

FAST CABLES LIMITED

FOR THE YEAR ENDED JUNE 30, 2023

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FAST CABLES LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **FAST CABLES LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the 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 account, 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, 2023 and of the profit, other comprehensive income, the changes in equity and its cash flows for the for the year then ended.

Basis for Opinion

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

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 Directors' report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional 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 account, 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 Muhammad Nasir Muneer.

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountant

Lahore
Dated: September 30, 2023
UDIN: AR202310169stuZr5zO4

FAST CABLES LIMITED
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	4	6,052,271,335	4,260,572,087
Right-of-use assets	5	144,460,953	90,966,526
Long term investment	6	1,010,000	1,010,000
		6,197,742,288	4,352,548,613
Current Assets			
Stock in trade	7	7,666,097,699	5,209,353,939
Trade debts	8	7,984,437,748	6,098,283,285
Loans and advances	9	1,941,456,988	1,954,147,093
Deposits and prepayments	10	51,710,423	46,321,956
Tax refund due from the Government		-	59,899,428
Other receivables	11	253,882,945	62,463,854
Cash and bank balances	12	968,595,166	1,268,151,442
		18,866,180,969	14,698,620,997
Total Assets		25,063,923,257	19,051,169,610
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital 750,000,000 (2022: 350,000,000) ordinary shares of Rs. 10 each		7,500,000,000	3,500,000,000
Issued, subscribed and paid up share capital	13	5,008,540,000	2,504,270,000
Reserves	14	890,141,715	1,662,484,688
Surplus on revaluation of property, plant and equipment - net	15	1,763,653,871	1,532,386,113
		7,662,335,586	5,699,140,801
Non Current Liabilities			
Long term financing	16	309,616,321	343,623,038
Diminishing musharaka finance	17	118,446,542	93,033,525
Lease liabilities	18	107,293,484	76,768,999
Post employment benefit obligations	19	81,583,537	126,786
Deferred liabilities	20	406,809,640	247,005,016
		1,023,749,524	760,557,364
Current Liabilities			
Trade and other payables	21	10,401,746,634	5,593,062,608
Accrued mark up		193,658,508	162,056,995
Sponsors' interest free loans		-	75,250,000
Current portion of non current liabilities	22	246,997,556	156,654,033
Short term borrowings	23	4,353,010,473	6,038,485,693
Provision for taxation	24	1,182,424,976	565,962,116
		16,377,838,147	12,591,471,445
Contingencies and Commitments	25	-	-
Total Equity and Liabilities		25,063,923,257	19,051,169,610

The annexed notes from 1 to 43 form an integral part of these financial statements.

FAST CABLES LIMITED

Company Secretary

CHIEF EXECUTIVE OFFICER

DIRECTOR

FAST CABLES LIMITED
STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Revenue	26	32,858,549,117	22,978,118,997
Cost of sales	27	(26,964,762,768)	(19,520,135,614)
Gross Profit		5,893,786,349	3,457,983,373
Distribution cost	28	(1,061,002,977)	(752,940,624)
Administrative expenses	29	(457,129,219)	(299,218,346)
		(1,518,132,196)	(1,052,158,970)
Operating Profit		4,375,654,153	2,405,824,403
Other operating expenses	30	(508,391,367)	(282,656,545)
Finance cost	31	(1,042,515,182)	(528,030,720)
Other income	32	72,172,609	16,262,893
Profit before Taxation		2,896,920,213	1,611,400,031
Taxation	33	(1,159,123,578)	(572,302,479)
Net Profit for the Year		1,737,796,635	1,039,097,552

The annexed notes from 1 to 43 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER


DIRECTOR


FAST CABLES LIMITED
Company Secretary

FAST CABLES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023


	2023 Rupees	2022 Rupees
Net Profit for the Year	1,737,796,635	1,039,097,552
Other comprehensive income		
<i>Items that will not be re-classified subsequently to profit or loss</i>		
Re-measurement of post employment benefits	(61,545,630)	(101,934)
Less : Related deferred tax impact	24,002,796	33,638
Revaluation surplus on property, plant and equipment	311,724,950	-
Less : Related deferred tax impact	-	-
<i>Items that may be re-classified subsequently to profit or loss</i>	-	-
Other comprehensive income / (loss) for the year	274,182,116	(68,296)
Total Comprehensive Income for the Year	2,011,978,751	1,039,029,256

The annexed notes from 1 to 43 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER


DIRECTOR

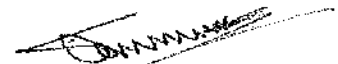

FAST CABLES LIMITED
Company Secretary

FAST CABLES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

Particulars	Share Capital	Share Deposit Money	Capital Reserves	Revenue Reserves	Surplus on Revaluation of Property, Plant and Equipment	Total
			Share Premium Reserve	Unappropriated Profit		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2021	488,066,040	857,913,940	863,632,121	1,113,513,396	1,581,019,068	4,904,144,565
Net profit for the year	-	-	-	1,039,097,552	-	1,039,097,552
Other comprehensive loss for the year	-	-	-	(68,296)	-	(68,296)
Total comprehensive income for the year	-	-	-	1,039,029,256	-	1,039,029,256
Ordinary shares of Rs. 10 each issued as bonus shares	1,158,290,020	-	-	(1,158,290,020)	-	-
Ordinary shares of Rs. 10 each issued as right shares	857,913,940	(857,913,940)	-	-	-	-
Share deposit money adjustment	-	-	-	-	-	-
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	41,414,919	(41,414,919)	-
Effect of rate change	-	-	-	7,218,036	(7,218,036)	-
Transactions with owners						
Dividend paid	-	-	-	(244,033,020)	-	(244,033,020)
Balance as at June 30, 2022	2,504,270,000	-	863,632,121	798,852,567	1,532,386,113	5,699,140,801
Net profit for the year	-	-	-	1,737,796,635	-	1,737,796,635
Other comprehensive loss for the year	-	-	-	(37,542,834)	311,724,950	274,182,116
Total comprehensive income for the year	-	-	-	1,700,253,801	311,724,950	2,011,978,751
Ordinary shares of Rs. 10 each issued as bonus shares	2,504,270,000	-	(863,632,121)	(1,640,637,879)	-	-
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	31,673,226	(31,673,226)	-
Effect of rate change	-	-	-	-	(48,783,966)	(48,783,966)
Balance as at June 30, 2023	5,008,540,000	-	-	890,141,715	1,763,653,871	7,662,335,586

The annexed notes from 1 to 43 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



FAST CABLES LIMITED

Company Secretary



DIRECTOR

FAST CABLES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Generated from / (Used in) Operations	34	5,198,470,475	(376,743,913)
Finance cost paid		(987,291,399)	(405,206,300)
Income tax paid		(785,228,657)	(475,447,129)
Employee benefits / contributions paid		(13,787,039)	(10,401,752)
Workers' welfare fund paid		(37,261,969)	(19,579,741)
Workers' (profit) participation fund paid		(86,808,746)	(56,721,615)
		<u>(1,910,377,810)</u>	<u>(967,356,537)</u>
Net Cash Generated from / (used in) Operating Activities		3,288,092,665	(1,344,100,450)
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		(216,052,546)	(313,601,438)
Capital work in progress - property, plant and equipment		(1,608,116,582)	(224,494,326)
Investment in Joint Venture		-	4,286,380
Net Cash Used in Investing Activities		(1,824,169,128)	(533,809,384)
CASH FLOWS FROM FINANCING ACTIVITIES			
Sponsors' loan received		-	75,250,000
Sponsors' loan paid		(75,250,000)	-
Diminishing musharaka - net		55,135,576	-
Long term financing - repaid		(267,104,747)	-
Long term financing - obtained		264,607,851	114,662,529
Short term borrowings		(1,685,475,220)	2,799,359,573
Dividend paid		-	(244,033,020)
Lease rental paid		(55,393,273)	(37,262,521)
Net Cash (Used in) / Generated from Financing Activities	35	(1,763,479,813)	2,707,976,561
Net (Decrease) / Increase in Cash and Cash Equivalents		(299,556,276)	830,066,727
Cash and cash equivalents at the beginning of the year		1,268,151,442	438,084,715
Cash and Cash Equivalents at the End of the Year		<u>968,595,166</u>	<u>1,268,151,442</u>

The annexed notes from 1 to 43 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

FAST CABLES LIMITED

Company Secretary

FAST CABLES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1
The Company and its Operations

- 1.1** Fast Cables Limited (the Company) is a public limited company incorporated in Pakistan on December 29, 2008 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is domiciled in Pakistan and its registered office is situated at 192-Y, Commercial Area DHA, Lahore. The Company is engaged in manufacturing and selling of all types of electric wires, cables and conductors.
- 1.2** The Company operates two manufacturing Units. Unit I is located at 7-Canal Bank Main Jallo Road, Harbans Pura, Lahore and Unit II is located at Bhal Kot, Dars Road, Tehsil Raiwind, District Lahore. The Company also has branch offices located in Lahore, Faisalabad, Islamabad, Multan, Peshawar, Gujranwala, Hyderabad, Quetta and Karachi.

Note 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:

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

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

2.2 Basis of measurement:

These financial statements have been prepared under historical cost convention except to the extent of following:

Certain property, plant and equipment	Note-4	(stated at revalued amounts)
Post employment benefit obligations:	Note 19	(stated at present value)
Lease liabilities	Note 18	(stated at present value)

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest Rupee, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires 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 the historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the year in which such revisions are made. Significant management estimates in these financial statements relate primarily to:

- Useful lives, residual values, depreciation method and fair value of property, plant and equipment – notes 3.1 & 4
- Provision for obsolescence of inventories - Note 3.3 & 7
- Provision for expected credit losses – Note 3.14 & 8
- Estimation of contingent liabilities - Note 3.8 & 25
- Obligation of post employment benefits - Note 3.6 & 19
- Estimation of provisions - Note 3.5
- Current income tax expense, provision for current tax and recognition of deferred tax - Note 3.7, 20, 24 & 33

However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

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FAST CABLES LIMITED
 Company Secretary

Note 2, Basis of Preparation - Continued...

