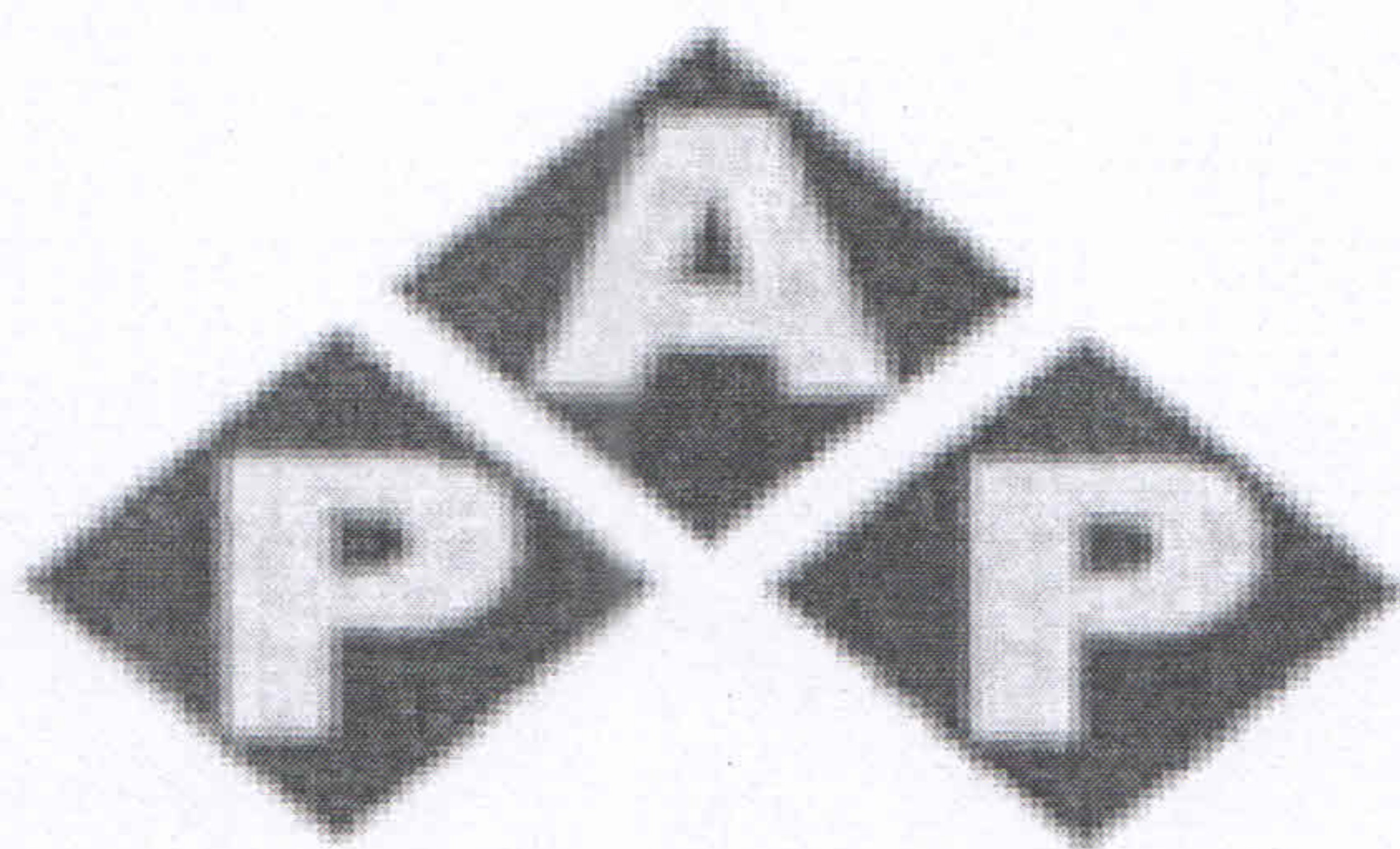


Interim Financial Statements
For the Quarter Ended 31 March 2024
(Un-Audited)



Pak Agro Packaging Limited

COMPANY INFORMATION

Board of Directors:

Mrs Kaisra Jabeen Butt
Chairperson of the Board / Non-executive Director

Dr Safdar Ali Butt
Chief Executive / Director

Dr. Tariq Javed
Chief Financial Officer / Director

Dr. Mubarak Hussain Haider
Independent Director

Mohammad Javed
Independent Director

Mr Iftkhar Mahmood
Independent Director

Mr Nazir Ahmed Shaheen
Independent Director

External Auditor

Masoom Akhtar & Co.
Chartered Accountants
6th Floor, ISE Tower, Blue Area, Islamabad
Phone: 051-2894652
Fax: 051-2894651

