**	**157,356,870**
Year ended June 30, 2022											
Opening Net Book Value	22,414,019	3,000,000	34,471,777	22,254,067	22,187,567	2,022,294	2,730,761	481,299	1,311,900	46,483,186	157,356,871
Addition (Cost)	-	-	-	-	27,533,620	575,898	-	364,300	474,200	4,110,000	33,058,018
Transfer / Adjustment	-	-	-	-	-	-	-	-	-	-	-
	22,414,019	3,000,000	34,471,777	22,254,067	49,721,187	2,598,192	2,730,761	845,599	1,786,100	50,593,186	190,414,888
Disposal - Net Book Value											
Cost	-	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Depreciation Charge	-	-	3,447,178	1,112,703	3,324,361	220,502	273,076	69,451	155,997	10,118,637	18,721,905
Closing Net Book Value as at June 30, 2022	**22,414,019**	**3,000,000**	**31,024,599**	**21,141,364**	**46,396,826**	**2,377,690**	**2,457,685**	**776,148**	**1,630,103**	**40,474,549**	**171,692,983**
Annual Rate of Depreciation	-	-	10%	5%	10%	10%	10%	10%	10%	20%	

5.2 Particulars of immovable fixed assets in the name of Company are as follows:

Sr.No	Location	Usage of Property	Total Area	Covered Area
1)	43-T, Gulberg II, Lahore	Head Office	2 Kanals 9 Marlas 220 Sq.ft	17100 Sq.ft
2)	92/3, Phase III, Industrial Estate, Gadoon Amazai, District Swabi - KPK	Manufacturing Unit	2 Acres	18940 Sq.ft
3)	94A / 94B, Phase III, Industrial Estate, Gadoon Amazai, District Swabi - KPK	Manufacturing Unit	4 Acres	69984 Sq.ft

5.3 Disposal of Assets

There is no disposal of asset during the year.

	Note	2022 Rupees	2021 Rupees
5.4 Depreciation is allocated as under:			
Cost of Goods Sold	22	**6,992,041**	5,736,476
Administrative Expenses	23	**1,611,227**	1,545,721
Distribution Expenses	24	**10,118,637**	7,048,461
		18,721,905	14,330,658
5.5 Capital Work in Progress			
Plant & Machinery		-	-
Building		-	-
		-	-

Movement in Capital Work in Progress

	Plant & Machinery	Plant & Machinery
Balance as on July 01,	-	201,960
Addition during the year	-	-
	-	201,960
Transfer during the year	-	201,960
Balance as on June 30,	-	-

6 STOCK IN TRADE

Raw and Packing Material		**179,916,702**	160,241,700
Work-in-Process		**63,360,862**	67,658,741
Finished Goods		**48,740,800**	63,208,908
		292,018,364	291,109,349

7 TRADE DEBTS

Considered Good - unsecured	7.1	**56,249,970**	54,947,712
Provision for loss Allowances	7.2	**(843,749)**	(824,215)
		55,406,221	54,123,497

7.1 Trade debtors of Rs. 55,406,221/- (2021: Rs.54,123,497/-) were past due but not impaired. These relate to routine customers from there no recent history of default is found. The aging analysis of the trade debtors is as follows:

Upto 1 month	**30,473,421**	29,767,923
1 to 6 months	**17,729,991**	17,319,519
more than 6 months	**7,202,809**	7,036,055
	55,406,221	54,123,497

7.2 Movement in provision in loss Allowances:

Balance as of July 01	**824,215**	767,311
Provision made / (reversed) during the year	**19,534**	56,904
	843,749	824,215

8 ADVANCES, DEPOSITS & PREPAYMENTS

	Note		
Advances to Employees	8.1	**10,674,360**	7,108,423
Letters of Credit	8.2	**18,580,810**	265,683
Other receivables		**508,502**	196,949
Advances to Vendors		**11,692,703**	-
		41,456,375	7,571,055

8.1 Advances to employees are provided to meet business expenses and are settled as and when expenses are incurred. Advances are also provided in view of their personal needs and adjusted from their salaries for respective month.

8.2 This represents amount deposited against various letters of credit established with banks for import of raw materials and will be adjusted on maturity dates of respective letters of credit.