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

Certain standards, amendments and interpretations to IFRS are effective for the year ended June 30, 2023. 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;

Standard or Interpretation	Effective Date - Annual Periods Beginning on or After
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

2.5.2 Standards, interpretation and amendments to approved accounting standards 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.

Standard or Interpretation	Effective Date - Annual Periods Beginning on or After
IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12 Income Taxes [Amendments]	January 1, 2023
IAS 12 Deferred tax related to assets and liabilities arising from a single transaction — (Amendments)	January 1, 2023
IFRS 16 Lease Liability in a Sale and Leaseback — (Amendments)	January 1, 2024
IAS 1 Classification of liabilities as current or non-current — (Amendments)	January 1, 2024
IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments disclosures' - Supplier Finance Arrangements (Amendments)	January 1, 2024

The Company will assess the impacts of these changes in the period of initial application once such changes become effective for the Company.

Note 3
Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

3.1 Property, plant and equipment

Owned

Property, plant and equipment are stated at cost / revalued amounts less accumulated depreciation and identified impairment losses, if any except land which is valued at cost / revalued amount. The Company has revalued its land, buildings on leasehold land; buildings on freehold land; plant and machinery while all other assets are stated at cost. Cost of property, plant and equipment comprises historical cost, borrowing cost pertaining to the construction and erection period and directly attributable cost of bringing assets to their working condition.

Depreciation on property, plant and equipment has been provided for using the reducing balance method at the rates specified in Note 4. Depreciation is charged on additions from the date of purchase and on disposals, up till the date of disposal of assets. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

The management reviews market value of revalued assets at each reporting date to ascertain whether the fair value of revalued assets has differed materially from the carrying value of revalued assets, thus necessitating further revaluation. The management engages independent professional valuers to value its property, plant and equipment every three to five years in line with the industry norms.

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FAST CABLES LIMITED
 Company Secretary

Note 3; Significant Accounting Policies - Continued...

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and identified impairment loss, if any.

Increases in the carrying amount arising on revaluation of assets are recognized, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. However, the increase is first recognized in profit or loss account to the extent that the increase reverses a revaluation decrease of the same asset previously recognized in profit or loss account.

Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the statement of profit or loss account) and depreciation based on the asset's original cost - incremental depreciation on revalued assets is transferred from surplus on revaluation of property, plant and equipment to retained earnings. All transfers from surplus on revaluation of property, plant and equipment are net of applicable deferred taxation. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of property, plant and equipment, if any, is shown in the statement of profit or loss account.

Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to operating fixed assets as and when these are available for use.

3.2 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Company as a lessee

Recognition and measurement

The Company recognizes a right-of-use asset and a lease liability at the commencement date. A commencement date is the date on which the lessor makes an underlying asset available for use by the lessee (the Company).

Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate if the implicit rate is not readily available. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments comprise fixed payments less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable by the Company under residual value guarantees; the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

After the commencement date, the Company re-measures the lease liability to reflect the effect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of profit or loss account.

Right-of-use asset

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

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FAST CABLES LIMITED

Company Secretary

Note 3, Significant Accounting Policies – Continued...

3.3 Stock in trade

These are valued at lower of cost and net realizable value. The cost is determined as follows:

Raw materials and packing materials	- At FIFO basis.
Work in process	- At estimated average manufacturing cost.
Finished goods	- At average manufacturing cost comprising prime cost and an appropriate portion of production overheads.

Manufacturing cost in relation to work-in-process and finished goods comprises cost of material, labour and appropriate allocation of manufacturing overheads.

Provision for slow moving, damaged and obsolete items are charged to the statement of profit or loss account. Value of items comprising stores, spares and stock in trade is reviewed at reporting date to record provision for any slow moving items, damaged and obsolete items.

3.4 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and cash at banks in current and savings accounts.

3.5 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and of which a reliable estimate can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.6 Post employment benefits

The Company operates the following schemes for post - employment benefits of its employees:

3.6.1 Defined contribution plan

The Company operates a recognised provident fund for all its permanent non workmen employees. Equal monthly contributions are made by the Company and employees into the fund at the rate of 8.3% of the basic salary. Obligation for contributions to defined contribution plan is recognised as an expense in profit or loss account on monthly basis.

3.6.2 Defined benefit plan

The Company operates an approved, funded defined benefit plan for all of its permanent employees. Under this plan, gratuity is paid to the retiring employees on the basis of their last drawn gross salary for each completed year of service. The present value of the defined benefit obligation is calculated using a discount rate determined by reference to the market yields at the end of reporting period on high quality corporate bonds, or where there is no deep market in such bonds, by reference to market yield on government bonds.

Actuarial gains / (losses) arising from experience adjustments and changes in actuarial assumptions for the defined benefits plan are charged or credited to other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the statement of profit or loss account.

Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out at each reporting date.

3.7 Income tax expense

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

Current

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax. Super tax applicable on the Company is also calculated. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

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Company Secretary

Note 3, Significant Accounting Policies - Continued...

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments.

The Company offsets current tax assets and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred

Deferred tax is recognized using the balance sheet date liability method on all temporary differences arising at the reporting date between the carrying amount of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognized for all major taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that future taxable profits will be available against which the assets may be utilized.

The carrying amount of the deferred tax asset is reviewed at each reporting date and is recognized only to the extent that it is probable that future taxable profits will be available against which assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or have been notified for subsequent enactments at the reporting date.

3.8 Contingent liabilities

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is also disclosed when there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits would be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.9 Trade and other payables

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

3.10 Borrowing cost

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

3.11 Foreign currency transactions

Assets and liabilities in foreign currency are stated in Pak Rupees at the rates of exchange ruling on the reporting date or rate of exchange fixed under contractual agreements. Transactions in foreign currency are translated at the exchange rate prevailing at the date of transaction. All exchange differences are included in the statement of profit or loss account.

FAST CABLES LIMITED
Company Secretary

Note 3, Significant Accounting Policies - Continued...

3.12 Revenue recognition

Revenue is to be recognised in accordance with the following steps:

- i) Identify the contract with a customer
- ii) Identify the performance obligations in the contract
- iii) Determine the transaction price of the contract
- iv) Allocate the transaction price to each of the separate performance obligations in the contract
- v) Recognize the revenue when (or as) the entity satisfies a performance obligation

Revenue from sale of goods is measured at fair value of the consideration received or receivable. The Company records revenue from sale of goods at point in time when the performance obligation in respect of delivery of goods has been satisfied. This usually happens when control of the goods has transferred to the customer. The sales invoices are generated and revenue is recognized on delivery of products. Delivery occurs when the products have been shipped / delivered to the customer's destination / specific location, the risk of the loss have been transferred to customer and the customer has accepted the product or the company has objective evidence that all criteria for acceptance have been satisfied.

3.13 Related party transactions

Related parties comprise the associated companies / undertakings, directors of the Company and their close relatives and key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties.

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party or between two or more segments of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is not in the interest of the Company to do so.

3.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.14.1 Financial assets

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

Classification

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Currently, the Company classifies its financial assets at amortized cost. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

3.14.1.2 Initial recognition and measurement

All financial assets are initially measured at cost plus transaction costs that are directly attributable to its acquisition except for trade receivables. Trade receivables are initially measured at the transaction price, if these do not contain significant financing component as per IFRS - 15.

3.14.1.3 Subsequent measurement

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss account.

Financial assets measured at fair value through profit or loss are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to the profit or loss account.

Financial assets measured at fair value through other comprehensive income are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to the other comprehensive income.

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FAST CABLES LIMITED
Company Secretary

*Note 3, Significant Accounting Policies - Continued...***3.14.1.4 Derecognition**

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired. The difference between the carrying amount and the consideration received is recognized in profit or loss account.

3.14.1.5 Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

3.14.2 Financial liabilities**a) Initial recognition and measurement**

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and include trade and other payables, loans or borrowings and accrued mark up etc.

b) Subsequent measurement

The Company measures its financial liabilities subsequently at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss account. Difference between carrying amount and consideration paid is recognized in the statement of profit or loss account when the liabilities are derecognized.

3.14.3 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.15 Dividend

Dividends are recognized as a liability in the period in which these are approved.

3.16 Balances from contracts with customers**Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

Contract assets

A contract asset is the right to consideration in exchange for goods or services already transferred to the customer. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods to a customer before the customer pays consideration or before payment is due.

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Company Secretary

Note 3, Significant Accounting Policies - Continued...

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is received or the payment is due if a customer pays consideration before the Company transfers goods to the customer.

Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

3.17 Impairment

Carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In the absence of any information about the fair value, the recoverable amount is determined to be the value in use. Impairment losses are recognized as expense in the statement of profit or loss account.

3.18 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in noncurrent liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

3.19 Fair value measurement

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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. When applicable, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within different levels of the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

Fair value hierarchy categorizes into following three levels of the inputs to valuation techniques that are used to measure fair value:

- Level 1 -- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 -- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 -- Unobservable inputs for the asset or liability.

FAST CABLES LIMITED
Company Secretary

Note 3, Significant Accounting Policies - Continued...

The management usually engages external valuers for valuation of property, plant and equipment. Selection criteria of such valuers comprise market knowledge, reputation, independence and whether professional standards are maintained.

When there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from the transaction price. Subsequently, that difference is credited or charged to the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Property, plant and equipment under revaluation model Note 15
- Financial instruments (including those carried at amortized cost) Note 38

3.20 Investment:

The investment in joint ventures companies are initially recognised at cost including transaction costs and subsequently carried at cost less impairment, if any.