Share Registrar

CDC Share Registrar Services Limited,
CDC House, 99-B, Block 'B',
SMCHS Main Shakra-e-Faisal, Karachi-74400
Phone: +92 21 111 111 500; Fax: +92 21 34326053
Website: www.cddcsrsl.com

Legal Advisor

Mr Abid Hussain Mirza
Islamabad

Registered Office & Factory

Plot # 22-23 Phase – IV
Hattar Industrial Estate, Hattar KPK.
Phone: +92 995 352547

Corporate Head Office

Third Floor, Green Trust Tower
Jinnah Avenue, Blue Area, Islamabad.
Phone: +92 51 8311645

Contact us:

Phone: +92 51 8311645
www.pakagro.com
info@pakagro.com

DIRECTORS' REPORT

Your directors are pleased to present their report on the nine months of the current financial year that ended on 31 March 2024.

Market Outlook

Our main market, namely the agricultural sector of the country, has still not recovered from the impact of recent ravaging floods. This has severely impaired the demand for our products in that sector. Farmers are still struggling to get back on their feet, facing considerable difficulties in preparing their lands for crop plantation. A major chunk of our sales relates to green shades whose demand peaks in summer. With continued rains, the farmers and our distributors have still not started to buy their requirements for summer. However, some stability in the value of Pak rupee has lead to stable prices for imported raw materials, making things slightly bearable. While we hope that the market will improve in the near future, it would be unwise to assume any major positive change in the economic landscape of the country. Jan to March follows the off-season quarter for your Company where its sales begin to pick up after recording lowest quarterly revenue in the previous quarter. Our sales revenue for the quarter at Rs 169.9 million was 32.6% higher than in corresponding quarter last year. We are hopeful that our sales will pick up further in the last quarter of the current financial year to give a degree of respectability to our annual results.

Operating Results

We recorded total sales of Rs 600.0 million and a gross profit of Rs 77.4 million in the nine months ended 31 March 2024. Our costs continue to rise due to exchange rate factor but we are at present unable to fully pass the impact of this increase to our customers due to the generally depressed economic situation of the market, particularly in the agricultural sector. Our gross profit margin, at 28.93% of sales was well above the previous year's margin of 15.2%.

Our fish net manufacturing plant is now contributing significantly to our sales volumes. With sales to agriculture sector considerably reduced, we were able to sustain the total sales revenue due to fish nets. We hope that as the demands for our products used by farmers rises in coming months for seasonal and economical reasons, our sales target for the year will be met.

During the quarter, certain back processes machines costing Rs 110.78 million were added to our plant, strengthening our back process for green shades and fish nets manufacturing. This has led us to balancing our plant and it will serve your company well in coming quarters.

Due to constrained forex situation and resultant difficulties in opening letters of credit for import of raw materials, your company took some brave measures to build up adequate stocks to ensure continued production during the coming peak season. This has caused significant increase in both stock levels and current borrowings, leading to higher financial expenses in the quarter ending 31 March 2024.


We recorded a profit before tax of Rs 33.7 million and profit after tax of Rs 23.8 million for the nine months under review, translating to 19.2% and 19.4% respectively over comparable period of last financial year.

IPO Funds Proceeds

As reported in previous quarter, all of our IPO funds had been expended by the end of Sept 2022.

Acknowledgement

We wish to thank all our employees and business associates for the cooperation during the nine months ended 31 March 2024.