	Note	2022 Rupees	2021 Rupees
9 ADVANCE TAXES - NET			
Advance income tax		**28,781,245**	18,305,514
Current taxation - for the year		**(14,695,889)**	(10,654,900)
		14,085,356	7,650,614
Sales tax		**23,094,680**	32,356,008
		37,180,036	40,006,622

9.1 Advance taxes represent the amount of income tax refunds determined / retained by FBR on account of tax withheld on import stage and other sources as well as amounts of sales tax carried forward.

10 CASH AND BANK BALANCES

Cash in hand	**8,363,616**	335,946
Cash at banks - in current accounts	**9,036,070**	19,736,584
	17,399,686	20,072,530

11 SHARE CAPITAL

AUTHORIZED

12,000,000 (2019: 12,000,000) Ordinary shares of Rs. 10 each	**120,000,000**	120,000,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
7,000,000 Ordinary shares of Rs.10 each fully paid in cash	**70,000,000**	70,000,000
3,000,000 Ordinary shares of Rs.10 each issued as bonus shares	**30,000,000**	30,000,000
	100,000,000	100,000,000

11.1 There is no agreement with any shareholder for voting rights, board selection, rights of first refusal, and block voting.

12 RESERVES	**25,000,000**	25,000,000
Capital Reserves		
Share Premium	**25,000,000**	25,000,000
This reserve can be utilized by the Company only for the purposes specified in Section 81(3) of the Companies Act, 2017.		
Revenue Reserves		
Un-appropriated Profit	**155,511,610**	126,615,042
	180,511,610	151,615,042

13 Long Term Loan

		2022 Rupees	2021 Rupees
13.1	Long term loan		6,405,000
	Less: Current portion of long term	**(2,135,000)**	(4,270,000)
		(2,135,000)	2,135,000

This represent long term loan received from Bank Al falah Limited under refinance scheme for payment of wages and salaries to the workers and employees of business concerns introduced by state Bank of Pakistan. This loan carries mark-up at the 3% per annum and is repayable in eight quarterly installments starting from January 2021.

13.2	Sindh Bank Term Finance	**12,313,400**	14,814,776
	Less: Current portion of Term Finance	**(1,202,317)**	(2,501,375)
		11,111,083	12,313,401

The Company has obtained a long-term finance lease facility from Sindh bank amounting to PKR 14.814 million, in order to lease Plant & Machinery. The amount is repayable in monthly installments, commencing from July 28, 2021 over a term of 5 years ending June 28, 2026. The facility carries mark-up at 6 months kibor plus 3% per annum.

14 LIABILITIES AGAINST ASSETS UNDER FINANCE LEASE

Auto Finance Facility-BAFL	**2,240,261**	-
Less: Current portion of Auto Finance	**(560,343)**	-
	1,679,918	-
Movement in liability recognized		
Balance as July,01	-	
Liability during the year	**2,564,100**	-
Payment during the year	**(323,839)**	-
Balance as June, 30	**2,240,261**	-

	2022			2021		
	Minimum Lease Payments	**Finance Cost for Future Periods**	**Present Value**	Minimum Lease Payments	**Finance Cost for Future Periods**	Present Value
Not later than one year	809,988	249,640	560,343	-	-	-
Later than one year but not later than	1,957,477	277,564	1,679,918	-	-	-
	2,767,465	**527,204**	**2,240,261**	-	-	-

14.1 This represent finance leases arrangements with Bank Al-Falah Limited for leasing of vehicles.41 Lease rentals are payable on monthly basis in advance and include finance charges and insurance premium.The rate of mark-up used as discount facter (implicit in the lease) is charged at 3 Monthhs Kiber plus 2% per annum.

15 DEFERRED LIABILITIES

			2022 Rupees	2021 Rupees
	Deferred Taxation	15.1	**5,868,489**	5,209,438
	Gratuity	15.2	**21,802,839**	18,307,976
			27,671,328	25,271,291
15.1	**Deferred tax credits / (debits) arising in respect of**			
	Accelerated tax depreciation		**(14,551,955)**	(13,524,202)
	Provision for loss Allowances		**244,687**	239,022
	Provision for Gratuity		**6,322,823**	5,309,313
			(7,984,445)	(7,975,867)

15.2 The Company provides defined benefit plan under unfunded gratuity scheme for all its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial techniques of Projected Unit Credit Method.

