PAKISTAN STONE DEVELOPMENT COMPANY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

◆YOUSUF ADIL

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INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Stone Development Company

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Pakistan Stone Development Company(the Company), which comprises the statement of financial position as at June 30, 2021 and the statement of profit or loss , the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of matter

We draw attention to note 12.1.1 to the financial statements which describes the uncertainty relating to the outcome of pending lawsuit regarding the price escalation of land acquired for Marble City Risalpur. In this respect, the Company has recognized an amount of Rs. 695 million as development properties for the plots allotted as detailed in note 16 to the financial statements and respective advances form the customers received amounts to Rs. 693 million as at June 30, 2021 as described in note 11 to the financial statements.

Our opinion is not modified in respect of aforementioned matter.

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 the audit of 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 information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Syed Asmatullah.

Yousuf Adil.

Chartered Accountants

Place: Islamabad
Date: December 27, 2021

PAKISTAN STONE DEVELOPMENT COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
SHARE CAPITAL AND RESERVES			
Share capital	6	**1,021,855,000**	1,021,855,000
Advance against issue of shares	7	**1,172,580,402**	1,172,580,402
Accumulated deficit		**(1,959,755,714)**	(1,857,589,014)
		234,679,688	336,846,388
NON CURRENT LIABILITIES			
Deferred capital grant	8	**-**	187,284
Provision for leave encashment	9	**4,621,185**	4,882,300
		4,621,185	5,069,584
CURRENT LIABILITIES			
Trade and other payables	10	**85,765,015**	89,449,115
Advances from customers	11	**693,529,615**	694,484,115
		779,294,630	783,933,230
		1,018,595,504	1,125,849,202
CONTINGENCIES AND COMMITMENTS	12		

	Note	2021 Rupees	2020 Rupees
NON CURRENT ASSETS			
Property and equipment	13	**159,535,526**	188,565,386
Receivables from projects - net	14	**27,693,638**	75,613,132
Intangible assets		**-**	-
		187,229,164	264,178,518
CURRENT ASSETS			
Stores and spare parts	15	**28,860,784**	28,860,784
Stock in trade		**3,359,667**	4,276,123
Development properties	16	**695,550,469**	695,550,469
Trade debts - considered good	17	**22,734,252**	21,112,709
Advances	18	**8,725,987**	8,465,676
Deposits and prepayments	19	**3,295,080**	3,588,910
Other receivables	20	**5,458,198**	7,824,141
Income tax refundable	21	**30,442,293**	27,820,431
Cash and bank balances	22	**32,939,610**	64,171,441
		831,366,340	861,670,684
		1,018,595,504	1,125,849,202

The annexed notes form 1 to 33 form integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | **DIRECTOR**

PAKISTAN STONE DEVELOPMENT COMPANY
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Revenue	23	74,834,051	97,627,502
Cost of sales	24	(66,956,311)	(71,672,598)
Gross Profit		7,877,740	25,954,904
Administrative expenses	25	(74,466,082)	(82,784,426)
Provision for doubtful debts	17 & 20	(8,269,995)	(17,898,641)
Impairment on receivables from projects - net	14	(46,819,494)	(107,089,409)
Programme expenses	26	(187,284)	(517,662)
Other income	27	16,209,736	25,302,670
Loss for the year		(105,655,379)	(157,032,564)

The annexed notes form 1 to 33 form integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PAKISTAN STONE DEVELOPMENT COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Loss for the year		(105,655,379)	(157,032,566)
Other comprehensive income for the year:			
Items that will not be subsequently recalssified in profit or loss:			
Remeasurement gain on gratuity	10.1	3,488,679	1,505,452
Total comprehensive loss for the year		(102,166,700)	(155,527,114)

The annexed notes form 1 to 33 form integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PAKISTAN STONE DEVELOPMENT COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

		Capital reserve	Revenue reserve	
	Share capital	Advance against issue of shares	Accumulated deficit	Total
	Rupees			
Balance as at July 01, 2019	1,021,855,000	1,172,580,402	(1,702,061,900)	492,373,502
Loss for the year	-	-	(157,032,566)	(157,032,566)
Other comprehensive income for the year	-	-	1,505,452	1,505,452
Total comprehensive loss for the year	-	-	(155,527,114)	(155,527,114)
Balance as at June 30, 2020	1,021,855,000	1,172,580,402	(1,857,589,014)	336,846,388
Balance as at July 01, 2020	**1,021,855,000**	**1,172,580,402**	**(1,857,589,014)**	**336,846,388**
Loss for the year	-	-	**(105,655,379)**	**(105,655,379)**
Other comprehensive income for the year	-	-	**3,488,679**	**3,488,679**
Total comprehensive loss for the year	-	-	**(102,166,700)**	**(102,166,700)**
Balance as at June 30, 2021	**1,021,855,000**	**1,172,580,402**	**(1,959,755,714)**	**234,679,688**

The annexed notes form 1 to 33 form integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PAKISTAN STONE DEVELOPMENT COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		**(105,655,379)**	(157,032,566)
Adjustments for:			
Depreciation	13.3	**29,346,595**	36,600,163
Provision for leave encashment	9.1	**(141,016)**	3,068,972
Payable to gratuity fund		**5,677,635**	3,957,085
Amortization of intangible assets		**-**	4,518
Provision for doubtful debts	17 & 20	**8,269,995**	17,898,641
Impairment on receivables from projects	14	**46,819,494**	107,089,409
Impairment of stock in trade		**916,456**	1,785,529
Income from saving accounts	27	**(1,728,541)**	(1,991,718)
Amortisation of deferred capital grant		**(187,284)**	(915,606)
		(16,682,044)	10,464,427
Changes in working capital:			
Stores and spare parts		**-**	195,589
Development properties		**-**	33,272,059
Trade debts		**(5,960,099)**	4,821,503
Advances		**(260,311)**	56,979
Deposit and prepayments		**293,829**	586,699
Other receivables		**(1,565,494)**	(8,683,794)
Trade and other payables		**(5,873,056)**	214,603
Advances from customers		**(954,500)**	(34,825,418)
Cash generated/(used in) operating activities		**(31,001,675)**	6,102,647
Tax paid		**(2,621,862)**	(1,081,661)
Staff retirement benefits paid/contributed		**(120,099)**	(460,526)
Net Cash generated/(used in) operating activities		**(33,743,636)**	4,560,460
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		**(316,736)**	(65,866)
Decrease in receivables from projects		**1,100,000**	497,529
Proceeds from interest on saving accounts		**1,728,541**	1,991,718
Net cash generated from investing activities		**2,511,805**	2,423,381
Net decrease in cash and cash equivalents		**(31,231,831)**	6,983,841
Cash and cash equivalents at the beginning of the year		**64,171,441**	57,187,600
Cash and cash equivalents at the end of the year		**32,939,610**	64,171,441