**Chief Financial Officer
Director**



**Chief Executive
Director**

Pak Agro Packaging Limited
Statement of Financial Position as at March 31, 2024

<u>Equity and liabilities</u>	<u>Note</u>	<u>March 2024 (Rupees)</u>	<u>June 2023 (Rupees)</u>
Share capital and reserves			
Share capital			
Reserves	6	200,000,000	200,000,000
Loan from Directors	7	107,283,257	107,283,257
Revenue reserves	8	2,000,000	-
Unappropriated profit		89,043,865	65,147,370
		<u>398,327,122</u>	<u>372,430,627</u>
Non-current liabilities			
Obligation against assets subject to finance lease	9	44,191,869	30,793,518
Deferred taxation	10	24,285,667	24,285,667
Employees' Gratuity Fund	11	332,797	2,735,478
		68,810,333	57,814,663
Current liabilities			
Running finance	12	79,997,965	60,531,204
Current maturity of long term liabilities	13	1,152,869	8,320,043
Accrued and other liabilities	14	65,256,594	18,426,137
Taxation - net	15	(1,575,227)	2,512,923
		144,832,201	89,790,307
Contingencies and commitments			
	16	-	-
		<u>611,969,657</u>	<u>520,035,597</u>
Property and assets			
Non-current assets			
Operating fixed assets	17	289,417,320	209,891,646
Long term deposits	18	19,542,079	11,162,947
Current assets			
Stock in trade	19	269,475,548	186,335,863
Trade debts	20	13,768,366	83,439,432
Advances and other receivables	21	15,662,468	5,761,969
Prepayments	22	84,430	2,750,973
Cash and bank balances	24	4,019,446	20,692,767
		303,010,257	298,981,004
		<u>611,969,657</u>	<u>520,035,597</u>

The annexed notes 1 to 40 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive

Pak Agro Packaging Limited
Statement of Profit or Loss
For the period ended March 31, 2024

	Note	09 Months Ended		Quarter Ended	
		31st March 2024 (Rupees)	31st March 2023 (Rupees)	31st March 2024 (Rupees)	31st March 2023 (Rupees)
Sales	25	600,024,409	390,691,388	169,877,089	128,064,847
Cost of sales	26	522,657,219	338,482,135	144,085,774	112,056,741
Gross profit		77,367,190	52,209,253	25,791,315	16,008,106
Operating expenses					
Administrative	27	20,274,071	17,602,805	6,682,266	4,075,300
Selling and distribution	28	185,110	1,005,000	85,500	978,500
Profit from operations		20,459,181	18,607,805	6,767,766	5,053,800
Financial expenses	29	56,908,009	33,601,448	19,023,549	10,954,306
Other charges	30	19,324,321	13,689,231	10,048,775	6,245,479
		3,926,653	2,318,500	1,312,625	759,561
		23,250,973	16,007,731	11,361,399	7,005,040
Other income	31	33,657,035	17,593,717	7,662,149	3,949,266
		-	809,382	-	-
Profit for the year before taxation		33,657,035	18,403,099	7,662,149	3,949,266
Taxation	32	9,760,540	5,860,371	2,222,023	1,920,973
Profit for the year		23,896,495	12,542,728	5,440,126	2,028,293
Basic and diluted earnings per share (PKR)		1.19	0.59	0.27	0.10

The annexed notes 1 to 40 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive

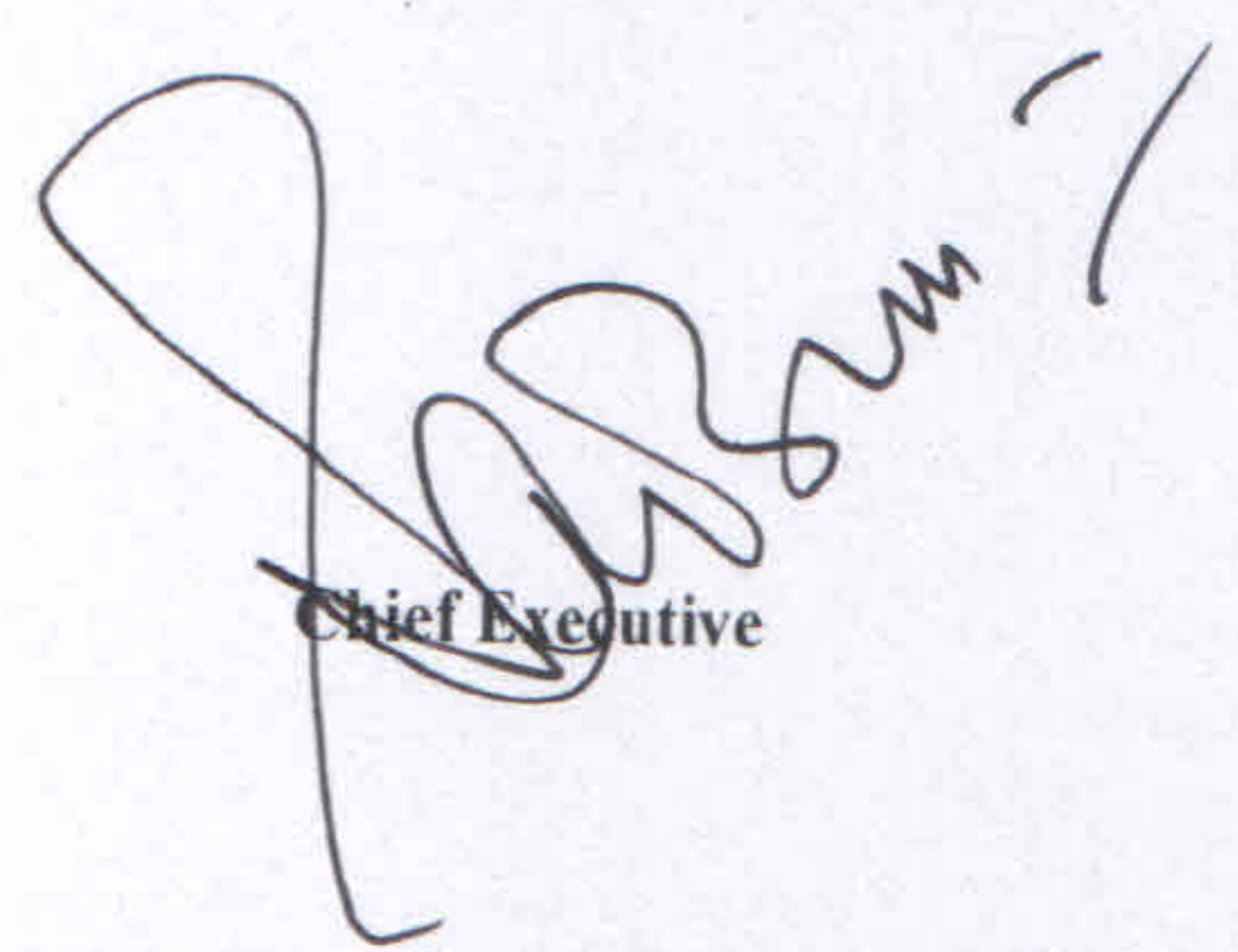
Pak Agro Packaging Limited
Statement of Comprehensive Income
For the period ended March 31, 2024