15.2.1 Movement in Net liability recognized

Net Liability at the beginning of the year	**18,307,976**	15,902,464
Re-Measurements chargeable in Other Comprehensive Income	**2,360,409**	1,852,026
Deferred tax on re-measurement	**(684,519)**	
Charge for the year	**3,309,345**	2,546,374
Benefits paid during the year	**(1,490,372)**	(1,992,888)
	21,802,839	18,307,976

15.2.2 Movement in Present value of defined benefit plan

Present value of defined benefit obligation	**18,307,976**	15,902,464
Current service cost	**1,553,066**	1,279,362
Interest costs	**1,756,279**	1,267,012
Benefits Paid	**(1,490,372)**	(1,992,888)
Re-Measurements	**2,360,409**	1,852,026
Deferred tax on re-measurement	**(684,519)**	
	21,802,839	18,307,976

15.2.3 Expense recognized in Profit & loss account

Current service cost	**1,553,066**	1,279,362
Interest costs	**1,756,279**	1,267,012
	3,309,345	2,546,374

15.2.4 Principal actuarial assumptions

Discount rate used for Interest cost in P&L charge	**13.25%**	10.00%
Discount rate used for year-end obligation	**13.25%**	10.00%
Expected rate of increase in salaries per annum	**12.25%**	9.00%
Average expected remaining life time of employees	**5 years**	5 years

Expected charge to Profit & Loss Account for the year ended June 30, 2023 amounts to Rs.4,914,307/- in respect of Gratuity.

15.2.5 Sensitivity Analysis as at 30.06.2022

A sensitivty anaylsis for the above principal actuarial assuptions as of the statement of financial position date showing how the defined benefit obligation would have been affected by changes in the said assumptions is as follows:

Present Value of Defined Benefit Obligations	Discount Rate +1%	Discount Rate -1%	**Salary Increase +1%**	Salary Increase -1%
	21,395,687	23,634,149	**23,634,730**	21,395,950

16 TRADE AND OTHER PAYABLES

Trade creditors and other payables - unsecured		**86,528,406**	85,937,185
Advances from Customers - unsecured	16.1	**15,153,798**	9,882,923
Mark up Payable		**2,141,662**	1,285,935
Accrued Expenses		**9,441,564**	8,494,930
Others		**4,106,159**	2,888,259
Provision for Warranty Claims		**577,898**	-
		117,949,487	108,489,232

16.1 These represent amounts deposited in advance by the customers against sales orders.

17 TAXES PAYABLE

Withholding Taxes Payable	**325,767**	458,358

17.1 This represents withholding tax withheld from vendors and employees.

18 SHORT TERM BORROWINGS

Banking Companies - Secured			
BAFL - Finance against Imported material	18.1	**105,526,940**	96,308,530
Loan from Directors – Unsecured	18.2	**70,105,341**	70,105,342
		175,632,281	166,413,872

18.1 The Company has obtained the facility of finance against imported material from Bank Al-Falah Limited amounting to Rs.150 million (2021: 181 million). The facility attracts mark-up at flexible rate linked with 1 months KIBOR plus 180 (2021: 180) basis points per annum. The facility is secured against lien over imported documents, pledge of imported material and personal guarantees of Directors of the Company. The Company has also been provided the facility for sight letter of credit (SLC) of Rs. 150 million (2021: Rs.181 million) to import raw material. The facity is secured against import documents of import letters of credit.

18.2 This represents the interest free loan received form directors to meet working capital requirement of the Company. It is unsecured and interest free loan which is repayable on demand. The transactions with the directors are related party transactions.

19 UNCLAIMED DIVIDENDS

This represents amount of unclaimed dividends pretaing to various past years and are still unclaimed. This amount is being transferred to a profit bearing account and profit will be utilized for corporate social responsibilities and other specific purposes.

20 CONTINGENCIES & COMMITMENTS

20.1 Contingencies

The commercial banks have issued guarantees on behalf of the Company amounted to Rs.3.324 million (2021 : Rs.96.308 million).

20.2 Commitments

Commitments in respect of letters of credit for raw materials at the terminal date were Rs143 million (2021: Rs.96.000 million), for machinery were Rs.Nil (2021: Rs.18.99 million) and for spare parts were Rs.Nil million (2021: Rs.Nil million).

21 SALES

	Note	2022 Rupees	2021 Rupees
Local sales		**1,503,273,296**	1,040,002,797
Less: Sales tax		**(222,881,352)**	(154,214,642)
Trade Discount		**(124,596,842)**	(83,041,393)
		1,155,795,102	802,746,762

21.1 In Finance Act 2019, the foam and spring mattresses are included in 3rd schedule to the Sales Tax Act, 1990, where sales tax is charged at retail price. Sales tax and trade discount / retailers margin is subtracted from gross sales and disclosed in accordance with the requirements of fourth schedule to the Companies Act, 2017 to arrive at net sales of the Company.