The annexed notes form 1 to 33 form integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PAKISTAN STONES DEVELOPMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. THE COMPANY AND NATURE OF OPERATIONS

1.1 Pakistan Stone Development Company (the Company) is a public company limited by guarantee having share capital, incorporated and licensed under section 42 of the Companies Act, 2017. The Company is a subsidiary of Ministry of Industries and Production, Government of Pakistan (MOIP) (the Parent Company). PASDEC's vision is "To make Pakistan globally competitive & socially responsible player of the international dimensional stone industry". This involves demonstration of mechanized mining and modern techniques through establishment/support of model quarries, upgradation of existing quarries, establishment of industrial cities and rock mining training institutes to impart quarrying skills in Pakistan. The registered office of the Company is situated at Islamabad Chamber of Commerce Building, 2nd floor, G-8/1, Mauve Area, Islamabad, Pakistan.

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; and
- Accounting Standard for Not for profit Organisations issued by the Institute of Chartered Accountants of Pakistan.

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

2.2 Summary of significant events and transactions in the current reporting period

The Company's financial position and performance are particularly affected by the following event and transactions during the reporting period:

COVID -19

The Company is observing developments related to COVID-19 - Corona Virus and evaluating the extent to which this may affect Company's operations in the short and long term. With high level of uncertainty surrounding the situation and potential additional initiatives by authorities, it is very difficult to predict the full financial impact that said situation may have on the Company. However, the management believes that Company will be able to address the challenges posed by COVID-19 through proactive cost control measures, where required. Based on this, management concludes that going concern assumption of the Company is appropriate.

2.3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Pakistan Rupees (PKR) which is the Company's functional and presentation currency.

3. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements is in conformity with approved accounting and reporting standards that require the use of certain critical accounting estimates. They also require management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively

Information about critical judgments in applying policies that have the most significant effect on the amounts recognized in the financial statements is as follows:

a) Property and equipment

The Company reviews useful lives and residual value of property and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment.

b) Impairment of assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. Any change in estimates in future years might affect the carrying amounts of respective assets with a corresponding effect on depreciation/ amortization charge and impairment.

c) Stores and spare parts

The Company reviews the carrying amount of stores and spare parts on a regular basis to assess any diminution in carrying value. Carrying value of stores, spare parts and loose tools is adjusted where the net realisable value is below the cost.

d) Provision against trade debts, advances and other receivables

The carrying amounts of trade debts, advances and other receivables are assessed on a regular basis and if there is any doubt about the realisability of their carrying amounts, appropriate amount of provision is made.

e) Provisions and contingencies

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

f) Stock in trade

The Company reviews the carrying value of stock in trade to assess any diminution in carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditures to make the sales.

4. New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from Accounting period beginning on or after
Amendment to IFRS 16 'Leases' - Covid-19 related rent	June 01, 2020
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020

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

4.1 New accounting standards, amendments and IFRS interpretations that are not yet effective

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

	Effective from Accounting period beginning on or after
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	'April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023

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

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

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

4.2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Significant areas requiring the use of management estimates in the financial statements relate to property, plant and equipment, stores and spares and provision for taxation.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Property and equipment

These are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. These assets are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses, if any.

The cost includes the cost of replacing parts of the plant and equipment when that cost is incurred, if the recognition criteria are met. Depreciation is charged using the straight line method at the rates specified in note 13 when assets are available for use. No depreciation is charged on the assets in the month of sale / disposal, while full depreciation is charged in the month of acquisition. Maintenance and normal repairs are charged to income for the year as and when incurred, while major renewals and improvements are capitalized.

The carrying amounts of the Company's assets are reviewed at each date of the statement of financial position to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are charged to income for the year. An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in profit and loss in the year the asset is derecognized. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

The carrying amounts of the Company's assets are reviewed at each date of the statement of financial position to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are charged to income for the year. An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in profit and loss in the year the asset is derecognized. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

5.2 Intangible assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and that the cost of such asset can also be measured reliably. Intangible assets having definite useful life are stated at cost less accumulated amortization and are amortized based on the pattern in which the assets' economic benefits are consumed. Intangible assets which have indefinite useful life are not amortized and tested for impairment annually, if any.

5.3 Stores and spare parts

Store and spare parts are valued at the lower of weighted average cost and net realizable value. Cost is based on weighted average cost principles and comprise of costs of purchase and other costs incurred in bringing the assets to their present location and condition. Items considered obsolete based on physical form of related items are fully provided for.

5.4 Development properties

Development properties include land acquired for development of industrial plots to organize dimensional stone industry activities, such as processing, training, establishment of marble storage and display centers, within one vicinity. These are carried in the balance sheet at lower of cost and net realizable value. Cost includes purchase costs, related Government taxes, construction cost, borrowing cost and other overheads necessary to bring the properties in saleable condition. Net realizable value represents the selling price in the ordinary course of business less cost of completion and estimated cost necessary to be incurred for sale.

5.5 Cash and cash equivalents

Cash and cash equivalents comprises of cash balances and bank deposits. Cash equivalents are short term highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

5.6 Trade debts and other receivables

Trade debts and other receivables are initially recognized at fair value which is the invoice value. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment (if any). Any change in their value is recognized in profit and loss. Trade and other receivables are assessed on regular basis for impairment.

5.7 Restricted grant

Grants received for specific purposes and interest thereon are classified as restricted grants. Such grants are transferred to income as grants to the extent of actual expenditure incurred there against. Expenditure incurred against grant committed but not received is accrued and recognised in income and is reflected as receivable from donors. Unspent portion of such grants are reflected as restricted grants in the statement of financial position as liability.

5.8 Deferred capital grant

Monetary grant received for capital expenditure is accounted for as deferred capital grant and recognized as liability. Amount equal to the annual charge for depreciation on asset so acquired is recognised as income in the income and expenditure account.