	09 Months Ended		Quarter Ended	
	31st March 2024	31st March 2022	31st March 2024	31st March 2022
Profit for the year after taxation	23,896,495	12,542,728	5,440,126	2,028,293
Other comprehensive income				
Items that will not be classified to profit or loss				
Remeasurement gain on staff retirement benefit plan	-	-	-	-
Total comprehensive income for the year	<u>23,896,495</u>	<u>12,542,728</u>	<u>5,440,126</u>	<u>2,028,293</u>

The annexed notes 1 to 40 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive

Pak Agro Packaging Limited
Statement of Cash Flows
For the period ended March 31, 2024

		09 Months Ended	
		March <u>2024</u> (Rupees)	March <u>2023</u> (Rupees)
Cash flow from operating activities			
Profit for the year before taxation	Note	33,657,035	18,403,099
Adjustments for:			
Depreciation		19,120,932	22,156,149
Gain on disposal of assets	(17.2.1)	-	-
		19,120,932	22,156,149
Operating profit before working capital changes		52,777,968	40,559,248
Increase/(decrease) in:			
Stock in trade		(83,139,685)	(68,305,115)
Trade debtors		69,671,066	(23,849,107)
Advances and other receivables		(9,900,499)	(1,361,977)
Pre-payments		2,666,543	(737,338)
		(20,702,575)	(94,253,537)
Increase/(decrease) in:		32,075,393	(53,694,289)
Current liabilities		44,317,535	(3,370,416)
Cash flow from operating activities		76,392,928	(57,064,705)
Tax deducted at source		(11,335,767)	(5,120,568)
Net cash flow from operating activities		65,057,162	(62,185,273)
Cash flow from investing activities			
Fixed capital expenditures		(110,787,005)	(7,608,263)
Capital work in progress		12,140,398	-
Long term deposits		(8,379,132)	(5,870,381)
Short term investment		-	30,000,000
Deposit against vehicles		-	(2,427,789)
Net cash flow from investing activities		(107,025,739)	14,093,567
Cash flow from financing activities			
Asset subject to finance lease		6,231,177	26,660,111
Loan from directors		2,000,000	-
Share capital		-	-
Running finance facility		19,466,761	8,114,449
Provision for gratuity		(2,402,681)	(2,616,115)
Net cash flow from financing activities		25,295,257	32,158,445
Net increase/(decrease) in cash and cash equivalents		(16,673,321)	(15,933,261)
Cash and cash equivalent in the beginning of the year		20,692,767	28,320,186
Cash and cash equivalent at the end of the year	(24)	4,019,446	12,386,925