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Company Secretary

Note 4
Property, Plant and Equipment

	Note	2023 Rupees	2022 Rupees
Operating fixed assets			
Capital work in progress	4.1	6,052,271,335	4,195,296,822
	4.9	-	65,275,265
		<u>6,052,271,335</u>	<u>4,260,572,087</u>

4.1 Operating fixed assets

June 30, 2023

Description	Land Rupees	Building on freehold land Rupees	Building on leasehold land Rupees	Plant and machinery Rupees	Furniture and fixture Rupees	Vehicles Rupees	Office equipment and computers Rupees	Electric fittings / generators Rupees	Total Rupees
Cost/Revalued amount									
Balance as at July 01, 2022	1,378,500,000	699,910,512	356,961,533	1,861,458,188	13,751,923	361,514,661	90,324,016	317,216,293	5,079,637,126
Additions / (disposals)	831,739,050	125,114,366	28,291,072	688,247,359	9,599,224	166,542,883	12,609,665	27,300,774	1,889,444,393
Transfer in / (out)	-	112,252,499	(112,252,499)	-	-	-	-	-	-
Revaluation surplus	311,724,950	-	-	-	-	-	-	-	311,724,950
Balance as at June 30, 2023	<u>2,521,964,000</u>	<u>937,277,377</u>	<u>273,000,106</u>	<u>2,549,705,547</u>	<u>23,351,147</u>	<u>528,057,544</u>	<u>102,933,681</u>	<u>344,517,067</u>	<u>7,260,806,469</u>
Accumulated depreciation									
Balance as at July 01, 2022	-	158,825,496	52,933,452	387,971,075	4,674,806	130,345,439	64,770,380	84,819,656	884,340,304
Charge for the year	-	55,171,118	31,675,011	153,285,815	1,434,018	69,256,849	9,153,911	24,218,108	344,194,830
Transfer in / (out)	-	11,248,420	(11,248,420)	-	-	-	-	-	-
Balance as at June 30, 2023	-	<u>225,245,034</u>	<u>73,360,043</u>	<u>541,256,890</u>	<u>6,108,824</u>	<u>199,602,288</u>	<u>73,924,291</u>	<u>109,037,764</u>	<u>1,228,535,134</u>
Balance as at June 30, 2023	<u>2,521,964,000</u>	<u>712,032,343</u>	<u>199,640,063</u>	<u>2,008,448,657</u>	<u>17,242,323</u>	<u>328,455,256</u>	<u>29,009,390</u>	<u>235,479,303</u>	<u>6,052,271,335</u>
Depreciation rates	-	10%	10%	10%	10%	20%	30%	10%	-

June 30, 2022

Cost/Revalued amount									
Balance as at July 01, 2021	1,378,500,000	699,910,512	211,835,700	1,627,729,187	9,421,968	194,406,523	77,130,891	273,294,757	4,472,229,538
Additions / (disposals)	-	-	145,125,833	233,729,001	4,329,955	167,108,138	13,193,126	43,921,536	607,407,588
Balance as at June 30, 2022	<u>1,378,500,000</u>	<u>699,910,512</u>	<u>356,961,533</u>	<u>1,861,458,188</u>	<u>13,751,923</u>	<u>361,514,661</u>	<u>90,324,016</u>	<u>317,216,293</u>	<u>5,079,637,126</u>
Accumulated depreciation									
Balance as at July 01, 2021	-	98,876,787	34,733,248	241,545,380	3,900,130	99,396,524	56,847,517	62,843,310	598,142,906
Charge for the year	-	59,948,709	18,200,204	146,425,685	774,676	30,948,915	7,922,863	21,976,346	286,197,398
Balance as at June 30, 2022	-	<u>158,825,496</u>	<u>52,933,452</u>	<u>387,971,075</u>	<u>4,674,806</u>	<u>130,345,439</u>	<u>64,770,380</u>	<u>84,819,656</u>	<u>884,340,304</u>
Balance as at June 30, 2022	<u>1,378,500,000</u>	<u>541,085,016</u>	<u>304,028,081</u>	<u>1,473,487,113</u>	<u>9,077,117</u>	<u>231,169,222</u>	<u>25,553,636</u>	<u>232,396,637</u>	<u>4,195,296,822</u>
Depreciation rates	-	10%	10%	10%	10%	20%	30%	10%	-

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FAST CABLES LIMITED
Company Secretary

Note 4, Property, Plant and Equipment - Continued...

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

Location / Address	Usage of immovable property	Total area
Owned-Land		
Bhai Kot, Dars Road, Tehsil Raiwind, District Lahore (Unit II)	Production plant	145 Kanals - 17 Marlas
Nawab Pura, Harbanspura, Tehsil Shalimar, District Lahore	Land	2 Kanals - 11 Madas
Bhai Kot, Dars Road, Tehsil Raiwind, District Lahore (Unit II)	Production plant	8 Kanals - 8 Marlas
Bhai Kot, Dars Road, Tehsil Raiwind, District Lahore (Unit II)	Production plant	49 Kanals - 9 Marlas
Bhai Kot, Sundar Raiwind Manga Road, Tehsil Raiwind, District Lahore (Unit II)	Production plant	36 Kanals - 17 Marlas
Leasehold-Land		
7-Canal Bank, Main Jallo Road, Harbans Pura Lahore. (Unit I)	Production plant	24 Kanals - 19 Marlas

4.3 Apportionment of depreciation charge for the year

	2023		2022
	Note	Rupees	Rupees
Cost of sales	27	271,858,771	253,759,913
Distribution cost	28	24,599,764	11,533,785
Administrative expenses	29	47,736,295	20,903,700
		<u>344,194,830</u>	<u>286,197,398</u>

4.4 Revaluation of property, plant and equipment were carried out by an independent valuer as detailed in Note 15. Had there been no revaluation, carrying amounts of revalued assets would have been as follows:

Land	1,043,369,170	211,630,120
Building on freehold land	709,807,150	538,646,113
Building on leasehold land	116,277,721	212,648,729
Plant and machinery	<u>1,612,410,124</u>	<u>1,039,303,329</u>
	<u>3,481,864,165</u>	<u>2,002,308,291</u>

4.5 As per the valuation report of independent valuer, the forced sales values of property, plant and equipment is as follows:

	2023
	Rupees
Land	1,713,668,000
Building on freehold land	569,625,874
Building on leasehold land	159,712,050
Plant and machinery	<u>1,707,181,358</u>
	<u>4,150,187,282</u>

4.6 Land measuring 24 kanal 19 marla approximately (4,500 square feet per kanal) is obtained on lease from the director of the Company.

4.7 Owned vehicles include vehicles having cost of Rs. 367.13 million (2022: Rs. 209.155 million) which have been obtained through Diminishing Mustaraka Financing. Out of which, vehicles amounting to Rs. 44.667 million are currently in used by joint ventures; Bes-FCL-Mecors (Private) Limited and Bantron - Fast (Private) Limited.

4.8 Land measuring 2 kanal 11 Marla, owned by Fast Cables Limited is currently in use for charitable activities by "Fatima Latif Welfare Trust" - a related party.

4.9 Capital Work in Progress

- Opening balance	65,275,265	42,500,715
- Additions during the year	<u>1,608,116,582</u>	<u>224,494,326</u>
	1,673,391,847	266,995,041
- Transferred to fixed assets	<u>(1,673,391,847)</u>	<u>(201,719,776)</u>
	-	<u>65,275,265</u>

FAST CABLES LIMITED
Company Secretary

Note 5
Right of Use Assets

	Note	2023 Rupees	2022 Rupees
Opening balance		90,966,526	78,022,967
Add: Additions during the year		120,665,839	43,506,879
		<u>211,632,365</u>	<u>121,529,846</u>
Less: Depreciation charge for the year	5.1	(46,237,633)	(30,563,320)
Less: Derecognition of lease liability		(20,933,779)	-
Closing balance		<u>144,460,953</u>	<u>90,966,526</u>
Overall Lease Term		<u>2 - 10 Years</u>	<u>1 - 10 Years</u>
5.1 Apportionment of depreciation charge for the year			
Cost of sales	27	6,859,388	4,788,922
Distribution cost	28	26,498,398	12,693,087
Administrative expenses	29	12,879,847	13,081,311
		<u>46,237,633</u>	<u>30,563,320</u>

5.2 There are no variable lease payments in the lease contracts. Further, there were no leases with residual value guarantees or leases not yet commenced to which the Company is committed.

Note 6
Long Term Investment

	Note	2023 Rupees	2022 Rupees
Investment in Joint Venture (At Cost)			
- BES-FCL-MECONS (Private) Limited.	6.1	510,000	510,000
- Barqtron-Fast (Private) Limited	6.2	500,000	500,000
		<u>1,010,000</u>	<u>1,010,000</u>

6.1 This represents investment in BES-FCL-MECONS (Private) Limited (the JV Company), which was formed under the joint venture agreement between the Barqtron Engineering Solutions (Private) Limited (BES) and the Company on January 1, 2022. BES owns 49.5% and the Company owns 50.5% of its share capital and have joint control under the terms of Joint Venture Agreement. BES-FCL-MECONS (Private) Limited is incorporated in Pakistan and engaged in manufacture, construction, installation, testing, commissioning, energisation, supply and handing over of transmission lines of 220KV for 500KV KKI grid station.

6.2 This represent investment in Barqtron-Fast (Private) Limited (the JV Company), which was formed under the joint venture agreement between the Barqtron Engineering Solutions (Private) Limited (BES) and the Company on June 8, 2022 in proportion of 50:50 of its share capital having joint control. The Barqtron-Fast (Private) Limited is incorporated in Pakistan and engaged in design, engineering, manufacture, supply / transportation, construction, installation, erection, testing, commissioning, energisation and handing over turnkey basis complete with electrical telecom / SCADA, mechanical and allied civil works of 132/11 KV PIDC (BQIP) GIS Grid Station and extension works at its remote end grid stations complete in all respect all respects and associated D/C 132 Kv Transmission line at Bin Qasim Industrial Park (BQIP) (the Project).