22 COST OF GOODS SOLD

	Note	2022	2021
Opening stock of raw material and store & spares		**163,493,171**	140,698,425
Purchases		**964,658,797**	742,938,963
Closing stock of raw material and store & spares		**(185,319,871)**	(163,493,171)
Raw material and Store & Spares consumed		**942,832,097**	720,144,217
Salaries, wages and other benefits	22.1	**22,999,546**	18,759,987
Power & Fuel and Lubricants		**12,459,755**	5,309,885
Repair & Maintenance		**921,806**	625,147
Depreciation	5.4	**6,992,041**	5,736,476
Warranty and Claims		**577,898**	-
Insurance		**1,807,499**	1,013,307
		988,590,642	751,589,019
Opening stock of work in process		**67,658,741**	34,170,455
Closing stock of work in process		**(63,360,862)**	(67,658,741)
Cost of goods manufactured		**992,888,521**	718,100,733
Opening stock of finished goods		**63,208,908**	32,184,943
Closing stock of finished goods		**(48,740,800)**	(63,208,908)
Cost of Goods Sold		**1,007,356,629**	687,076,768

22.1 Salaries, wages and other benefits include Rs.1,536,681/- (2021: Rs.1,212,329/-) in respect of defined benefit plan under non-funded gratuity scheme.

23 ADMINISTRATIVE EXPENSES

	Note	2022 Rupees	2021 Rupees
Directors' remuneration		**5,456,715**	7,861,160
Salaries & benefits	23.1	**9,007,951**	12,157,372
Travelling & Conveyance		**782,225**	384,384
Postage, telephone & telefaxes		**1,334,147**	953,366
Vehicle running		**502,142**	1,124,171
Vehicle maintenance		**569,813**	-
Legal & professional charges		**919,562**	263,680
Auditors' remuneration	23.2	**1,063,752**	952,311
Printing & stationery		**1,274,888**	663,214
Staff welfare		**2,736,428**	1,062,514
Entertainment		**3,018,475**	1,124,171
Utility charges		**12,172,494**	6,486,817
Fee & subscription		**1,195,425**	1,099,943
Depreciation	5.4	**1,611,227**	1,545,721
Medical Expenses		**916,911**	452,697
Internet charges		**1,070,174**	224,171
Provision for bad debts	7.2	**19,534**	56,905
Repair and maintenance		**637,230**	925,147
Insurance		**1,335,866**	1,548,994
Advertisements		**72,900**	268,651
Rent, Rates and Taxes		**2,251,482**	179,665
		47,949,341	39,335,054

23.1 Salaries and other benefits include Rs.544,324/- (2021: Rs.733,610/-) in respect of defined benefit plan under non-funded gratuity scheme.

23.2 Auditors' remuneration

	2022	2021
Audit fee	**650,000**	550,000
Fee for limited review of half yearly financial statements	**350,000**	350,000
Out of pocket expenses	**63,752**	52,311
	1,063,752	952,311

		Note	2022 Rupees	2021 Rupees
24	**DISTRIBUTION EXPENSES**			
	Salaries & benefits	24.1	**20,327,639**	10,251,474
	Staff welfare		**3,289,117**	2,251,470
	Entertainment		**1,849,064**	885,647
	Printing and stationery		**690,520**	524,170
	Telephone and postage		**904,303**	952,147
	Travelling and conveyance		**2,465,649**	924,170
	Vehicle repair and maintenance		**1,150,545**	1,095,647
	Newspaper and periodicals		**214,755**	385,647
	Utility charges		**372,756**	59,079
	Advertisement/business promotion charges		**2,114,307**	1,866,270
	Depreciation	5.4	**10,118,637**	7,048,461
			43,497,292	26,244,182

24.1 Salaries and other benefits include Rs.1,228,340/- (2021: Rs.600,435/-) in respect of defined benefit plan under non-funded gratuity scheme.