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Financial Officer

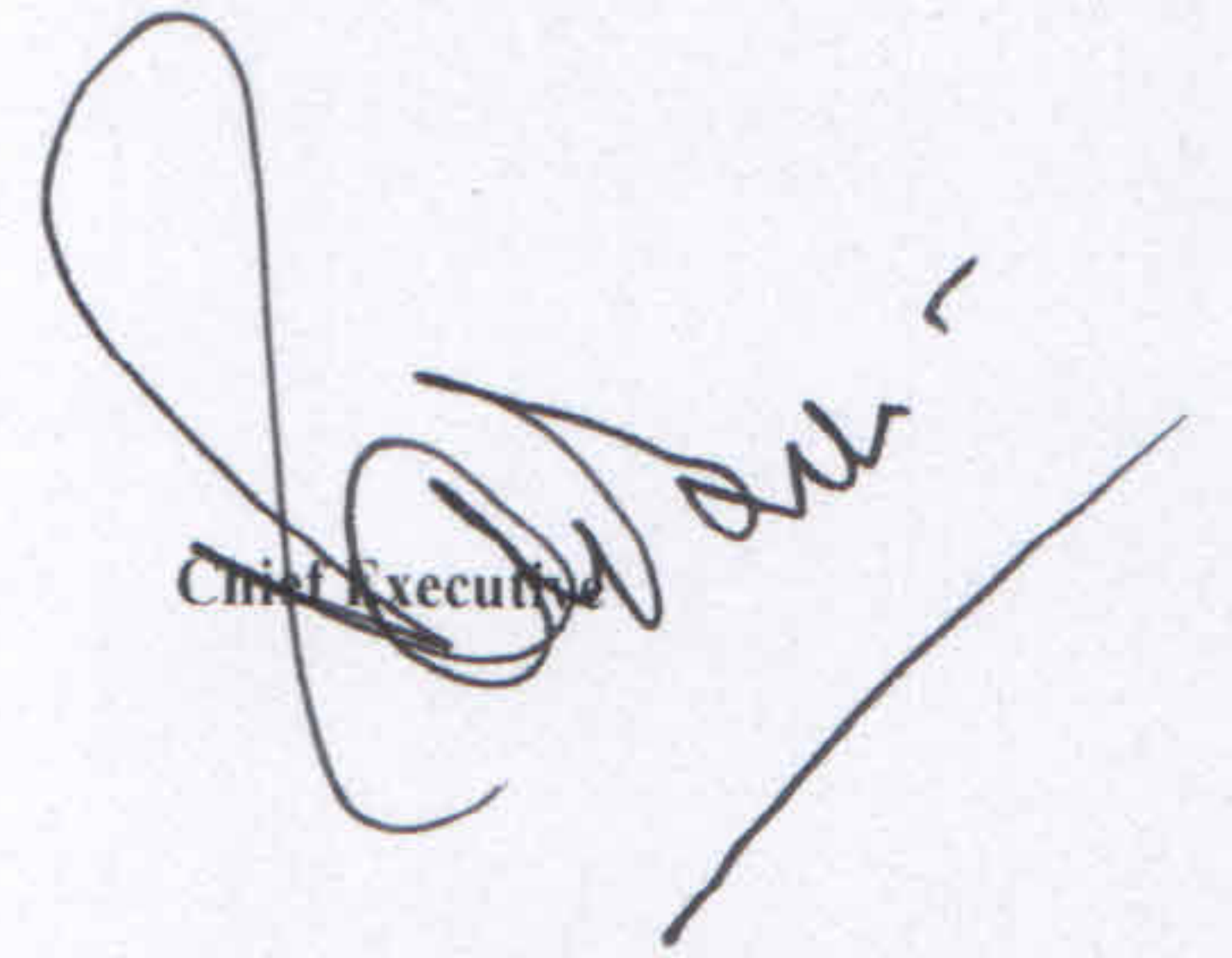
Chief Executive

Pak Agro Packaging Limited
Statement of Changes in Equity
For the period ended March 31, 2024

	Share capital	Capital reserves	Interest free loan from directors	Accumulated profit/(loss)	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2022	200,000,000	107,283,257	-	46,703,047	353,986,304
Total comprehensive income for the year	-	-	-	18,444,323	18,444,323
Balance as at June 30, 2023	200,000,000	107,283,257	-	65,147,370	372,430,627
Total comprehensive income for the year	-	-	2,000,000	23,896,495	25,896,495
Balance as at March 31, 2024	200,000,000	107,283,257	2,000,000	89,043,865	398,327,122

The annexed notes 1 to 40 form an integral part of these financial statements.