Note 7
Stock in Trade

	2023 Rupees	2022 Rupees
Raw materials and packing materials	3,596,188,239	2,131,554,785
Work in process	1,302,268,864	834,194,052
Finished goods	2,767,640,596	2,243,605,102
	<u>7,666,097,699</u>	<u>5,209,353,939</u>

7.1 Refer to Note 23, short term borrowings of the Company are secured by way of hypothecation charge on present and future current assets of the Company which includes stock in trade.

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FAST CABLES LIMITED
Company Secretary

Note 8
Trade Debts

	Note	2023 Rupees	2022 Rupees
<i>Local - Unsecured</i>			
Considered good	8.1	7,694,097,871	6,098,283,285
Considered doubtful		134,308,282	61,555,104
		7,828,406,153	6,159,838,389
Less: Loss allowance	8.2	(134,308,282)	(61,555,104)
		7,694,097,871	6,098,283,285
<i>Exports - Secured</i>			
Considered good		290,339,877	-
		7,984,437,748	6,098,283,285

8.1 Trade debts include an amount of Rs. 506,456,320 (2022: Nil) due from related parties.

Year End	1-30 Days Rupees	31-90 Days Rupees	90 days and above Rupees	Total Rupees	Maximum outstanding at the end of any month Rupees
June 30, 2023	506,456,320	-	-	506,456,320	506,456,320
June 30, 2022	-	-	-	-	-

8.2 Loss allowance

Opening balance	61,555,104	32,516,785
Loss allowance for the year	72,832,277	44,026,647
	134,387,381	76,543,432
Less: Bad debts written off	(79,099)	(14,988,328)
	134,308,282	61,555,104

Note 9
Loans and Advances

	Note	2023 Rupees	2022 Rupees
Advances (Unsecured - Considered good):			
- Employees	9.1	42,022,580	13,934,261
- Suppliers and contractors		634,285,578	527,344,537
- Advance against import letters of credit		348,023,138	873,477,401
Income tax deducted at source		917,125,692	539,390,894
		1,941,456,988	1,954,147,093

9.1 Advances to employees does not include an amount paid to any director of the Company (2022: Nil).

Note 10
Deposits and Prepayments

	2023 Rupees	2022 Rupees
Security deposits and bid monies	36,673,048	37,204,930
Security deposits against lease / ijarah arrangements	7,495,000	487,050
Prepayments	7,542,375	8,629,976
	51,710,423	46,321,956

Note 11
Other Receivables

	Note	2023 Rupees	2022 Rupees
<i>Receivable from Joint Venture - unsecured - interest bearing:</i>			
- Bes-FCL-Mecons (Private) Limited	11.1	101,776,127	18,319,000
- Barqtron - Fast (Private) Limited		70,956,020	29,144,854
		172,732,147	47,463,854
Margin against bank guarantee		81,150,798	15,000,000
		253,882,945	62,463,854

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Note 11, Other Receivables - Continued...

11.1 These represent advances disbursed to meet the working capital requirements, operational / capital nature needs of the joint venture companies. These loans carry markup at the rate of average borrowing cost of the Company i.e. 3-months Kibor+1%. Effective markup rate charged by the Company during the year ranges from 15.65% to 23.19% per annum. As per the agreement, these loans along with related markup are repayable on the completion of the respective projects. The maximum aggregate outstanding at any time during the year calculated by reference to month end balances is Rs. 106,845,653 & Rs. 178,702,458 for Bes-FCL-Mecons (Private) Limited & Barqtron - Fast (Private) Limited respectively.

Note 12

Cash and Bank Balances

	Note	2023 Rupees	2022 Rupees
Cash in hand		7,989,809	7,112,091
Cash at banks int:			
- Current accounts		196,260,979	522,336,879
- Savings accounts	12.1	<u>764,344,378</u>	<u>738,702,472</u>
		<u>968,595,166</u>	<u>1,268,151,442</u>

12.1 The savings accounts earn interest at floating rates based on daily bank deposit rates ranging from 6.23% to 20.50% (2022: 3.55% to 8.25%) per annum.

12.2 The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flows.

Note 13

Issued, Subscribed and Paid up Share Capital

	2023 No. of Shares	2022 No. of Shares		2023 Rupees	2022 Rupees
	9,000	9,000	Ordinary shares of Rs. 10 each fully paid in cash	90,000	90,000
	33,696,500	33,696,500	Ordinary shares of Rs. 10 each for consideration other than in cash	336,965,000	336,965,000
	366,256,002	115,829,002	Ordinary shares of Rs. 10 each issued as bonus shares.	3,662,560,020	1,158,290,020
	100,892,498	100,892,498	Ordinary shares of Rs. 10 each issued as right shares.	1,008,924,980	1,008,924,980
	<u>500,854,000</u>	<u>250,427,000</u>		<u>5,008,540,000</u>	<u>2,504,270,000</u>

13.1 Reconciliation of number of ordinary shares outstanding at the beginning of the year:

	2023 Rupees	2022 Rupees
Number of shares outstanding at the beginning of the year	250,427,000	48,806,604
Right shares issued against share deposit money	-	85,791,394
Bonus shares issued against share premium	86,363,212	-
Bonus shares issued against retained earnings	<u>164,063,788</u>	<u>115,829,002</u>
Number of shares outstanding at the end of the year	<u>500,854,000</u>	<u>250,427,000</u>

13.2 The Company has issued 250,427,000 (2022: 115,829,002) ordinary shares as bonus shares to its existing shareholders on the basis of its current shareholding ratio. During last year, the Company also issued 85,791,394 ordinary shares as right shares against share deposit money of Rs. 857,913,940.

13.3 All ordinary shares rank equally with regard to residual assets of the Company. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting and other rights are in proportion to the shareholding.

FAST CABLES LIMITED
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Note 14
Reserves

	2023	2022
	Rupees	Rupees
Capital reserves		
Share premium reserve	-	863,632,121
Revenue reserves		
Unappropriated profit	890,141,715	798,852,567
	<u>890,141,715</u>	<u>1,662,484,688</u>

Note 15
Surplus on Revaluation of Property Plant and Equipment - Net

	2023	2022
	Rupees	Rupees
Land - freehold		
Opening balance	1,166,869,880	1,166,869,880
Add: Surplus on revaluation arisen during the year	311,724,950	-
	1,478,594,830	1,166,869,880
Building on freehold land	1,698,120	1,924,060
Building on leasehold land	63,069,871	71,461,493
Plant and machinery	300,748,242	340,763,635
	1,844,111,063	1,581,019,068
Transferred to retained earnings in respect of net incremental depreciation - net of deferred tax	(31,673,226)	(41,414,919)
Effect of rate change	(48,783,966)	(7,218,036)
Closing balance - net of tax	<u>1,763,653,871</u>	<u>1,532,386,113</u>

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

15.2 Incremental depreciation charged on revalued property, plant and equipment has been transferred to retained earnings to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between actual depreciation based on revalued carrying amount of the asset and equivalent depreciation based on the original carrying amount of the asset.

Note 16
Long Term Financing

	Note	2023	2022
		Rupees	Rupees
Habib Bank Limited	16.1	210,368,369	193,330,969
Habib Bank Limited -Renewable energy scheme	16.2	28,247,473	44,316,694
Bank Al Habib Limited	16.3	186,865,689	152,581,540
Refinance for salaries - Bank Al Habib Limited	16.4	-	37,749,224
Less: deferred income - Government grant	22	-	(3,748,205)
		-	34,001,019
		425,481,531	424,230,222
Less: Current portion of loans			
- Habib Bank Limited		(66,593,973)	(53,818,445)
- Bank Al Habib Limited		(49,271,237)	(26,788,739)
	22	(115,865,210)	(80,607,184)
		<u>309,616,321</u>	<u>343,623,038</u>

16.1 This represents the remaining balance of long term financing facilities package granted by Habib Bank Limited for capital expenditure at unit 2 amounting to Rs. 210.368 million (2022: Rs. 193.331 million). These facilities carry markup at 3 months KIBOR + 1.25% to 1.5% per annum (2022: 3 months KIBOR+ 1.25% to 1.5% per annum) and are repayable in 5 to 6 years (including 1 year as grace period) on the basis of 16 to 20 quarterly principal installments. The markup is recoverable on quarterly basis.

The facility is secured by way of combined collateral for various other funded and non-funded facilities approved by Habib Bank Limited for the Company. Such combined collateral consists of:

- Joint Pari Passu charge of Rs. 1,574 million (2022: Rs. 540 million) over fixed assets of the Company.
- Personal guarantees of certain Directors of the Company.

Note 16, Long Term Financing - Continued...

- 16.2** This represents the remaining balance of long term financing facilities package granted by Habib Bank Limited under SBP's renewable energy scheme for Rs. 28.247 million (June 30, 2022: Rs. 44.317 million). These facilities carry markup at 3.5% and are repayable in 5 years on the basis of 16 to 20 quarterly principal installments. The markup is recoverable on quarterly basis.
- 16.3** This represents the remaining balance of long term financing facilities package granted by Bank Al - Habib Limited for capital expenditure at unit 2 for Rs. 186.865 million (2022: Rs. 152.582 million). These facilities carry markup at 6 months KIBOR+ 1.5% per annum (2022: 6 months KIBOR+ 1.5% per annum) and are repayable in 16 to 20 quarterly principal installments. The markup is recoverable on quarterly basis. These facilities are secured against:
- a) Joint Part Passu charge of Rs. 1,869 million (2022: Rs. 1,572.90 million) on fixed assets (i.e., land, building, plant and machinery of unit II).
- b) Personal guarantees of certain Directors of the Company.
- 16.4** This represents availed portion of long term financing facilities package granted by Bank Al - Habib Limited for disbursement of salaries of employees under the State Bank of Pakistan Refinance Scheme for an amount of Rs. 37.749 million. This loan was repayable in 8 equal quarterly installments starting from January 01, 2021. Markup was charged at the rate of SBP rate plus 3% p.a payable quarterly in arrears. This facility was secured against the securities as mentioned in Note 16.3.