5.9 Staff retirement benefits

5.9.1 The Company has defined benefit funded gratuity plan for all of its eligible employees. The fund is administered by trustees. Annual contribution to the gratuity is based on actuarial valuation using Projected Unit Credit Method, related details are given in note 10.1 to the financial statements.

Charge for the year is recognized in profit and loss account. Actuarial gains or losses arising on actuarial valuation are recorded directly in the other comprehensive income.

Calculation of gratuity requires assumptions to be made of future outcomes which mainly include increase in remuneration, expected long term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in underlying assumptions.

5.9.2 The Company accounts for all compensated absences when employees render services that increase their entitlement to future compensated absences. Cash compansation for the balance of earned leaves upto maximum of 48 days at the time of retirement, resignation, death or termination of service. It shall be paid at the rate of latest gross salary to the regular and contract employee of the Company.

5.10 Foreign currency transactions

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into PKR at the rate of exchange ruling on the balance sheet date and exchange differences, if any, are charged to income and expenditure account for the year.

5.11 Stock in trade

Stock in trade is valued at lower of cost or net realizable value whichever is lower. Cost of stock is based on the weighted average principle. Cost of stock comprises of direct labour and appropriate overheads. Net realizable value signifies estimated selling price less costs necessary to be incurred to effect such sale.

5.12 Provisions

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

5.13 Trade and other payables

Liabilities for trade and other amounts payables are carried at cost which is the fair value considered to be paid in the future for goods and services received, whether or not billed to the Company. Subsequent to initial recognition trade and other payables are measured at amortized cost using the effective interest method.

5.14 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

5.14.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within

the time frame established by regulation or convention in the marketplace.
All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets:

(i) Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Amortised cost and effective interest rate method:

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

• Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

• Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

<u>Impairment of financial assets:</u>

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables, contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

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

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

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:
- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- significant increases in credit risk on other financial instruments of the same debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

(i) Definition of default:

The Company considers the following as constituting an event of default for internal credit risk management purposesas historical experience indicates that financial assets that meet either of the following criteria are generally notrecoverable:

- when there is a breach of financial covenants by the debtor; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Credit-impaired financial assets:

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iii) Write-off policy:

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(iv) Measurement and recognition of expected credit losses:

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

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets:

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the

financial asset and also recognises a collateralised borrowing for the proceeds received.
On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

5.14.2 Financial Liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in profit or loss. The remaining amount of change in the fair value of liability is recognised in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified to statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognised in profit or loss.

(ii) Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5.15 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities and taxation assets and taxation liabilities are offset and the net amount reported in the statement of financial position, if the Company has a legally enforceable right to set-off the transaction and also intends to either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.16 Borrowing costs

Markup, interest and other charges on borrowings are capitalized up to the date when the qualifying assets are substantially ready for their intended use. Borrowing cost is included in the related qualifying assets acquired / constructed out of the proceeds of such borrowings. All other markup, interest and related charges are charged to the income and expenditure account in the period in which they are incurred.

5.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized when recovery of the consideration is probable, the associated costs can be estimated reliably, the amount of revenue can be measured reliably and when specific criteria have been met for each of the Company's activities as described below;

Income from machinery rental:

Income from rented equipment is recognized based on utilization by the customer. The rental income is billed in units of completed hours. Receipt of advance rental is recorded as unearned revenue.

Revenue from service contracts:

Revenue from service contracts is recorded periodically as the performance obligation is satisfied over time.

Income sale of stone blocks:

Income from sale of stone blocks is recognised when the risk and rewards are transferred to the customers.

Income on investments and bank deposits:

Return on bank deposits and investments is recognized using the effective interest method.

5.18 Taxation

The Company was granted approval as a not for profit organization under section 2(36) the Income Tax Ordinance, 2001. However due to subsequent change in the Income Tax Ordinance, management has applied for renewal, which is in process before Chief Commissioner, Corporate Tax Office, Islamabad. As per the Company's income tax advisor, favorable outcome is likely and accordingly provision for taxation has not been recognized in these financial statements.

6. SHARE CAPITAL

Authorized share capital

2021	2020		2021	2020
(Number of shares)			Rupees	Rupees
110,000,000	110,000,000	Ordinary shares of Rs.10 each fully paid in cash	**1,100,000,000**	1,100,000,000

Issued, subscribed and paid-up share capital

2021	2020		2021	2020
(Number of shares)			Rupees	Rupees
102,185,500	102,185,500	Ordinary shares of Rs.10 each fully paid in cash	**1,021,855,000**	1,021,855,000

Ministry of Industries and Production (MoIP), Government of Pakistan is the Parent Company controlling 80,327,400 i.e. 78.61% (2020: 80,327,400 i.e. 78.61%) ordinary shares of Rs. 10 each of the Company and 21,858,100 i.e. 21.39% (2020: 21,858,100 i.e. 21.39%) ordinary shares of Rs. 10 each are held by Pakistan Industrial Development Corporation (PIDC), an associated company.

7. ADVANCE AGAINST ISSUE OF SHARES

	Note	2021 Rupees	2020 Rupees
Funds received from MoIP		**1,026,733,866**	1,026,733,866
Interest paid on long term loan by MoIP		**145,846,536**	145,846,536
	7.1	**1,172,580,402**	1,172,580,402

7.1 Shares against this advance have not been issued as currently the authorised share capital of the Company is not adequate.

8. DEFERRED CAPITAL GRANT

	Note	2021 Rupees	2020 Rupees
Balance as at July 01		**187,284**	1,102,889
Amortization		**(187,284)**	(915,606)
Balance as at June 30	8.1	**-**	187,284

8.1		2021	2020
	Trade Development Authority of Pakistan	**-**	-
	GIZ	**-**	187,284
		-	187,284

9. PROVISION FOR LEAVE ENCASHMENT

	Note	2021	2020
Provision for leave encashment	9.1	**4,621,185**	4,882,300

9.1 Provision for leave encashment

	2021	2020
Balance at 01 July	**4,882,300**	3,779,308
(Reversal) / charged during the year	**(141,016)**	1,119,954
Paid during the year	**(120,099)**	(16,962)
Balance at 30 June	**4,621,185**	4,882,300

	Note	2021 Rupees	2020 Rupees
10. TRADE AND OTHER PAYABLES			
Trade creditors		5,643,082	10,643,082
Retention money payable		13,652,054	13,652,054
Accrued liabilities		9,782,263	13,282,854
Payable to gratuity fund	10.1	30,590,255	28,401,299
Sales tax payable		78,707	-
Income tax payable (withheld from parties)		724,165	333
Security deposits against rental income		24,326,267	22,017,686
Advance from customers against rental income		871,934	1,374,243
Other payables		96,288	77,564
		85,765,015	89,449,115