 Chief Financial Officer


 Chief Executive

Pak Agro Packaging Limited
Notes to the Financial Statements
For the period ended March 31, 2024

1. Company and its operations

The company was incorporated initially with the name and style 'Kohsar Tyres (Private) Limited' under the Companies Ordinance, 1984 (now repealed the Companies Act, 2017) on February 18, 1989. The name of the company was thereafter changed to Mian & Khan Industries (Private) Limited on March 31, 1999 and again changed as 'Pak Agro Packaging (Private) Limited' on August 24, 2000. The status of company was converted from private limited to public limited company on June 19, 2022 and is listed at gem board of the Pakistan Stock Exchange. The main object of the company is manufacturing of net bags and green shades for green houses and to provide services to manufacture the same. The company owns a manufacturing unit in Industrial Estate, Hattar. The registered office of the company is situated at Plot No. 23, Phase IV, Haripur, Khyber Pakhtunkhwa, Hattar Industrial Estate, Hattar.

Geographical location and addresses of major business units including mills /plant of the company are as under:

Hattar Plot No. 23, Phase IV, Haripur, Khyber Pakhtunkhwa, Hattar Industrial Estate, Hattar.	Purpose Registered office and Production Plant
Islamabad Office No 302, 3rd Floor, Green Trust Tower, Jinnah Avenue, Islamabad	Head office

2. Statement of compliance and significant accounting estimates

2.1) Statement of compliance

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

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

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

2.2) Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's financial currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee.

2.3) Significant accounting estimates

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

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

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.4) **Property, plant and equipment**

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

2.5) **Impairment**

The Company reviews the value of its assets for possible impairment on an annual basis. Any change in estimate in future years, might effect the carrying amount of the respective asset with the corresponding effect on impairment.

2.6) **Standards, interpretations and amendments to the approved accounting standards**

- There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Company's financial statements.

- Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

Effective date
(annual reporting
periods beginning
on or after)

IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2023
IAS 8	Accounting Policies, Changing in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IFRS 4	Insurance Contracts (Amendments)	January 1, 2023
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2023
IFRS 7	Financial Instruments	January 1, 2023
IFRS 16	Leases (Amendments)	January 1, 2024

- The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.

- Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2023;

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts
IFRIC 12	Service concession arrangements

3. **Significant accounting policies**

The principle accounting policies which have been adopted in the preparation of these accounts are as follows:

3.1) **Accounting convention**

These accounts have been prepared under the historical cost convention, without any adjustments for the effects of inflation or current values.

3.2) **Property, plant and equipment**

- These are stated at cost less accumulated depreciation and impairment losses, if any, except lease hold land;
- Depreciation is charged on the reducing balance method;
- A full month's depreciation is charged in the month of addition and no depreciation is charged in the month of disposal;
- Gain or loss on disposal of fixed assets, if any, is included in current year's income;
- Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

- **Leased assets**

The company is the lessee.

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.

From July 01, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustments made to the carrying amount of right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

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 and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

3.3) **Staff retirement benefits**

The company operates a non-contributory, unapproved and unfunded gratuity scheme for its permanent employees, who have completed minimum period of one year service. The liability is calculated with reference to the last salary drawn and the length of service of the employee.

3.4) **Impairment**

The carrying amount of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized in the profit and loss account. Where an impairment loss subsequently reverse, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the initial cost of the asset. A reversal of the impairment loss is recognized in the profit and loss account.

3.5) **Stock and spares**

These are valued at moving average cost except for the items in transit which are valued at invoice price and related expenses incurred up to the balance sheet date.

3.6) **Stock in trade**

These have been valued as under:

- Raw material - At first in first out.
- Work in process - At weighted average cost.
- Finished goods - At lower of cost, calculated on first in first out (FIFO) basis and net realizable value.
- Packing material - At first in first out.

3.7) **Bad debts**

These are stated at book value. Debts considered bad are provided for or written off and no general provision for the bad and doubtful debt is maintained.

3.8) **Taxation**

3.8.1) **Current tax**

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account available tax rebates and credits.

3.8.2) **Deferred tax**

Deferred tax is recognized in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent

3.9) **Revenue recognition**

Revenue from sale is recognized on dispatch of goods to customers, while processing fee on issuance of invoice to customers.

4. **Dividend and appropriation to reserves**

Dividend and other appropriation to reserves are recognized in the period in which they are approved.