Note 17
Diminishing Musharaka Finance

	2023	2022
	Rupees	Rupees
Diminishing musharaka finance	189,138,200	134,002,624
Less: Current portion	(70,691,658)	(40,969,099)
	<u>118,446,542</u>	<u>93,033,525</u>

17.1 This represents amount payable in respect of diminishing musharaka finance arrangements entered into with First Habib Modaraba and Habib Metropolitan Bank for the purchase of vehicles. These finances are repayable in monthly installments. The rental portion included in monthly installments is charged to the statement of profit or loss account.

17.2 These arrangements are secured by joint ownership of assets purchased under the arrangements.

Note 18
Lease Liabilities

	2023	2022
	Rupees	Rupees
Opening balance	108,098,544	91,087,196
Add: Additions during the year	120,665,839	43,506,880
Add: Interest expense	23,622,270	10,766,989
Less: Derecognition of lease liability	(29,259,208)	-
Less: Payments made	(55,393,273)	(37,262,521)
Gross liability	<u>167,734,172</u>	<u>108,098,544</u>
Less: Current portion	(60,440,688)	(31,329,545)
Closing balance	<u>107,293,484</u>	<u>76,768,999</u>

18.1 Summary of amounts relating to leases charged in different line items of the financial statements is as follows:

			2023	2022
	Included in	Note	Rupees	Rupees
Carrying amount of Right of Use assets	Statement of financial position	5	144,460,953	90,966,526
Depreciation charge	Statement of profit or loss	5.1	46,237,633	30,563,320
Finance cost	Statement of profit or loss	31	23,622,270	10,766,989
Payments made	Statement of cash flows	18	(55,393,273)	(37,262,521)

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FAST CABLES LIMITED
Company Secretary

Note-18, Lease Liabilities - Continued...

18.2 Maturity analysis of contractual cash flows including interest cost

At June, 2023	Within One Year	Between Two to Five Years	Later than Five Years
	(Rupees)		
	74,301,847	190,181,123	

18.3 Nature of leasing activities

The Company's leases comprise space taken for its branches, factory and head office. Periodic rentals are fixed over the lease term. These neither contain any variable lease payments nor any lease incentives. The Company is not committed to any lease not yet commenced as at the reporting date.

Remaining lease term of existing lease contract is 1-5 years for which lease liability is recorded.

Note 19

Post Employment Benefit Obligations

	Note	2023 Rupees	2022 Rupees
Post employment benefit obligations	19.1	<u>81,583,537</u>	<u>126,786</u>
19.1	The Company operates a funded gratuity scheme for its permanent employees subject to completion of one year of service. Actuarial valuation of the scheme is carried out annually by an independent actuary and the latest valuation has been carried out as at June 30, 2023. The disclosures made in the following notes are based on the information included in that actuarial report.		
19.2	Reconciliation of post employment benefit obligations:		
Present value of defined benefit obligations	19.4	134,774,650	37,805,147
Fair value of plan assets	19.5	<u>(53,191,113)</u>	<u>(37,678,361)</u>
Net reporting date liability		<u>81,583,537</u>	<u>126,786</u>
19.3	Net Liability / asset Movement		
Opening balance		126,786	(79,835)
Charge for the year	19.6	33,698,160	10,506,439
Contribution paid during the year		(13,787,039)	(10,401,752)
Remeasurement losses		61,545,630	101,934
		<u>81,583,537</u>	<u>126,786</u>
19.4	Movement in present value of defined benefit obligation		
Opening balance		37,805,147	28,095,184
Current service cost		23,201,090	8,071,734
Interest cost		15,596,304	3,478,744
Remeasurement losses		60,892,265	38,454
Payments made during the year		(2,720,156)	(1,878,969)
Closing balance		<u>134,774,650</u>	<u>37,805,147</u>
19.5	Movement in fair value of plan assets		
Opening balance		37,678,361	28,175,019
Contribution received during the year		13,787,039	10,401,752
Return on plan asset		5,099,234	1,044,039
Benefits paid in the year		(2,720,156)	(1,878,969)
Remeasurement losses		(653,365)	(63,480)
Closing balance		<u>53,191,113</u>	<u>37,678,361</u>

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Note 19, Post Employment Benefit Obligations - Continued..

19.6 Charge for the year	2023 Rupees	2022 Rupees
The amounts recognised in the statement of profit or loss account against defined benefit scheme are as follows:		
Current service cost	23,201,090	8,071,734
Interest cost	15,596,304	3,478,744
Return on plan assets	(5,099,234)	(1,044,039)
	<u>33,698,160</u>	<u>10,506,439</u>
19.7 The charge for the year has been allocated as follows:		
Cost of sales	32,504,793	10,134,370
Administrative expenses	1,193,367	372,069
	<u>33,698,160</u>	<u>10,506,439</u>
Investment in modaraba companies	2,155,295	2,018,855
Investment with Meezan Investment Bank	13,207,220	11,379,252
Cash and cash equivalents	31,094,425	21,604,900
Others	6,734,172	2,675,354
	<u>53,191,112</u>	<u>37,678,361</u>
19.8 Actuarial assumptions		
Discount rate - per annum./ Rate of return on plan assets	16.25%	13.25%
Expected rate of increase in salary level - per annum	15.25%	10.00%
Expected year of services	8 - 12 years	8 years
Actuarial valuation method	Projected Unit Credit Method	
Expected mortality rate for active employees	SLIC (2001-2005) Mortality rates	
19.9 Estimated Charge for the year 2023-2024		
		<u>2024</u> Rupees
Current service cost and Interest cost		<u>42,143,902</u>
19.10 Year end sensitivity analysis on defined benefit obligations		
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligations as stated below:		
	2023 Rupees	2022 Rupees
Discount rate + 1%	(3,585,191)	(1,215,320)
Discount rate - 1%	3,735,405	1,272,317
Salary increase + 1%	3,735,405	1,298,720
Salary increase - 1%	(3,546,663)	(1,261,597)

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Company Secretary

Note 20
Deferred Liabilities

	Note	2023 Rupees	2022 Rupees
Deferred tax liability	20.1	406,809,640	246,861,611
Deferred income		-	143,405
		<u>406,809,640</u>	<u>247,005,016</u>
20.1 Deferred tax liability			
Taxable temporary differences			
Accelerated tax depreciation		391,268,902	250,026,595
Surplus on revaluation of property plant and equipment		196,567,027	162,405,806
Right of use assets		56,339,772	30,018,954
Deductible temporary differences			
Lease liabilities		(65,416,327)	(35,672,519)
Loss allowance on local debts		(52,380,230)	(20,313,184)
Staff retirement benefits		(31,817,579)	(41,839)
Tax credits for minimum tax		-	(96,416,871)
Others		(87,751,925)	(43,145,331)
		<u>406,809,640</u>	<u>246,861,611</u>
20.1.1 Reconciliation of deferred tax liabilities / (assets) - Net			
Opening balance		246,861,611	203,542,808
Deferred tax expense / (income) during the year recognised in profit or loss account		135,166,859	36,134,405
Deferred tax expense / (income) during the year recognised in other comprehensive income		(24,002,796)	(33,638)
Effect of rate change		48,783,966	7,218,036
Closing balance		<u>406,809,640</u>	<u>246,861,611</u>

20.1.2 Deferred tax assets / liabilities on temporary differences are measured at effective tax rate of 39% (2022: 33%).

20.1.3 The Company has not adjusted the tax rate for exclusion of export related income since export sales constitute an insignificant portion of overall turnover of the Company.

20.1.4 Analysis of deferred tax

	Statement of Financial Position		Statement of profit and loss	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
Accelerated tax depreciation and amortization	391,268,902	250,026,595	141,242,307	63,591,958
Surplus on revaluation of property, plant and equipment	196,567,027	162,405,806	(14,622,745)	(25,263,126)
Right of Use Asset	56,339,772	30,018,954	26,320,818	7,392,294
Lease liabilities	(65,416,327)	(35,672,519)	(29,743,808)	(9,257,232)
Loss allowance on local debts	(52,380,230)	(20,313,184)	(32,067,046)	(10,883,316)
Staff retirement benefits	(31,817,579)	(41,839)	(7,772,944)	(8,201)
Tax credits for minimum tax	-	(96,416,871)	96,416,871	29,859,962
Others	(87,751,925)	(43,145,331)	(44,606,594)	(19,297,934)
	<u>406,809,640</u>	<u>246,861,611</u>	<u>135,166,859</u>	<u>36,134,405</u>

Note 21

Trade and Other Payables

	Note	2023 Rupees	2022 Rupees
Trade creditors		8,899,518,430	4,337,495,725
Contract liabilities		893,826,919	907,203,874
Accrued and other liabilities		216,540,027	140,054,922
Workers' (profit) participation fund	21.1	159,022,806	89,433,462
Workers' welfare fund	21.2	65,982,131	41,272,467
Withholding tax payable		9,676,788	5,576,192
Other payables		99,138,346	72,025,966
Sales tax payable		58,041,187	-
		<u>10,401,746,634</u>	<u>5,593,052,608</u>

FAST CABLES LIMITED
Company Secretary

Note 21, Trade and Other Payables - Continued...

	2023	2022
	Rupees	Rupees
21.1 Workers' (profit) participation fund		
Opening balance	89,433,462	59,346,331
Provision during the year	155,731,150	86,808,746
Interest on workers' (profit) participation fund	666,940	2,624,715
	<u>245,831,552</u>	<u>148,779,793</u>
Paid during the year	<u>(86,808,746)</u>	<u>(59,346,331)</u>
	<u>159,022,806</u>	<u>89,433,462</u>
21.2 Workers' welfare fund		
Opening balance	41,272,467	22,886,071
Provision during the year	61,971,633	37,966,137
	<u>103,244,100</u>	<u>60,852,208</u>
Paid during the year	<u>(37,261,969)</u>	<u>(19,579,741)</u>
	<u>65,982,131</u>	<u>41,272,467</u>

Note 22

Current Portion of Non Current Liabilities

		2023	2022
	Note	Rupees	Rupees
Long term financing	16	115,865,210	80,607,184
Diminishing musharaka finance	17	70,691,658	40,969,099
Lease liabilities	18	60,440,688	31,329,545
Deferred income - Government grant	22.1	-	3,748,205
		<u>246,997,556</u>	<u>156,654,033</u>

22.1 This represents the value of benefit of below-market interest rate which has been accounted for as government grant under IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance.