10.1 Payable to gratuity fund

	2021 Rupees	2020 Rupees
Present value of defined benefit obligation	31,871,777	29,915,199
Fair value of plan assets	(1,281,522)	(1,513,900)
Net obligation	30,590,255	28,401,299
Amount to be recognised in income and expenditure account		
Current service cost	3,082,700	3,212,006
Past service cost (credit)	279,242	-
Interest cost	2,491,845	3,571,759
Interest income on plan assets	(129,288)	(877,662)
	5,724,499	5,906,103
Amount to be recognised in other comprehensive income		
Actuarial gain on obligation	(3,617,967)	(2,452,994)
Actuarial loss on plan assets	129,288	947,542
	(3,488,679)	(1,505,452)
Expected contribution to be paid for the next year	5,524,144	5,524,144
Movement in present value of defined benefit obligation		
Present value of defined benefit obligation - as at July 01	29,915,199	30,370,681
Current service cost	3,082,700	3,212,006
Past service cost (credit)	279,242	-
Interest cost	2,491,845	3,571,759
Benefits paid	(279,242)	(4,786,253)
Remeasurement (gain) / loss on defined benefit obligation	(3,617,967)	(2,452,994)
Present value of defined benefit obligation - as at June 30	31,871,777	29,915,199

	Note	2021 Rupees	2020 Rupees
Movement in fair value of plan assets			
Fair value of plan assets - as at July 01		1,513,900	5,926,467
Intetrest Income on plan assets		127,121	877,662
Contribution for the year		-	443,566
Benefits paid		(279,242)	(4,786,253)
Return on plan assets, excluding interest income		(80,257)	(947,542)
Fair value of plan assets - as at June 30		1,281,522	1,513,900

	Note	2021 Rupees	2020 Rupees
Movement in obligation in balance sheet			
Balance as at July 01		28,401,299	24,444,214
Charge for the year		5,724,499	5,906,103
Actuarial loss / (gain) on gratuity valuation		(3,488,679)	(1,505,452)
Contribution during the year		(46,864)	(443,566)
Balance as at June 30		30,590,255	28,401,299

Actuarial assumptions	%	%
Valuation discount rate	10.25%	9.25%
Salary increase rate	-	9.25%

Maturity Profile *Particulars*	2021 Rupees	2020 Rupees
Year 1	1,113,267	1,173,743
Year 2	1,178,032	1,216,637
Year 3	1,285,227	1,296,001
Year 4	4,047,348	1,394,844
Year 5	3,417,079	4,283,649
Year 6 to Year 10	18,440,468	23,772,117
Year 11 and above	250,981,497	221,287,608

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumption set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by one percent.

	Defined Benefit Obligation	
	1 percent Increase	1 percent decrease
	Effect in Rupees	
Discount rate	(31,251,471)	(25,322,041)
Salary increase rate	31,262,814	31,432,542

The above sensitivities are based on average duration of the benefit obligation determined at the date of the last actuarial valuation at 30 June 2021 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned.

		Note	2021 Rupees	2020 Rupees
11.	**ADVANCES FROM CUSTOMERS**			
	Advance from allottees against development properties	11.1	693,529,615	694,484,115

11.1 This represents amount received against allocation of industrial plots in Marble City Risalpur. The Company has established marble city Risalpur-an industrial city developed to organize dimensional stone industry activities. Furthermore, outcome of lawsuit by ex-owners regarding the price escalation of land acquired for Marble City Risalpur is pending as disclosed in note 12.1.1 to these financial statements.

Movement of advances from customers are as follows:

	2021 Rupees	2020 Rupees
Opening balance	694,484,115	729,309,533
Advance received from customers during the year	-	1,894,582
Advance adjusted/returned during the year	(954,500)	(36,720,000)
Closing balance	693,529,615	694,484,115

12. CONTINGENCIES AND COMMITMENTS

12.1 CONTINGENCIES

12.1.1 Status of Law suit by ex-owners of marble city Risalpur

The Company acquired 85 acres of land from KPMEZD & MC [formally known as Sarhad Development Authority ("SDA")] for the development of Marble City Risaplur. This land was purchased by KPEZDMC from ex-owners. Subsequent to this purchase, ex-owners of the land filed case against KP for upward revision of sale prices of land in the district court Nowshera, followed by appeal in Peshawar High Court that were decided in favor of ex-owners. The case was pleaded before Supreme Court of Pakistan by KPEZDMC (SDA) against the High Court judgement. The Honorable Supreme Court dismissed the appeal of the KPEZDMC.

As per the sale deed dated August 15, 2008 signed between the Company and KPEZDMC, the Company is liable to pay any subsequent increase in the cost of land allowed by the Court. KPEZDMC applied to make PASDEC party to the appellate court in objection petition, however as per the decision of appellate court September 17, 2020, appellate court decides that KPEZDMC stance is not maintainable. Further, KPEZDMC has filed an application to the Civil Court Peshawar against PASDEC to resolve the dispute as per Arbitration Act 1940. The said application is pending for proceeding.

However, in the event of court decision that Company would required to pay the increased market price. In accordance to the agreement between KPEZDMC & PASDEC, it is entitled to recover any increase in the cost of land/development cost of plot due to decision of worthy court from allotees under the terms and conditions of allotment, therefore no provision is recorded in these financial statement in this respect.

In this respect, the Company has recognized an amount of Rs. 695 million as development properties for the plots allotted as detailed in note 16 to these financial statements and respective advances form the customers received amounts to Rs. 693 million as at June 30, 2021 as described in note 11 to these financial statements.

12.1.2 Contigency related to tax litigation

The Company was granted approval under clause (36) of section (2) on Income Tax Ordinance 2001. However subsequent to this, there has been changes in the Income Tax Ordinance. Management has applied for renewal of its tax exemption certificate which is in process before Chief Commissioner, Corporate Tax Office, Islamabad. If such approval is rejected than the Company would be subject to minimum tax liability @ 1.2% of turnover which is amounts to Rs. 6.3 million for tax year 2017 to 2021. As per the Company's income tax advisor, favorable outcome is likely and accordingly provision for taxation has not been recognized.