		Note	2022 Rupees	2021 Rupees
25	**FINANCE COST**			
	Mark up on short term financing		**7,830,283**	7,884,066
	Bank & muccadam charges		**574,436**	633,490
			8,404,719	8,517,556
26	**OTHER OPERATING EXPENSES**			
	Workers' Profit Participation Fund - WPPF		**2,464,937**	2,153,438
	Workers' Welfare Fund - WWF		**906,401**	734,821
			3,371,338	2,888,259
26.1	Workers' Profit Participation Fund - WPPF			
	Balance as July,01		**2,153,438**	863,487
	Provision for the year		**2,464,937**	2,153,438
	Payment during the year		**(2,153,438)**	(863,487)
	Balance as June, 30		**2,464,937**	2,153,438
27	**OTHER OPERATING INCOME**			
	Gain on sale of fixed assets		-	1,427,728
	Income From Bnak Deposits		**395,554**	
	Insurance Claim - Others		**316,062**	67,820
			711,616	1,495,548
28	**INCOME TAX EXPENSE**			
	Current Taxation			
	- For the year		**14,447,439**	10,654,900
	- For prior year		**248,450**	(546,073)
			14,695,889	10,108,827
	Deferred Taxation		**659,051**	7,264,453
			15,354,940	17,373,280

28.1 Relationship between income tax expenses and accounting profit:

Profit before taxation	**45,927,399**	40,180,491
Tax at the applicable tax rate of 29% (2020: 29%)	**13,318,946**	11,652,343
Tax effect of :		
-amounts not deductible for tax purpose	**977,688**	837,595
-amounts deductible for tax purpose but not taken to the statement of profit or loss	**(1,153,818)**	(1,835,038)
- Additional provision to reach at minimum tax	**1,304,623**	-
Adjustment for current tax of prior years	**248,450**	(546,073)
Tax effect of deferred taxation	**659,051**	7,264,453
Income tax expense	**15,354,940**	17,373,280
Effective rate of tax	**33.43%**	43.24%

29 EARNINGS PER SHARE - basic and diluted

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

Profit for the year before taxation	(Rupees)	**45,927,399**	40,180,491
Profit for the year after taxation	(Rupees)	**30,572,459**	22,807,211
Number of shares outstanding	(Shares)	**10,000,000**	10,000,000
Earnings per share before taxation	(Rupees)	**4.59**	4.02
Earnings per share after taxation	(Rupees)	**3.06**	2.28

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

	Chief Executive		Directors		Executives		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees		Rupees		Rupees		Rupees	
Managerial Remuneration	**4,155,498**	3,930,580	**1,301,216**	3,930,580	**3,759,353**	2,731,541	**9,216,067**	10,592,701
Utilities	**1,015,364**	787,364	-	-	-	-	**1,015,364**	787,364
Gratuity	-	-	-	-	**668,338**	562,417	**668,338**	562,417
Total	**5,170,862**	4,717,944	**1,301,216**	3,930,580	**4,427,691**	3,293,958	**10,899,769**	11,942,482
Number of Persons	**1**	1	**1**	1	**2**	1	**4**	3

Remuneration and other facilities to Chief Executive and Directors is paid in accordance with the policy formulated by the Board of Directors of the Company. No remuneration is paid to Non- Executive Directors and Independent Directors of the Company. Two Company maintained cars have been given to directors as conveyance facility by the approval of the board.

31 FINANCIAL RISK MANAGEMENT

31.1 Credit Risk

The Company's credit risk exposures are categorized under the following heads:-

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date was:-

	2022 Rupees	2021 Rupees
Trade debtors	**56,249,970**	54,947,712
Advances to staff	**10,674,360**	7,108,423
Other receivables	**508,502**	196,949
Cash at banks	**9,036,070**	19,736,584
	76,468,902	81,989,668

The trade debts as at the reporting date are all domestic debts. The aging of trade receivables at the reporting dates is as under:-

Past due 0-30 days	**30,473,421**	29,767,923
Past due 31-120 days	**12,911,958**	12,911,958
Past due 121-365 days	**9,350,038**	9,350,038
More than one year	**3,514,553**	2,917,793
	56,249,970	54,947,712

Based on the historic records, the company believes that no impairment allowance in respect of financial assets and liabilities is required except for the provisions provided for impairment amounting to Rs.843,749/- (2021: Rs.824,215/-).

31.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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. Following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any.