Note 23

Short Term Borrowings

		2023	2022
	Note	Rupees	Rupees
Banking companies - Secured			
Running musharka		1,120,957,955	435,981,997
Borrowings / Finance against trust receipts	23.1	<u>3,232,052,518</u>	<u>5,602,503,696</u>
		<u>4,353,010,473</u>	<u>6,038,485,693</u>

23.1 Terms and conditions of borrowings

Purpose

This represents availed portion of funded facilities against finance package of funded and non-funded facilities of Rs. 4,353 million (2022: Rs. 6,038 million) obtained from various banks to meet working capital requirements, retirement of local and foreign LC's, discounting local bills / receivables and loan against trust receipts.

Markup

Mark-up on short term borrowings is charged using 1, 3 or 6 Months KIBOR+ spread of up to 1% (2022: 3 to 6 Months KIBOR + spread of up to 1.15%) per annum. Mark up is payable on monthly / quarterly basis in arrears or at the time of adjustment of liability.

Securities

Joint pari passu charge of Rs. 11,529 million, ranking charge of Rs. 3,102 million (2022: Equitable mortgage amounting to Rs. 577.861 million, pari passu and hypothecation charge amounting to Rs. 10,398.37 million, pari passu charge, ranking charge and exclusive charge amounting to Rs. 2,745 million) over current assets of the Company.

b) Personal guarantees of certain Directors of the Company.

FAST CABLES LIMITED
General Secretary

Note 24

Provision for Taxation

	2023	2022
	Rupees	Rupees
Opening balance	565,962,116	271,434,394
Add: Charge for the year	835,874,344	492,463,208
Prior year adjustment	(121,775,788)	(37,013,906)
Add: Super tax	309,858,163	73,500,736
	<u>1,589,918,835</u>	<u>800,384,432</u>
Payment / adjustment against advance tax	(407,493,859)	(234,422,316)
	<u>1,182,424,976</u>	<u>565,962,116</u>

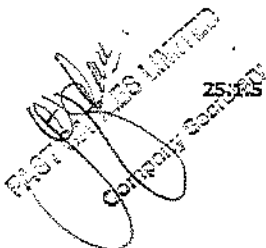
- 24.1** The provision for current year tax represents normal tax at rate of 29% and super tax of 10% (2022 : normal tax @ 29% and super tax of 4%).
- 24.2** Income tax assessments are deemed finalized by the management up to the Tax Year 2022 as tax returns were filed under the self assessment scheme.

Note 25

Contingencies and Commitments

25.1 Contingencies

- 25.1.1** The income tax department has raised demand of Rs. 109,488,035 in respect of tax year 2021 through an order dated August 31, 2022 under section 122(SA) of the Income Tax Ordinance, 2001. The Company has filed appeal against the demand before Commissioner Inland Revenue (CIR). The matter is still pending before CIR. The management foresee that no adverse outcome against the Company will arise based on the opinion of internal legal advisor, therefore no provision is recorded in these financial statements.
- 25.1.2** The income tax department has raised demand of Rs. 36,379,695 in respect of tax year 2019 through an order dated June 01, 2020 under section 122(SA) of the Income Tax Ordinance, 2001. The Company has filed appeal against the demand before Commissioner Inland Revenue Appeals (CIR(A)) who passed an order dated December 31, 2021 providing partial relief to the Company. Being aggrieved by partial relief, the Company filed appeal before Appellate Tribunal Inland Revenue (ATIR) on February 23, 2022. The Federal board of revenue has also filed cross appeal dated March 09, 2022 against the order of CIR(A) before ATIR. The matter is still pending adjudication. The management foresee that no adverse outcome against the Company based on the opinion of internal legal advisor, therefore no provision is recorded in these financial statements.
- 25.1.3** The income tax department has raised demand of Rs. 4,290,208 in respect of tax year 2020 through an order dated September 06, 2021 under section 122(SA) of the Income Tax Ordinance, 2001. The Company has filed appeal against the demand before Commissioner Inland Revenue (CIR). The matter is still pending before CIR. The management foresee no adverse outcome against the Company based on the opinion of internal legal advisor, therefore no provision is recorded in these financial statements.
- 25.1.4** The income tax department has raised demand of Rs. 28,779,628 in respect of tax year 2017 through an order dated October 31, 2018 under section 122(SA) of the Income Tax Ordinance, 2001. The Company has filed Appeal against the demand before Commissioner Inland Revenue appeals (CIR(A)) who passed an order dated September 6, 2019 giving partial relief and reducing tax demand to Rs. 7,539,449. Being aggrieved by partial relief, the Company filed appeal before Appellate Tribunal Inland Revenue (ATIR) on November 14, 2019. The Federal Board of Revenue has also filed cross appeal dated October 14, 2019 against the order of CIR(A) before ATIR. The matter is still pending before ATIR and the management foresee no adverse outcome against the Company based on the opinion of internal legal advisor, therefore no provision is recorded in these financial statements.
- 25.1.5** The income tax department has raised demand of Rs. 631,300 in respect of tax year 2014 through an order dated September 30, 2020 under section 122(SA) of the Income Tax Ordinance, 2001. The Company has filed appeal against the demand before Commissioner Inland Revenue (CIR) who has passed an order dated February 18, 2021 against the Company. Being aggrieved the Company filed appeal before ATIR and ATIR decided case in favour of Company on August 11, 2022. The Federal Board of Revenue has filed second appeal against the order of ATIR appeals before Honourable Lahore High Court. The matter is still pending before ATIR. Management foresee no adverse outcome against the Company based on the opinion of internal legal advisor, therefore no provision is recorded in these financial statements.


FAST CABLES LIMITED
Company Secretary

Note 25, Contingencies and Commitments - Continued...

- 25.1.6 The Company received an order under section 45B of The Sales Tax Act, 1990 dated September 15, 2021 and wherein the discrepancy has resulted in short payment of sales tax amounting to Rs. 1,791,138. Being aggrieved, the Company filed an appeal before the CIR(A) against the said order. The CIR(A) in its order dated April 04, 2022 annulled CIR order and remanded back the case to CIR for adjudication. The CIR again created same demand via its order dated June 22, 2023 and being aggrieved the Company filed appeal before CIR(A) which is pending adjudication. No liability on this account has been recognized in these financial statements as management expects favorable outcome of the case.
- 25.1.7 The Company has received an order dated March 26, 2019 in the matter of showcase notices issued to electric cables manufacturers by Competition Commission of Pakistan and imposed a penalty of Rs. 5,000,000. Being aggrieved, the Company filed an appeal before The Competition Appeal Tribunal against the said order which is pending for adjudication. No liability on this account has been recognized in these financial statements as management expects favourable outcome of the case.

25.2 Commitments

	<u>2023</u>	<u>2022</u>
	Rupees	Rupees
Letters of guarantee issued by banks on behalf of the Company	2,430,812,117	2,031,423,000
Letters of credit outstanding	2,878,565,199	433,817,077
Rentals of assets under ijarah arrangements		
- Due not later than one year	-	487,050
Commitments against capital work in process	-	125,000,000
	<u>5,309,377,316</u>	<u>2,590,727,127</u>

FAST CABLES LIMITED
 Company Secretary

Note 26
Revenue

	Note	2023 Rupees	2022 Rupees
Gross sales - local:		38,357,352,832	26,859,047,255
Export Sales:		290,339,877	-
		38,647,692,709	26,859,047,255
Less: Sales tax:		(5,789,143,592)	(3,880,928,268)
Net sales	26.1	32,858,549,117	22,978,118,987
26.1 All the revenue is recognised at a point in time.			
26.2 Geographical markets			
- Pakistan		32,568,209,240	22,978,118,987
- Saudi Arabia		263,895,516	-
- Ghana		26,444,361	-
		32,858,549,117	22,978,118,987

Note 27
Cost of Sales

	Note	2023 Rupees	2022 Rupees
Raw materials consumed	27.1	25,074,984,427	18,637,373,585
Salaries, wages and other benefits	27.2	563,603,457	452,704,353
Packing materials consumed		381,611,954	345,354,331
Utilities		412,971,265	301,420,392
Other factory overheads		108,184,084	65,268,285
Fuel and power		176,230,434	126,220,288
Repairs and maintenance		135,458,796	84,311,414
Insurance		20,157,142	16,075,820
Printing and stationery		2,072,878	1,710,256
Office supplies		1,318,863	1,282,240
Diminishing musharaka rentals / lease rentals		8,580,967	719,453
Entertainment		3,714,665	2,285,641
Depreciation on property, plant and equipment	4.3	271,858,771	253,759,913
Depreciation on right-of-use assets	5.1	6,859,368	4,788,922
		27,167,607,091	20,293,274,893
Work in process:			
- Opening stock		834,194,052	259,462,045
- Closing stock		(1,302,268,854)	(834,194,052)
Cost of goods manufactured		26,699,532,279	19,718,542,886
Finished goods:			
- Opening finished goods		2,243,605,102	1,837,553,700
- Finished goods purchases		789,265,983	207,644,130
- Closing finished goods		(2,767,640,596)	(2,243,605,102)
		265,230,489	(198,407,272)
		26,964,762,768	19,520,135,614
27.1 Raw materials consumed:			
Opening raw material		2,131,554,785	1,571,395,865
Purchases		26,539,617,881	19,197,532,505
Raw material consumed		(25,074,984,427)	(18,637,373,585)
Closing balance		3,596,188,239	2,131,554,785
27.2 This includes Rs. 37,165,683 (2022: Rs. 14,248,528) in respect of employees benefits.			