			2021	2020
12.2	**Commitments**		**Rupees**	Rupees
	Commitments	12.2.1	**164,827,360**	114,152,406

12.2.1 This includes commitments related to development of infrastructure in marble city Risalpur with different contractors.

13. PROPERTY AND EQUIPMENT

	Freehold Land	Lease hold improvements	Machinery	Furniture and fittings	Vehicles	Office equipments	Computer and accessories	Pre-fabricated containers	Training tools	Capital work in progress	Total
						Rupees					
										Note 13.2	
Cost											
Balance at July 01, 2019	12,000,000	5,313,759	982,051,738	3,718,616	23,966,095	5,899,578	7,240,958	5,208,743	2,081,129	40,736,700	1,088,217,317
Additions	-	32,175	-	-	-	33,691	-	-	-	-	65,866
Balance at June 30, 2020	12,000,000	5,345,934	982,051,738	3,718,616	23,966,095	5,933,269	7,240,958	5,208,743	2,081,129	40,736,700	1,088,283,182
Balance at July 01, 2020	12,000,000	5,345,934	982,051,738	3,718,616	23,966,095	5,933,269	7,240,958	5,208,743	2,081,129	40,736,700	1,088,283,183
Additions	-	-	-	-	-	194,222	122,514	-	-	-	316,736
Balance at June 30, 2021	12,000,000	5,345,934	982,051,738	3,718,616	23,966,095	6,127,491	7,363,472	5,208,743	2,081,129	40,736,700	1,088,599,919
Accumulated depreciation											
Balance at July 01, 2019	-	4,502,474	814,836,752	3,284,017	20,889,192	5,417,502	7,238,634	5,146,118	1,802,945	-	863,117,633
Charge for the year	-	338,095	34,607,443	206,658	831,998	272,836	2,324	62,625	278,185	-	36,600,163
Balance at June 30, 2020	-	4,840,569	849,444,195	3,490,675	21,721,190	5,690,338	7,240,958	5,208,743	2,081,130	-	899,717,796
Balance at July 01, 2020	-	4,840,569	849,444,195	3,490,675	21,721,190	5,690,338	7,240,958	5,208,743	2,081,130	-	899,717,797
Charge for the year	-	339,703	27,806,514	166,458	831,998	201,922	-	-	-	-	29,346,595
Balance at June 30, 2021	-	5,180,272	877,250,709	3,657,133	22,553,188	5,892,260	7,240,958	5,208,743	2,081,130	-	929,064,392
Carrying amounts											
As at June 30, 2021	12,000,000	165,662	104,801,029	61,483	1,412,907	235,231	122,514	-	-	40,736,700	159,535,526
As at June 30, 2020	12,000,000	505,365	132,607,543	227,941	2,244,905	242,931	-	-	-	40,736,700	188,565,386
Rates of depreciation	0%	20%	10%	15%	20%	20%	33%	15%	20%	0%	

13.1 Machinery Includes cost of assets amounting to Rs. 54,319,384 (2020: 54,319,384) having book value of zero (2020: Rs 187,283) purchased from deferred capital grant received from Trade Development Authority and GIZ amounting of Rs 49,922,706 & Rs 4,396,678 respectively.

13.2 It includes the cost incurred on the foundation and shed of Gangsaw and Crane of Common Facility and Training Centre (CFTC) project of the Company at Risalpur. The establishment of the project was planned through PSDP funds. However, after the discontinuation of further release of PSDP funds, the Company has entered into Memorandum of Intent with Confindustria Marmomachine ((reference Association of Italian stone and technology) for technology transfer and completion of the project with the approval of Federal Cabinet in January 2018. Under the arrangement the Italian partner will contribute Euro 400,000 for machines, equipment and trainings. Further the federal Cabinet has accorded the approval for the signing of the Cooperation Agreement between PASDEC and Italian Trade Agency ITA - ICE – Italian Trade Commission, Italy on June 23, 2020, which has also been conveyed to Italian partners.

		2021 Rupees	2020 Rupees
13.3	**Depreciation charged for the period has been allocated as follows**		
	Cost of machinery pool	27,806,514	34,607,443
	Administrative expenses	1,352,797	1,475,058
	Programme expenses - GIZ	187,284	517,662
		29,346,595	36,600,163

13.4 The breakup of capital work in progress is as follows:

	2021 Rupees	2020 Rupees
Civil works	26,759,239	26,759,239
Plant and machinery	13,977,461	13,977,461
	40,736,700	40,736,700

14. RECEIVABLES FROM PROJECTS - NET

	Note	2021 Rupees	2020 Rupees
Opening balance		75,613,132	183,200,070
Add: additions during the year		-	582,275
Less: recovery during the year		(1,100,000)	(1,079,805)
Less: impairment recognized during the year	14.3	(46,819,494)	(107,089,409)
Balance as at June 30	14.1	27,693,638	75,613,132

14.1 Breakup of net receivables from projects is as follow:

	2021 Rupees	2020 Rupees
Model Quarry Chitral	800,000	4,778,000
Model Quarry Khuzdar	21,690,045	39,968,180
Quarry Up-gradation Mastang 1 - Saleheen	1,855,668	3,761,473
Quarry Up-gradation Mastang 2 - Aziz	1,054,233	4,387,418
Quarry Up-gradation FATA 4	1,961,446	9,762,680
Quarry Up-gradation Javed Khan - Buner	-	4,005,900
Quarry Up-gradation Salarzai - Buner	-	1,384,500
Quarry Up-gradation Loralai - II	332,246	6,836,581
Quarry Up-gradation Musakhel Mianwali	-	728,400
	27,693,638	75,613,132

14.2 The Company, with the objective to demonstrate mechanized mining techniques, has invested in above mentioned quarries. This involves introduction of new technologies and techniques through establishment of model quarries and up gradation of existing quarries. This investment is interest free and the Company will recover the investment by receiving certain amount per ton from production of stone as per the respective arrangement with joint ventures.

14.3 During the year ended June 30, 2016, an independent assessment was conducted and based on the assessment, the Company had recognized an impairment loss of Rs. 405 million.

During the year ended June 30, 2020, management has revisted the assessment considering the insignificant recoveries and recognized an impairment loss of Rs. 107.08 million.

During the current year, management has recognized an impairment loss of Rs. 46.82 million which resultant a net receivables of Rs. 27.6 million as at June 30, 2021 which are backed by the vehicles and machinery at quarries based on the value ascertained by independent valuer as per the report.