5. **Financial instruments**

Financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument and de-recognized when the company loses control of the contractual rights that comprise the financial assets and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item as shown below:

a) **Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

b) **Provisions**

Provisions are recognized when a company has a legal or constructive obligation as a result of past event if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

c) **Trade and other receivables**

Trade receivables and other receivables are recognized and carried at original invoice amount/cost less an allowance for any uncollectible amounts.

d) **Cash and cash equivalents**

Cash in hand and at banks are carried at fair value. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand and balances at banks.

	March 2024 (Rupees)	June 2023 (Rupees)
6. <u>Share capital</u>		
Authorized capital		
40,000,000 ordinary shares of Rs... 10/= each	400,000,000	400,000,000
Issued, subscribed and paid-up capital		
Shares issued for cash		
17,350,000 ordinary shares of Rs... 10/= each in cash	173,500,000	173,500,000
Issued as fully paid bonus shares		
2,650,000 ordinary shares of Rs... 10/= each	26,500,000	26,500,000
	<u>200,000,000</u>	<u>200,000,000</u>
7. <u>Reserves</u>		
Composition of reserves is as follows:		
Premium on issuance of shares	107,283,257	118,000,000
Less: IPO charges	-	8,479,343
Brokerage commission paid on issuance of shares	-	2,237,400
	<u>107,283,257</u>	<u>107,283,257</u>

This reserve can be utilized by the Company only for the purposes specified in Section 81 of The Companies Act, 2017.

8. Loan from Director

This represents the amount received interest free loan from directors and payable within one year.

9. Obligation under finance lease

Value of assets	30,793,518	7,129,849
Add: Addition during the year	18,744,294	35,843,181
	49,537,812	42,973,030
Less: Payments made upto the year	5,345,943	3,859,469
Present value of minimum lease payment	44,191,869	39,113,561
Less: Current maturity	-	8,320,043
	<u>44,191,869</u>	<u>30,793,518</u>
The amount of future payments and the periods in which they become due are as follows:		
June 30, 2024	7,254,733	13,474,272
June 30, 2025	15,283,648	13,683,648
June 30, 2026	16,567,017	9,567,017
June 30, 2027	18,307,041	14,307,041
	57,412,439	51,031,978
Less: Lease financial charges allocable for future periods	13,220,570	11,918,417
	44,191,869	39,113,561
Less: Current maturity of finance lease	-	8,320,043
	<u>44,191,869</u>	<u>30,793,518</u>

The value of minimum lease rental payments has been discounted at 3 months KIBOR + 4% per annum. Liabilities are partly secured against deposit of 35% of the asset value included in long term security deposits (Note 17). Title to the assets acquired under the leasing arrangements are transferrable to the Company upon payment of entire lease obligations.

10. Deferred taxation

The balance of deferred tax is in respect of following temporary differences:
Accelerated depreciation on property plant and equipment

	24,285,667	24,285,667
	<u>24,285,667</u>	<u>24,285,667</u>

11. Employees' gratuity fund

Balance at beginning of the year
Add: Provision for the year

	2,735,478	2,069,710
	-	2,642,456
	<u>2,735,478</u>	<u>4,712,166</u>
	<u>(2,402,681)</u>	<u>(1,976,688)</u>
	<u>332,797</u>	<u>2,735,478</u>

Less: Paid to outgoing members

12. Running finance

The Bank of Khyber

(12.1)	79,997,965	60,531,204
	<u>79,997,965</u>	<u>60,531,204</u>

12.1) The Bank of Khyber has renewed and enhanced the running finance facility limit from Rs.. 40 million to Rs.. 50 million on November 01, 2022 to meet working capital requirements of the company at mark up rate to be recovered on quarterly basis as follows:

- Rebated: Three months KIBOR plus 300 bps p.a. if markup is paid within 15 days from due date;
- Un-rebated: Three months KIBOR plus 500 bps p.a. if markup is paid after 15 days from due date.

The Letter of Credit- DA(Usance LC) - Import facility of 50 million at a cash margin of 20% or as prescribed by SBP whichever is higher (profit free) at a markup rate of three months KIBOR plus 500 bps with no floor and no cap.