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FAST CABLES LIMITED
Company Secretary

Note 28
Distribution Cost

		2023	2022
	Note	Rupees	Rupees
Salaries and benefits	28.1	338,960,702	212,063,015
Advertisement		297,405,989	286,610,030
Carriage and freight		135,026,499	45,090,630
Vehicle running expenses		59,975,814	28,041,028
Rents, rates and taxes		3,637,088	3,642,196
Communication		3,664,842	3,435,303
Travelling and conveyance		19,679,128	15,344,970
Fees and subscription		28,100	47,632
Insurance		6,143,550	2,794,002
Printing and stationery		4,383,799	2,199,812
Entertainment		2,187,993	1,976,092
Ijarah rentals		-	6,063,430
Utilities		9,914,664	5,756,092
Repairs and maintenance		5,925,228	6,368,798
Internet charges		366,712	224,099
Diminishing musharaka rentals		9,682,354	2,064,253
Staff training		2,457,000	3,094,411
Miscellaneous		85,099	42,482
Inspections and testing charges		110,380,254	103,855,477
Depreciation on property, plant and equipment	4.3	24,599,764	11,533,785
Depreciation on right-of-use assets	5.1	26,498,398	12,693,087
		<u>1,061,002,977</u>	<u>752,940,624</u>

28.1 This includes Rs. 10,338,369 (2022: Rs.9,253,744) in respect of employees benefits.

Note 29
Administrative Expenses

		2023	2022
	Note	Rupees	Rupees
Salaries and benefits	29.1	254,884,375	180,780,391
Utilities		13,006,191	9,894,814
Insurance		4,957,946	3,158,506
Communication		6,459,108	5,053,614
Repairs and maintenance		11,173,689	8,331,461
Vehicle running charges		18,687,001	11,994,349
Travelling and conveyance		4,193,339	1,779,712
Fees and subscription		29,692,761	14,742,110
Rents, rates and taxes		-	1,797,464
Software license fees		7,460,679	4,616,333
Printing and stationery		4,803,261	1,682,287
Ijarah rentals		-	306,266
Office supplies		3,866,939	1,385,187
Legal and professional charges		13,147,385	12,733,075
Entertainment		3,344,506	1,274,302
Miscellaneous		2,416,747	275,224
Diminishing musharaka rentals		18,419,150	5,428,240
Depreciation on property, plant and equipment	4.3	47,736,295	20,903,700
Depreciation on right-of-use assets	5.1	12,879,847	13,081,311
		<u>457,129,219</u>	<u>299,218,346</u>

29.1 This includes Rs. 9,564,517 (2022: Rs. 5,688,940) in respect of employees benefits.

Note 30
Other Operating Expenses

		2023	2022
	Note	Rupees	Rupees
Charity and donations	30.1	216,256,307	112,595,015
Loss allowance	8.2	72,832,277	44,026,647
Workers' (profit) participation fund		153,731,150	86,808,746
Workers' welfare fund		61,971,633	37,966,137
Auditor's remuneration	30.2	1,600,000	1,260,000
		<u>508,391,367</u>	<u>282,656,545</u>

30.1 This represents amount paid to M/s Fatima Latif Welfare Trust. Three directors of the Company are included on the Board of Trustees of the donee.

Note 30, Other Operating Expenses - Continued...

30.2 Auditor's remuneration	2023	2022
	Rupees	Rupees
- Audit fee	900,000	750,000
- Half yearly review	350,000	510,000
- Other assurance services	350,000	-
	<u>1,600,000</u>	<u>1,260,000</u>

Note 31

Finance Cost

	2023	2022
	Rupees	Rupees
Markup on :		
- Short term borrowings	888,158,596	442,826,945
- Long term finance	80,598,032	31,566,624
- Lease liabilities	23,622,270	10,766,989
Bank charges	49,469,344	40,245,446
Interest on workers' (profit) participation fund	666,940	2,624,716
	<u>1,042,515,182</u>	<u>528,030,720</u>

Note 32

Other Income

	2023	2022
	Rupees	Rupees
Profit on bank deposits	38,821,154	16,262,893
Income from associates	13,418,496	-
Derecognition of lease liability	8,325,429	-
Reversal of provision against advance to employees	11,607,530	-
	<u>72,172,609</u>	<u>16,262,893</u>

Note 33

Taxation

	Note	2023	2022
		Rupees	Rupees
Current tax:			
- Current tax	24	835,874,344	492,463,208
- Super tax		309,858,163	73,500,736
- Prior year adjustment		(121,775,788)	(37,013,906)
		1,023,956,719	528,950,038
Deferred tax		135,166,859	43,352,441
		<u>1,159,123,578</u>	<u>572,302,479</u>

33.1 Reconciliation of tax charge for the year

Profit before taxation	<u>2,896,920,213</u>	<u>1,611,400,031</u>
Tax @ 29% on profit before taxation	840,106,862	531,762,010
Prior year adjustment	(121,775,788)	(37,013,906)
Super tax @ 10%	289,692,021	64,456,001
Other adjustments	15,933,624	(30,254,067)
	<u>1,023,956,719</u>	<u>528,950,038</u>

33.2 The current tax expense for the year is calculated using normal tax of 29% and super tax of 10% (2022: Normal tax @ 29% and super tax @ 4%). The tax rate was enacted through the Finance Act, 2022. Deferred tax assets and liabilities on temporary differences are measured at 39%.

Note 34

Cash Generated from Operations

	2023 Rupees	2022 Rupees
Profit before Taxation	2,896,920,213	1,611,400,031
Adjustments for:		
- Depreciation on property plant and equipment	344,194,830	286,197,398
- Depreciation on right of use asset	46,237,633	30,563,320
- Workers' (profit) participation fund	155,731,150	86,808,746
- Interest on workers' (profit) participation fund	666,940	2,624,716
- Provision for loss allowance	72,832,277	44,026,647
- Workers' welfare fund	61,971,633	37,966,137
- Gain on derecognition of lease liability	(8,325,429)	-
- Deferred Income	(143,405)	-
- Post employment benefits	33,698,160	10,506,439
- Finance cost	1,042,515,182	525,406,004
Operating profit before working capital changes	1,749,378,971	1,024,099,407
(Increase) / decrease in current assets		
- Stock-in-trade	(2,456,743,760)	(1,540,942,329)
- Trade debts	(1,958,986,740)	(2,528,164,887)
- Loans and advances	390,424,903	(746,804,658)
- Deposits and prepayments	(5,388,467)	(17,073,736)
- Tax refund due from the Government	59,899,428	(1,327,181)
- Other receivables	(191,419,091)	(48,473,854)
Increase in current liabilities		
- Trade and other payables	4,714,385,018	1,870,543,294
Cash Generated from / (Used in) Operations	552,171,291	(3,012,243,351)
	5,198,470,475	(376,743,913)

Note 35

Liabilities arising from Financing Activities

	As at June 30, 2022	Non-cash changes	Cash flows (Net)	As at June 30, 2023
	Rupees			
Long term financing	424,230,222	3,748,205	(2,496,896)	425,481,531
Diminishing musharaka finance	134,002,624	-	55,135,576	189,138,200
Lease liabilities	108,098,544	115,028,901	(55,393,273)	167,734,172
Sponsors' interest free loans	75,250,000	-	(75,250,000)	-
Short term borrowings	6,038,485,693	-	(1,685,475,220)	4,353,010,473
Total liabilities from financing activities	6,780,067,083	118,777,106	(1,763,479,813)	5,135,364,376
	As at June 30, 2021	Non-cash changes	Cash flows (Net)	As at June 30, 2022
	Rupees			
Long term financing	305,062,305	4,505,388	114,662,529	424,230,222
Dividend	-	-	(244,033,020)	(244,033,020)
Diminishing musharaka finance	41,916,250	92,086,374	-	134,002,624
Lease liabilities	91,087,196	54,273,868	(37,262,520)	108,098,544
Sponsors' interest free loans	-	-	75,250,000	75,250,000
Short term borrowings	3,239,126,120	-	2,799,359,573	6,038,485,693
Total liabilities from financing activities	3,677,191,871	150,865,630	2,707,976,562	6,536,034,063

Note 36
Remuneration of Chief Executive Officer, Directors and Executives

The aggregate amounts charged in the financial statements for the year as remuneration and benefits paid to the chief executive officer, directors and executives of the Company are as follows:

	Chief Executive Officer		Directors		Executives		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees		Rupees		Rupees		Rupees	
Managerial remuneration	36,920,000	31,200,000	39,420,000	27,600,000	186,548,850	165,727,788	262,888,850	224,527,788
Other benefits	4,651,107	2,600,000	4,790,000	2,300,000	26,396,544	13,810,649	35,837,851	18,710,649
	<u>41,571,107</u>	<u>33,800,000</u>	<u>44,210,000</u>	<u>29,900,000</u>	<u>212,945,394</u>	<u>179,538,437</u>	<u>298,726,501</u>	<u>243,238,437</u>
Number of persons	1	1	2	3	51	38	54	42

35.1 An executive is defined as an employee, other than the chief executive officer and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

35.2 The Company has provided company maintained vehicles to the Chief Executive Officer and two directors.

35.3 Meeting fee amounting to Rs. 1.150 million (2022: Nil) has been paid to directors of the Company.

Note 37
Balances and Transaction with Related Parties

Related parties comprise directors, associated undertakings in which directors are interested, key management personnel and staff retirement funds. Remuneration of key management personnel is disclosed in note 36 to these financial statements. Transactions with related parties are as follows:

Related party	Relationship	Nature of transactions	2023	2022
			Rupees	Rupees
Chief Executive Officer	Associated person	Sponsor's loan received	-	103,000,000
		Payment against purchase of land	486,420,000	-
		Rent paid	26,199,300	13,483,161
		Sponsor's loan repaid	75,250,000	27,750,000
Director	Associated person	Dividend paid	-	244,033,020
		Rent paid	11,863,261	10,784,783
Employees' Gratuity Fund	Retirement Benefit Fund	Contribution paid to gratuity fund	13,787,039	10,401,752
Staff Provident Fund	Retirement Benefit Fund	Contribution paid to provident fund	24,645,492	18,684,773
Fatima Latif Welfare Trust	Common directorship	Donations paid during the year	216,256,307	97,100,000
Bes-FCL-Mecons (Private) Limited	Joint venture	Sale of goods	31,735	-
		Advance received against sale of goods	170,350,000	-
		Short term loan paid	136,243,964	18,319,000
		Short term loan recovered	47,117,303	-
Barqtron - Fast (Private) Limited	Joint venture	Sale of goods	126,960	-
		Short term loan paid	222,790,015	29,144,854
		Short term loan recovered	174,631,314	-
Balance as at			<u>2023</u>	<u>2022</u>
			Rupees	Rupees
Sponsors' Interest free loans			-	75,250,000
Bes-FCL-Mecons (Private) Limited			101,776,127	18,319,000
Barqtron - Fast (Private) Limited			70,956,020	29,144,854

Note 38
Financial Risk Management

38.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

Note 38, Financial Risk Management - Continued...