15. STORES AND SPARE PARTS

	Note	2021 Rupees	2020 Rupees
Diamond wire		6,339,350	6,339,350
Others	15.1	22,521,434	22,521,434
		28,860,784	28,860,784

15.1 This includes plug & feather, hydro pushing bags, ISD rods, electric cables etc to be used as part of machinery.

16. DEVELOPMENT PROPERTIES	Note	2021 Rupees	2020 Rupees
Land	16.1	88,390,000	88,390,000
Capitalised borrowing cost - net		135,599,975	135,599,975
Construction, related costs and directly attributable cost	16.2	490,945,998	490,945,998
Write down of marble city Risalpur to NRV		(19,385,504)	(19,385,504)
		695,550,469	695,550,469

16.1 This includes land having value of Rs. 44.72 million (2020: 44.72 million) the title of which is not yet transferred in the name of the Company. However, the Company has entered into agreement with KPEZDMC [formally known as Sarhad Development Authority ("SDA")]. Further to this, outcome of lawsuit by ex-owners regarding the price escalation of land acquired for Marble City Risalpur is pending as disclosed in note 12.1.1 to these financial statements.

16.2 This represents the expenditure incurred for the development of Marble City in Risalpur. This marble city is part of the overall project to develop four marble cities in Pakistan i.e Industrial estates in Risalpur, Chitral, Loralai and Islamabad. The purpose of these marble cities will be to serve as an investment and growth opportunity for entrepreneur based on high end stone technology industrial estates, custom facilities and state of the art services.

17. TRADE DEBTS	Note	2021 Rupees	2020 Rupees
Trade debts - considered good		22,734,252	21,112,709
Trade debts - considered doubtful		67,393,816	65,290,595
	17.1	90,128,068	86,403,304
Provision for doubtful debts	17.2	(67,393,816)	(65,290,595)
		22,734,252	21,112,709

17.1 **Agying analysis of trade debts is as follows:**

Not yet due	5,413,350	5,300,130
Past due		
31 to 90 days	2,323,991	6,570,300
91 to 180 days	978,570	8,437,151
181 to 365	6,359,940	4,152,728
More than 365 days	75,052,217	61,942,995
	90,128,068	86,403,304

17.2 **Movement of provision for doubtful debts during the year**

Opening balance	65,290,595	54,605,052
Charge for the year	4,338,558	10,685,543
Reversal during the year	(2,235,337)	-
Closing balance	67,393,816	65,290,595

18. ADVANCES

Advances to employees - considered good	7,474,225	7,213,914
Advances to suppliers - considered good	1,251,762	1,251,762
	8,725,987	8,465,676

19. DEPOSITS AND PREPAYMENTS

Security deposits	1,678,357	1,648,362
Prepayments	1,616,723	1,940,548
	3,295,080	3,588,910

20. OTHER RECEIVABLES

	Note	2021 Rupees	2020 Rupees
Due from related parties - unsecured			
Pakistan Industrial Development Corporation - considered doubtful		19,050	19,050
FATA - Secretariat - considered doubtful		1,920,579	1,920,579
		1,939,629	1,939,629
Provision for doubtful receivables from related parties		(1,939,629)	(1,939,629)
		-	-
Others			
- considered good		665,009	7,215,013
- considered doubtful		12,446,823	8,819,886
		13,111,832	16,034,899
Provision for doubtful other receivables	20.1	(12,446,823)	(8,819,886)
		665,009	7,215,013
Receivable from Competitive Industries Project Khyber Pakhtunkhwa		4,793,189	609,128
		5,458,198	7,824,141

20.1 Movement of provision for doubtful debts during the year

	2021 Rupees	2020 Rupees
Opening balance	8,819,886	4,023,108
Charge for the year	3,931,437	7,213,098
Wrtitten off during the year	-	(2,416,320)
Reversal during the year	(304,500)	-
Closing balance	12,446,823	8,819,886

21. INCOME TAX REFUNDABLE

The Company was granted approval under clause (36) of section (2) of Income Tax Ordinance 2001. However, subsequent to this there has been changes in the Income Tax Ordinance. Management has applied for renewal/grant of the said approval, which case is pending before Chief Commissioner Income Tax. The Company has also advance tax refundable from taxation authorities aggregating to Rs. 30.4 million as at June 30, 2021 (2020: 27.8 million) for which the Company has filed tax refund application and has compiled the supporting evidence for the preceding years. The refund of advance tax will depend over the grant of approval under Section 2(36) of Income Tax Ordinance 2001.

22. CASH AND BANK BALANCES

	Note	2021 Rupees	2020 Rupees
Cash in hand		39,696	165,431
Bank balances:			
Current accounts		56,103	56,277
Deposit accounts		32,843,811	63,949,733
		32,899,914	64,006,010
		32,939,610	64,171,441

22.1 These carry interest rate ranging from 3% to 4% per anum (2020: 4% to 6%).

23. REVENUE

	Note	2021 Rupees	2020 Rupees
Income from machinery rentals	23.1	67,322,760	93,509,563
Service charges on rental of CIPK machinery		7,511,291	4,117,939
		74,834,051	97,627,502

23.1 Income from machinery rentals

	2021	2020
Income from PASDEC's Machinery Pools	66,732,540	78,059,013
Income from Machinery Pool FATA	590,220	15,450,550
	67,322,760	93,509,563

24. COST OF SALES

	Note	2021 Rupees	2020 Rupees
Cost of machinery pool	24.1	66,956,311	71,672,598
		66,956,311	71,672,598

24.1 COST OF MACHINERY POOL

	Note	2021 Rupees	2020 Rupees
Salaries, wages and other benefits		23,662,689	23,830,468
Consultancy charges		1,000,000	-
Depreciation	13.3	27,806,514	34,607,443
Travelling, lodging and conveyance		84,590	160,585
Amortization of intangible assets		-	4,518
Advertisement		59,949	115,657
Freight charges		-	625,327
Rent		1,355,615	1,265,515
Communication		158,150	132,610
Vehicles' running and maintenance		444,759	441,696
Entertainment		49,194	137,952
Legal and professional charges		120,598	214,997
Utilities		452,606	423,999
Printing and stationery		8,743	14,149
Stores and spares parts consumed		-	195,589
Insurance		3,366,600	3,717,567
Office utilities		56,582	39,375
Security services		476,300	529,884
Impairment due to decrease in NRV of stock		916,456	1,785,528
Repairs and maintenance		6,929,379	3,414,525
Bank charges and commission		7,587	15,214
		66,956,311	71,672,598