2022	Carrying amount	Contractual Cashflows	Six Months or Less	Six to twelve months	One to two Years	Two to five Years
Trade and Other Payables	95,969,970	21,615,287	14,049,937	7,565,350	-	-
Taxes Payable	325,767	325,767	325,767	-	-	-
Unclaimed Dividend	1,777,700	1,777,700	1,777,700	-	-	-
Financial Charges payable	2,141,662	2,141,662	2,141,662	-	-	-
Short term Borrowings	175,632,281	175,632,281	122,942,596	52,689,685	-	-
Total	275,847,380	201,492,697	141,237,662	60,255,035		

2021	Carrying amount	Contractual Cashflows	Six Months or Less	Six to twelve months	One to two Years	Two to five Years
Trade and Other Payables	94,432,115	94,432,115	61,380,875	33,051,240	-	-
Taxes Payable	458,358	458,358	458,358	-	-	-
Unclaimed Dividend	1,777,700	1,777,700	1,777,700	-	-	-
Financial Charges payable	1,285,935	1,285,935	1,285,935	-	-	-
Short term Borrowings	166,413,872	166,413,872	116,489,710	49,924,162	-	-
Total	264,367,980	264,367,980	181,392,578	82,975,402		

31.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate, foreign currency, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments.

31.3.1 Interest Rate Risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments were:-

Particulars	**2022**	2021	**2022**	2021
	Effective rate in %		**Carrying amount (Rs.)**	
Financial Liabilities				
Variable Rate instruments:-				
Short Term Borrowings	9.25 to 16.96	8.25 to 15.41	**105,526,940**	96,308,530

Fair value of sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rate at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for various rate instruments

A change of 100 basis points in interest rate at the reporting date would have increased/ (decreased) profit or loss by amounts shown below. This analysis assumes that all other variables, in a particular foreign currency rate (if any), remains constant. The analysis is performed on the same basis as for the previous year:-

		Increase Profit	Decrease Profit
As at June 30, 2022	Rupees	**1,055,269**	(1,055,269)
As at June 30, 2021	Rupees	**963,085**	(963,085)

The sensitivity analysis prepared is not necessarily indicative of the effect on Profit for the year and assets / liabilities of the company.

31.3.2 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

31.3.3 Currency Risk

The company is exposed to currency risk on import of raw materials mainly dominated in US dollars. The Company's exposure to foreign currency risk for US Dollars is as follows:-

	2022 **Rupees**	2021 Rupees
Outstanding Letter of Credits	**34,366,731**	37,415,225
Average Rate	**195.20**	160.28
Reporting date rate	**204.10**	154.35

31.3.4 Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, post-tax Profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of outstanding letter of credits.

		2022	2021
The effect on Profit and loss Account is:	Rupees	**3,436,673**	3,741,523

The weakening of PKR against foreign currencies would have an equal but opposite impact on the post tax profit. The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) /profit for the year and assets / liabilities of the Company.

31.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

31.5 Capital Risk Management

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

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

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total capital employed. Total capital employed is calculated as equity as shown in the statement of financial position plus debt.

	2022 **Rupees**	2021 Rupees
Total Debt	**190,080,681**	166,413,872
Total Equity	**280,511,610**	251,615,042
Total Capital Employed	**470,592,291**	418,028,914
Gearing Ratio	**40.39%**	39.81%

32 TRANSACTIONS WITH RELATED PARTIES

The Company's related parties include associated companies, entities over which directors are able to exercise influence, subsidiaries, staff retirement fund, directors and key management personnel. Detail of transactions with related parties during the year other than those which have been disclosed elsewhere in the financial statements are as follows:-

Name of Related Party	Relationship With the Company	Nature of Transaction	2022 Rupees	2021 Rupees
Al-Khair Global (Private) Limited	Associated company due to common Directorship	Sales	-	18,853,965

The transaction with related parties are executed on arms' length prices. Directors are interested to the extent of their directorship / shareholding.

33 FINANCIAL INSTRUMENST BY CATEGORIES

IAS 39 Measurement Category

	IFRS 9 Measurement Category			
As at June 30, 2022	Carrying amount before reclassification	Fair value through profit or loss	Amortized cost	Fair value through OCI
Financial Assets				
Trade debts	55,406,221	-	55,406,221	-
Advances, deposits and prepayments	41,456,375	-	41,456,375	-
Cash and bank balances	17,399,686	-	17,399,686	-
	114,262,281	-	114,262,282	-
As at June 30, 2021				
Trade debts	54,123,497	-	54,123,497	-
Advances, deposits and prepayments	7,571,055	-	7,571,055	-
Cash and bank balances	20,072,530	-	20,072,530	-
	81,767,082	-	81,767,082	-
Financial Liabilities				
As at June 30, 2022				
Trade and other payables	117,949,487	-	117,949,487	-
Short term borrowings	105,526,940	-	105,526,940	-
Un-claimed dividend	1,777,700	-	1,777,700	-
	225,254,127	-	225,254,127	-
As at June 30, 2021				
Trade and other payables	108,489,232	-	108,489,232	-
Short term borrowings	96,308,530	-	96,308,530	-
Un-claimed dividend	1,777,700	-	1,777,700	-
	206,575,462	-	206,575,462	-