(a) Market risk

(i) Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This exists due to the Company's exposure resulting from outstanding import and export payments. The Company is exposed to following currency rates risks:

	2023	2022
	Rupees	Rupees
Letters of credit commitments	2,878,565,199	433,817,077

The following exchange rates were applied during the year:

Rupees per foreign currency rate

Average rate - Rupees per US Dollar	246.95	182.2
Reporting date rate - Rupees per US Dollar	287.90	206.00

At June 30, 2023, if Pakistani Rupee had weakened / strengthen by 1% against the US dollars with all other variables held constant, pre-tax profit for the year would have been lower / higher by Rs. 287.857 million (2022: Rs. 43.38 million), mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from short and long-term borrowings. These are benchmarked to variable rates which expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates. The interest rate profile of the Company's interest-bearing financial instruments as at the reporting date is as follows:

Floating rate instruments

Financial assets:

Cash and bank balances	968,595,166	1,268,151,442
------------------------	-------------	---------------

Financial liabilities:

Short term borrowings	4,353,019,473	6,038,485,693
Long term Borrowings	425,481,531	429,229,736
Diminishing musharaka finance	189,138,200	134,002,624
Lease liabilities	167,734,172	108,098,544
	<u>5,135,364,376</u>	<u>6,709,816,597</u>

Cash flow sensitivity analysis for variable rate instruments

As at June 30, 2023, if interest rates on the Company's borrowings had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 41.568 million (2022: Rs. 54.417 million), mainly as a result of interest exposure on variable rate borrowings.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is not exposed to any market price risk.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

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FAST CABLES LIMITED
Company Secretary

Note 38, Financial Risk Management - Continued...

Credit risk of the Company arises from deposits, trade debts, other receivables and bank balances. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. As at June 30, 2023, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

	Note	2023 Rupees	2022 Rupees
Trade debts - (Unsecured - consider good)	8	7,984,437,748	6,098,283,285
Trade deposits	10	44,168,048	37,691,980
Other receivables	11	253,882,945	62,463,854
Cash and bank balances	12	968,595,166	1,268,151,442

The aging of trade debts as at reporting date is as follows:

	2023 Rupees	2022 Rupees
1 - 30 days	7,632,128,194	5,570,464,347
31 - 60 days	157,449,044	201,599,691
61 - 120 days	56,538,752	157,775,192
More than 120 days	138,321,758	168,444,055
	<u>7,984,437,748</u>	<u>6,098,283,285</u>

Customer credit risk is managed by each business unit subject to the Company's established policies, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Company does not hold collateral as security.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are operated in largely independent markets. The credit risk on liquid funds is limited because the counter parties are either banks (with reasonably high credit ratings) and trade receivables for which the exposure is spread over a large number of counter parties.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating Agency	2023	2022
	Short term	Long term		Rupees	Rupees
Muslim Commercial Bank	A1+	AAA	PACRA	2,776,746	15,359
Bank Alfalah Limited	A1+	AA+	PACRA	41,807,819	77,120,324
Dubai Islamic Bank	A1+	AA	JCR-VIS	97,489	631,922
Habib Bank Limited	A1+	AAA	PACRA	229,314,257	138,202,770
Faysal Bank Limited	A1+	AA	PACRA	30,878,494	300,358,433
Bank Al Habib Limited	A1+	AAA	PACRA	16,266,873	124,861,623
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	5,638,276	110,228,812
Askari Bank Limited	A1+	AA+	PACRA	51,424,524	145,343,413
Standard Chartered Bank	A1+	AAA	PACRA	983,127	31,142,393
Summit Bank Limited	A-3	BBB-	PACRA	237,243,124	192,433,951
Allied Bank Limited	A1+	AAA	PACRA	19,584,449	56,160,415
Soneri Bank Limited	A1+	AA-	PACRA	1,284,523	2,415,419
Bank Islami Pakistan Limited	A1	AA-	PACRA	22,126,893	32,529,838
Bank of Punjab	A1+	AA+	PACRA	44,405,122	49,338,939
Al Baraka Bank Limited	A-1	A+	JCR-VIS	5,740	255,740
Meezan Bank Limited	A1+	AAA	PACRA	255,767,901	-
United Bank Limited	A1+	AAA	JCR-VIS	1,000,000	-
				<u>960,605,357</u>	<u>1,261,039,351</u>

FAST CABLES LIMITED
Company Secretary

Note 38, Financial Risk Management - Continued...

(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios and maintaining debt financing plans. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

Contractual maturities of financial liabilities as at June 30, 2023:

Description	Carrying Amount	Contractual cash flows	Within 1 year	2-5 Years	Above 5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees
Long-term financing	425,481,531	510,577,837	139,038,252	371,539,585	-
Diminishing musharakahh finance	189,138,200	198,441,473	85,074,541	113,366,932	-
Lease liabilities	167,734,172	264,482,970	74,301,847	190,181,123	-
Trade and other payables	9,215,196,803	9,215,196,803	9,215,196,803	-	-
Accrued markup	193,658,508	193,658,508	193,658,508	-	-
Short term borrowings	4,353,010,473	5,310,672,777	5,310,672,777	-	-
	<u>14,544,219,687</u>	<u>15,693,030,368</u>	<u>15,017,942,728</u>	<u>675,087,640</u>	<u>-</u>

Contractual maturities of financial liabilities as at June 30, 2022:

Description	Carrying Amount	Contractual cash flows	Within 1 year	2-5 Years	Above 5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees
Long-term financing	424,230,222	486,047,406	219,571,972	266,475,434	-
Diminishing musharakahh finance	134,002,624	140,593,905	60,274,507	80,319,398	-
Lease liabilities	108,098,543	152,514,103	28,087,934	124,426,169	-
Trade and other payables	4,549,576,613	4,549,576,613	4,549,576,613	-	-
Accrued markup	162,056,995	162,056,995	162,056,995	-	-
Short term borrowings	6,038,485,693	6,893,236,778	6,893,236,778	-	-
	<u>11,416,450,690</u>	<u>12,384,025,800</u>	<u>11,912,804,799</u>	<u>471,221,001</u>	<u>-</u>

(d) Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. Fair value is determined on the basis of objective evidence at each reporting date. The management believes that the fair values of financial assets and financial liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

38.2 Financial instruments by categories

Financial asset as at amortized cost

	2023	2022
	Rupees	Rupees
Trade debts - (Unsecured - consider good)	7,984,437,748	6,098,283,285
Trade deposits	44,168,048	37,691,980
Other receivables	253,882,945	62,463,854
Cash and bank balances	968,595,166	1,268,151,442
	<u>9,251,083,907</u>	<u>7,466,590,561</u>

The Company did not possess any financial assets designated as fair value through profit or loss and fair value through other comprehensive income categories.

Financial liabilities at amortized cost

	2023	2022
	Rupees	Rupees
Long-term financing	425,481,531	424,230,222
Diminishing musharaka finance	189,138,200	134,002,624
Lease liabilities	167,734,172	108,098,543
Trade and other payables	9,215,196,803	4,549,576,613
Accrued markup	193,658,508	162,056,995
Short term borrowings	4,353,010,473	6,038,485,693
	<u>14,544,219,687</u>	<u>11,416,450,690</u>

FAST CABLES LIMITED
Company Secretary

Note 39
Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus property, plant and equipment without affecting the optimal operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with the industry norms, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

	2023 Rupees	2022 Rupees
Total borrowings	4,967,630,204	6,596,718,539
Cash and bank balances	(968,595,166)	(1,268,151,442)
Net debt	3,999,035,038	5,328,567,097
Equity	7,662,335,586	5,659,140,801
Total capital employed	11,661,370,624	11,027,707,898
Gearing ratio	34.29%	48.32%

Note 40
Plant Capacity and Actual Production

The production capacity of the plant cannot be determined as this depends on the relative proportions of the various types and sizes of cables and wires and type of aluminium sections produced.

Note 41
Number of Employees

	2023 Number	2022 Number
Employees as at June 30	1,388	1,282
Average employees during the year	1,320	1,120

Note 42
Authorization of Financial Statements

These financial statements were approved and authorized for issue on 30 SEP 2023 by the Board of Directors of the Company.

Note 43
General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. The following re-arrangements have been made in these financial statements for better presentation:

Nature	Transferred from	Transferred to	Amount Rupees
Post employment benefits	Deferred liabilities (Note 20)	Post employment benefits (Note 19)	126,786
Long term Investment	Other receivables (Note 11)	Long term investment (Note 6)	1,010,000


Chief Executive Officer


DIRECTOR