25. ADMINISTRATIVE EXPENSES

	Note	2021 Rupees	2020 Rupees
Salaries, wages and other benefits		54,762,686	60,365,130
Consultancy charges		242,623	228,623
Depreciation	13.3	1,352,797	1,475,058
Travelling, lodging and conveyance		774,132	1,209,735
Advertisement		286,660	264,389
Freight charges		-	1,200
Rent		7,493,386	7,417,125
Communication		871,274	920,790
Vehicles' running and maintenance		984,749	1,609,626
Entertainment		238,219	466,673
Legal and professional charges		1,130,599	1,354,449
Utilities		1,130,522	1,215,468
Printing and stationery		350,455	467,040
Insurance		392,418	367,443
Office utilities		190,111	145,942
Auditors' remuneration	25.1	902,418	683,650
Security services		1,707,360	2,260,426
Repairs and maintenance		572,700	788,856
Newspapers, books and periodicals		21,770	24,024
Bank charges and commission		105	2,313
Marketing expenses		42,000	123,972
Others		6,850	671,434
Site upgradation		1,012,248	721,060
		74,466,082	82,784,426

		Note	2021 Rupees	2020 Rupees
25.1	**Breakup of auditor's remuneration is as follows:**			
	Audit fee		495,000	495,000
	Code of corporate governance review fee		126,500	126,500
	Out of pocket expenses		62,150	62,150
	Applicable sales tax		218,768	-
			902,418	683,650

		2021 Rupees	2020 Rupees
26.	**PROGRAMME EXPENSES**		
	Depreciation	187,284	517,662
		187,284	517,662

		Note	2021 Rupees	2020 Rupees
27.	**OTHER INCOME**			
	Income from saving accounts		1,728,541	1,991,718
	Reversal of provision through recovery		2,539,837	-
	Amortisation of deferred capital grant		187,283	915,606
	Forfeited deposits		96,750	45,000
	Restoration, transfer fee and others from plots		8,920,498	6,370,679
	Surcharge on late payments against the plots allotment		966,300	432,350
	Penalty recovered from contractor		440,713	768,161
	Insurance recovery		-	42,485
	Amount charged against Subleting Dir Granite	27.1	-	9,134,000
	Others		1,329,814	5,602,671
			16,209,736	25,302,670

27.1 It represents the income from subleting the Dir Granite to Azad Sons. During the year, the Company has not recognized the income from the contract, considering dispute raised by the party with reference to COVID-19 and terms of the contract.

28. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amounts charged in the financial statements for the year with respect to remuneration, including benefits and perquisites, were as follows:

	Chief Executive		Directors		Executives	
	2021	2020	**2021**	2020	**2021**	2020
	Rupees	Rupees	**Rupees**	Rupees	**Rupees**	Rupees
Managerial remuneration	**3,914,499**	8,073,096	**-**	-	**7,537,428**	9,163,208
Allowances and meeting fee	**-**	-	**1,320,000**	1,020,000	**-**	-
Travelling and other expenses	**26,850**	-	**634,512**	752,103	**8,000**	89,150
Gratuity expense	**-**	2,102,369	**-**	-	**392,574**	6,731,224
	3,941,349	10,175,465	**1,954,512**	1,772,103	**7,938,002**	15,983,582
Number of persons	**3**	1	**8**	8	**3**	5

28.1 The Chief Executive is provided with medical expense facility and Company maintained car as per his entitled medical limit. Gratuity is payable to the Chief Executive and Executives in accordance with the terms of employment while contributions in respect of gratuity are based on actuarial valuations.

29. TRANSACTIONS WITH RELATED PARTIES

The Company is subsidiary of Ministry of Industries and Production, Government of Pakistan (the "Parent Company"). Therefore all the department and agencies controlled by the parent company are related parties of the Company. Other related parties comprise of associated companies, directors and close family members, companies with common directorship, executives, key management personnel and major shareholders of the Company. Balances with related parties are shown elsewhere in the notes to the financial statements. Remuneration of chief executive, directors and executives is disclosed in note 28 to the financial statements. Transactions with related parties disclosed elsewhere in these financial statements are as follows:

Name of related party	**Basis of relationship**	**Percentage of shareholding**
Mr Saeed Ahmed Nawaz (MOIP)	Director	N/A
Khadim Hussain	Director	N/A
Rizwan Ahmed Bhatti CEO, PIDC	Director	N/A
Naimatullah Khan	Director	N/A
Sardar Rizwan Kehar	Director	N/A
Shamama Tul Amber Arbab	Chairperson & Director	N/A
Hashim Raza, CEO SMEDA	Director	N/A
Ahsan Ali Mangi Sect. TDAP	Director	N/A
Zahid Maqsood Sheikh	Former Chief Executive	N/A
Waqar uddin Siddiqui (CEO-PASDEC)	Former Chief Executive	N/A
Babar Miraj Shami	Chief Executive	N/A
Shahzad Basharat	Key Management Personnel	N/A
Moin Qadir Janjua	Key Management Personnel	N/A
Rukhsana Iqbal	Key Management Personnel	N/A

	Note	2021 Rupees	2020 Rupees
29.1 Remuneration to key management personnel			
Remuneration, allowances and benefits	29.1.1	11,486,777	17,325,454
29.1.1 Breakup of remuneration to key managerial personnel			
Managerial remuneration		11,451,927	17,236,304
Travelling expenses		34,850	89,150
		11,486,777	17,325,454

30. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks associated with its financial instruments:

Credit risk
Liquidity risk
Market risk

The senior management of the Company manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders. Further, senior management under the guidance of Board of Directors (the Board) ensures that the Company's financial risk-taking activities are governed through resolution passed by the Board and that financial risks are identified, measured and managed in accordance with the Company's policies and risk appetite.

The capital structure of the Company consists of equity (comprising issued capital and accumulated loss as detailed in notes 6). The Company is not subject to any externally imposed capital requirements.