34 CASH GENERATED FROM OPERATIONS

Profit before taxation	**45,927,399**	40,180,491
Adjustments for non cash items:		
Depreciation on property, plant and equipment	**18,721,905**	14,330,657
Finance cost	**8,404,719**	8,517,556
Gain on sale of property, plant and equipment	**-**	(1,427,728)
Provision for gratuity	**3,309,345**	2,546,374
Provision for Warranty	**577,898**	
Provision for loss Allowance	**19,534**	56,905
Provision for workers' profit participation fund	**2,464,937**	2,153,438
Provision for workers' welfare fund	**906,401**	734,821
	34,404,739	26,912,023
Operating profit before working capital changes	**80,332,138**	67,092,514
Decrease/(increase) in current assets		
Stores and spares	**(2,151,698)**	(1,178,278)
Stock-in-trade	**(909,015)**	(86,128,719)
Trade debts	**(1,302,258)**	(3,793,624)
Advances, deposits and prepayments	**(33,885,319)**	(124,872)
	(38,248,290)	(91,225,493)

(Decrease)/Increase in current liabilities		
Trade and other payables	**6,676,139**	(49,999,750)
Net cash flow from Operating Activities	**48,759,987**	(74,132,729)

	2022	2021
	Rupees	Rupees
34.1 Cash and cash equivalents		
Cash in hand	**8,363,616**	335,946
Cash at banks - in current accounts	**9,036,070**	19,736,584
	17,399,686	20,072,530

35 RECONCILIATION OF MOVEMENT OF LIABILITIES AND EQUITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Short Term Borrowing	Equity Reserve	Total
Balance as on July 01, 2021	166,413,872	126,615,042	293,028,914
Increase in short term borrowing	9,218,409		9,218,409
Total comprehensive income for the year		28,896,568	28,896,568
	175,632,281	**155,511,610**	331,143,890

36 PALNT CAPACITY AND PRODUCTION

	2022	2021
	Tons	Tons
Rated capacity	**13,280**	13,280
Capacity utilized	**1,750**	1,205

It is important to disclose that the capacity of plant is utilized according to the demand of the products. The very nature of plant is such that the producing speed is so high, it can run on average flow ranging from 90 Kgs to 125 Kgs per minute , resulting it can produce one month's stock in just four days. The plant is working as per its specifications and there is no indication of any under utilization.

37 NUMBER OF EMPLOYEES	**2022**	2021
Number of employees as at June 30	**205**	211
Average number of employees during the year	**195**	193

38 CORRESPONDING FIGURES AND GENERAL

- Have been rounded off to the nearest rupee

Corresponding figures have been re-classified / restated to reflect more appropriate presentation of events and transactions for comparison purpose.

-

39 DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 19, 2022 by the Board of Directors of the Company.

MOHAMMAD AFZAL SHEIKH	**MOHAMMAD SAEED SHEIKH**	**JEHANZEB CH**
CHAIRMAN	**CHIEF EXECUTIVE**	**CHIEF FINANCIAL OFFICER**

Lahore: September 19, 2022

PATTERN OF HOLDING OF THE SHARES HELD BY THE MEMBERS OF AL-KHAIR GADOON LIMITED AS AT JUNE 30, 2022

Sr. No.	Number of Shareholders	HOLDING		Total Shares Held
		From	To	
1	30	1	100	495
2	180	101	500	89,255
3	49	501	1000	49,000
4	36	1001	5000	100,502
5	12	5001	10000	89,000
6	2	10001	15000	27,000
7	2	15001	20000	40,000
8	1	20001	25000	22,409
9	1	30001	35000	32,000
10	1	40001	45000	41,000
11	1	120001	125000	122,737
12	1	185001	190000	186,000
13	1	250001	255000	253,000
14	1	370001	37500	374,500
15	1	385001	390000	383,000
16	2	495001	500000	997,000
17	3	600001	605000	1,805,000
18	1	685001	690000	686,000
19	1	795001	800000	800,000
20	1	915001	920000	917,611
21	1	2980001	2985000	2,984,491
	328			10,000,000