The Board reviews and agrees the policies for measuring each of their risks which are summarized below:

FINANCIAL INSTRUMENTS BY CATEGORIES

The Company's activities are exposed to a variety of financial risks namely credit risk, interest rate risk, foreign exchange risk and liquidity risk. Overall, risks arising from the Company's financial instruments are limited. The Company manages its exposure to financial risk in the following manner:

June 30, 2021

Description	INTEREST / MARK UP BEARING			NON INTEREST / MARK-UP BEARING			
	Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	Total
	-----Rupees-----						
FINANCIAL ASSETS							
Amortised cost							
Trade debts - net	-	-	-	22,734,252	-	22,734,252	22,734,252
Receivables from projects - net	-	-	-	-	27,693,638	27,693,638	27,693,638
Advances	-	-	-	8,725,987		8,725,987	8,725,987
Other receivables - net	-	-	-	5,458,198	-	5,458,198	5,458,198
Cash and bank balances	32,843,811	-	32,843,811	95,799	-	95,799	32,939,610
	32,843,811	-	32,843,811	37,014,236	27,693,638	64,707,874	97,551,685
FINANCIAL LIABILITIES							
Financial liabilities measured at amortized cost							
Trade and other payables	-	-	-	85,765,015	-	85,765,015	85,765,015
	-	-	-	85,765,015	-	85,765,015	85,765,015

June 30, 2020

Description	INTEREST / MARK UP BEARING			NON INTEREST / MARKUP BEARING			
	Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	Total
	-----	-----	-----	Rupees	-----	-----	-----
FINANCIAL ASSETS							
Amortised cost							
Trade debts - net	-	-	-	21,112,709	-	21,112,709	21,112,709
Receivables from projects - net	-	-	-	-	75,613,132	75,613,132	75,613,132
Advances	-	-	-	8,465,676	-	8,465,676	8,465,676
Other receivables - net	-	-	-	7,824,141	-	7,824,141	7,824,141
Cash and bank balances	63,949,733	-	63,949,733	221,708	-	221,708	64,171,441
	63,949,733	-	63,949,733	37,624,234	75,613,132	113,237,365	177,187,099
FINANCIAL LIABILITIES							
Financial Liabilities Measured at Amortized Cost							
Trade and other payables	-	-	-	89,449,115	-	89,449,115	89,449,115
	-	-	-	89,449,115	-	89,449,115	89,449,115

30.1 Credit risk

Credit risk represents that risk that one party to a financial instruments will cause a financial loss for the another party by failing to discharge an obligation. The carrying amount of financial assets represent the maximum credit exposure.

30.1.1 Counter parties

The Company conducts transactions with the following major types of counterparties:

Banks
The Company limits its exposure to credit risk by maintaining bank accounts only with Banks having credit rating of at least A1 and A. Given these high credit ratings, management does not expect any counterparty to fail to meet obligations.

30.1.2 Exposure to credit risk

The carrying amount of financial assets reperesents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follow:

	Note	2021 Rupees	2020 Rupees
Trade debts - net	30.1.2.1	22,734,252	21,112,709
Other receivables		5,458,198	7,824,141
Cash and bank balances		32,939,610	64,171,441
		61,132,060	93,108,291

30.1.2.1 Impairment losses

The aging of receivable at the reporting date is:

	2021			2020		
	Gross	Impairment	Net Receivables	Gross	Impairment	Net Receivables
	-----	-----	(Rupees)	-----	-----	-----
Not yet due 1-30 days	5,413,350	-	5,413,350	5,787,253	-	5,787,253
Not yet due 31-90 days	2,323,991	-	2,323,991	6,570,300	-	6,570,300
Past due 91-180 days	978,570	489,285	1,467,855	8,437,151	(4,415,275)	4,021,876
Past due 181-365 days	6,359,940	3,179,970	9,539,910	4,152,728	(2,076,364)	2,076,364
More than 365 days	75,052,217	(71,063,069)	3,989,147	61,942,995	(59,286,080)	2,656,915
	90,128,068	(67,393,816)	22,734,253	86,890,427	(65,777,719)	21,112,708

The Company's credit risk is primarily attributes to its short term investments and balances at banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The name and credit ratings of major banks where the Company maintains its bank balances are as follows:

Name of Bank	Rating Agency	Credit Rating	
		Short Term	Long Term
United Bank Limited	VIS	A-1+	AAA
Allied Bank limited	PACRA	A-1+	AAA
Bank Alfalah Limited	PACRA	A-1+	AA+
MCB Bank Limited	PACRA	A-1+	AAA

30.2 Market risk

30.2.1 Interest rate risk

Interest Rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. As the company has fixed interest bearing assets, the Company's income and operating cash flows are substantially independent of market interest rates.

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

	2021 Rupees	2020 Rupees
Financial assets		
Bank balances	32,843,811	63,949,733

The effective interest rates for the financial assets are mentioned in respective notes to the financial statements.

Interest rate sensitivity analysis

At June 30, 2021 if interest rates had been 50 basis points higher/ lower and all other variables were held constant, the Company's profit before tax for the year ended June 30, 2021 would increase/ decrease by Rs.164,215 (2020: increase/ decrease by Rs 319,749).

30.2.2 Foreign currency risk

Foreign currency risk is the risk that changes in foreign exchange rates will affect the Company's income of the value of its holding of financial instruments. The objective of foreign currency risk exposures within acceptable parameters, while optimizing the return on financial instruments.

The Company does not have any financial instruments involving any foreign currency risk.

30.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities.

Financial liabilities in accordance with their contractual maturities are presented below:

June 30, 2021	Rupees		
	Carrying amount	**Contractual cash flows**	**Less than 1 Year**
Trade and other payables	85,765,015	85,765,015	85,765,015
	85,765,015	85,765,015	85,765,015

June 30, 2020	Rupees		
	Carrying amount	Contractual cash flows	Less than 1 Year
Trade and other payables	89,449,115	89,449,115	89,449,115
	89,449,115	89,449,115	89,449,115

30.4 Fair value of financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The Company has no financial instruments under the fair value hierarchy. As at statement of financial position date, the carrying values of the financial assets and financial liabilities approximate their fair values.

30.4.1 Fair value hierarchy

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 the measurement date.

Fair value hierarchy:

- **Level 1** Quoted prices (unadjusted) in active markets for identical assets or liabilities

- **Level 2** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

- **Level 3** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The Company does not have any financial instruments which are required to be classified under aforesaid fair value hierarchies.

30.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide return for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of it businesses.

The Company manages its capital to ensure that it will be able to continue as a going concern. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

	2021	2020
31. NUMBER OF EMPLOYEES		
Total number of employees at end of the year	50	50
Average number of employees during the year	50	51

32. DATE OF AUTHORISATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors on of the Company in its meeting held on 23/12/21

33. GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

CHIEF EXECUTIVE OFFICER

DIRECTOR