Categories of Shareholders	No. of Shareholders	No. of Shares held	Percentage
Individuals	323	9,744,913	97.449%
Investment Companies	1	500	0.005%
Joint Stock Companies	4	254,587	2.546%
	328	10,000,000	100.00%

PATTERN OF SHAREHOLDING

				No. of Shares	Percentage
1	**SHARES HELD BY ICP**			**500**	**0.005%**
2	**DIRECTORS**				
	a)	Mr. Mohammad Afzal Sheikh	Chairman/Director	2,984,491	29.845%
	b)	Mr. Mohammad Saeed Sheikh	Chief Executive	603,000	6.030%
	c)	Mr. Mohammad Amin Sheikh	Director	917,611	9.176%
	d)	Mrs.Nafisa Amin	Director	686,000	6.860%
	e)	Mrs. Parveen Afzal	Director	601,000	6.010%
	f)	Mrs. Farnaz Saeed	Director	800,000	8.000%
	g)	Mrs. Aleeza Zahid Tariq	Director	500	0.005%
	h)	Mr. Kamal Subhani	Independent Director	500	0.005%
				6,593,102	**65.93%**
3	**SPOUSE AND CHILDREN**				
	b)	Mr. Nadeem Afzal s/o M. Afzal Sheikh		601,000	6.010%
	e)	Mr. Muhammad Saad		499,000	4.990%
	f)	Mr. Muhammad Ahmed		374,500	3.745%
				1,474,500	**14.75%**
4	**PUBLIC SECTOR COMPANIES**			**253,587**	**2.54%**
5	**MODARABAS AND LEASING COMPANIES**			**1,000**	**0.01%**
5	**GENERAL PUBLIC**			**1,677,311**	**16.77%**
				10,000,000	**100.00%**
6	**SHAREHOLDING 5% OR MORE**				
	Please refer to Serial No. 2 and 3 above.			-	

7 Trade in the shares of the Company by Directors, CEO, CFO, Company Secretary, Executives and their Spouses and Minor Children.

Name	Sale	Purchase
Muhammad Afzal Sheikh	-	2,308,200


www.jamapunji.pk
Jama Punji
Be aware, Be alert, Be safe
Learn about investing at www.jamapunji.pk
Key features:
Licensed Entities Verification
Scam meter*
Jamapunji games*
Tax credit calculator*
Company Verification
Insurance & Investment Checklist
FAQs Answered
Stock trading simulator (based on live feed from KSE)
Knowledge center
Risk profiler*
Financial calculator
Subscription to Alerts (event notifications, corporate and regulatory actions)
Jamapunji application for mobile device
Online Quizzes
jamapunji.pk
@jamapunji_pk

FORM OF PROXY

I/We ____

of ____

being a member of Al-Khair Gadoon Limited and holder of ______________ Ordinary Shares as per registered Folio No./CDC Participant's ID and Account No.________________Sub-Account No.______________________________ hereby appoint (Name) ______________________________________ of

or failing him/her ____

(NAME) ____

of ____

who is also a member of the Company vide registered Folio No./CDC Participant's ID and Account No.____________________ as my / our proxy to vote for me / us and on my / our behalf at the 32nd Annual General Meeting of the Company to be held at Registered Office at 92/3, Phase III, Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa, on Wednesday October 26, 2022 at 08:00 A.M. and at every adjournment thereof.

As witness my hand this ______________________ day of ______________________ 2022.

signed by the said ______________________________________ in the presence of ____

Signature:

Signature Across Two Rupees Revenue Stamps

Note: Proxies, in order to be effective, must be received at the Corporate Office of the Company at Al-Khair House, 43 – T, Gulberg II, Lahore, not less than forty eight hours before the time for holding the meeting and must be stamped, signed and witnessed.

CONTACT US

Al-Khair House, 43-T, GulbergII, Lahore.
UAN: +92 -342-4311-111 Tel: (+92-42) 35716580-86
E-mail: info@alkhairgadoon.com
www.alkhairgadoon.com

AL-KHAIR GADOON LTD.

Alkhair Foam | I-FOAM THE KINGDOM OF COMFORT | FOAMAGE

SERENEFOAM No.1 Nationwide | Araamco آرامکو