These facilities are secured by way of:

- 1st Exclusive Hypothecation charge of Rs... 107 million duly registered with SECP over Company's stock with 25% margin against running finance facility;
- Against LC's, cash margin of 20% or as prescribed by SBP whichever is higher (profit free) and accepted bills of exchange duly signed/stamped by borrower;

Common Securities against all credit facilities:

- Token registered mortgaged for Rs.. 150,000/= & remaining equitable mortgage to cover DP Note amount over Company's present & future fixed assets (land, building, plant & machinery) (existing & new) located at Plot No. 22 & 23, Phase 04, measuring 02 Acres, Situated at Industrial Estate, District Hattar, KPK.
- 1st exclusive charge of Rs 194 million by way of Memorandum of Deposit of Title (MODTD) & letter of hypothecation over Company's present & future fixed assets (land, building, plant & machinery) (existing & new) located at Plot No. 22 & 23, Phase 04, measuring 02 Acres, Situated at Industrial Estate, District Hattar, Khyber Pakhtunkhwa.
- Personal guarantees of all the directors of the company.

These facilities are valid up to October 31, 2024.

13. Current maturity of long term liabilities

This represents current maturity of followings

- Finance lease

	March 2024 (Rupees)	June 2023 (Rupees)
(7)	1,152,869	8,320,043
	<u>1,152,869</u>	<u>8,320,043</u>

14. Accrued and other liabilities

FATR liability
Workers' profit participation fund
Salaries payable
Workers' welfare fund
Sales tax payable
Postal life insurance
WHT Payable
Mark up payable
Audit fee
Lease finance payable

14.1)	38,197,001	-
	11,613,668	8,768,268
	11,089,663	3,338,090
	1,984,846	2,012,836
	-	1,145,797
	776,161	546,680
	1,595,255	-
	-	1,812,415
	-	700,000
	-	102,051
	<u>65,256,594</u>	<u>18,426,137</u>

14.1) The Bank of Punjab has provided Finance Against Trust Receipts (FATR) of Rs.. 50 million on November 06, 2023 to retire SLCs and bank contracts at sight established for import of raw material through BOP only.

- Base Rate + 300bps p.a for 90 days.
- After 90 days as per BOP's Schedule of Charges.

These facilities are valid up to September 30, 2024.

15. **Taxation - net**

Provision for taxation	9,760,540	13,075,444
Tax deducted at source	(11,335,767)	(10,562,521)
	<u>(1,575,227)</u>	<u>2,512,923</u>

16. **Contingencies and commitments**

a) **Contingencies**

Currently there are no contingencies against the company in foreseeable future.

b) **Commitments**

There are no commitments made by the company.

17. **Operating fixed assets**

Property, plant and equipment	(17.1)	289,417,320	197,751,248
Capital work in progress	(17.2)	-	12,140,398
		<u>289,417,320</u>	<u>209,891,646</u>

17.1) **Property, plant and equipment**

Description	Land lease hold	Factory building on Lease hold land	Motor vehicles	Plant and machinery	Electric Installation	Tools and equipment	Furniture and fixtures	Office equipment	Electrical equipment	Motor cycle	Computers	Right of use asset		Total
												Motor vehicle	Machinery	
As at July 01, 2022														
Cost	1,565,250	55,904,245	15,123,140	278,301,731	5,409,037	1,518,578	1,138,264	1,499,222	1,103,590	175,192	342,920	11,054,234	12,972,643	384,828,046
Accumulated depreciation	-	(15,771,669)	(3,654,530)	(176,296,745)	(3,987,905)	(772,867)	(639,446)	(669,522)	(986,917)	(160,642)	(335,808)	(5,429,684)	(1,358,172)	(210,063,367)
Net book value	1,565,250	40,132,576	11,468,610	102,004,986	1,021,132	745,711	518,818	829,700	116,673	15,150	7,052	5,624,549	10,714,471	174,764,679
Annual rate of depreciation (%)	-	5	15	15	15	15	15	15	15	15	30	15	15	-
Year ended June 30, 2023														
Opening net book value	1,565,250	40,132,576	11,468,610	102,004,986	1,021,132	745,711	518,818	829,700	116,673	15,150	7,052	5,624,549	10,714,471	174,764,678
Additions	-	1,941,000	3,267,797	4,416,265	401,100	411,198	-	176,300	35,000	-	293,000	2,950,000	38,419,172	52,310,832
Disposals/adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	(1,875,000)	-	-	-	-	-	-	-	-	-	-	(1,875,000)
Adjustment De(Cr)	-	-	11,054,234	-	-	-	-	-	-	-	-	(11,054,234)	-	-
Depreciation	-	-	(4,191,124)	-	-	-	-	-	-	-	-	5,429,684	-	1,238,560
Depreciation charge	-	(2,079,416)	(2,686,517)	(15,267,501)	(172,947)	(159,064)	(77,823)	(135,474)	(19,688)	(2,272)	(46,066)	(5,624,550)	(7,370,046)	(28,687,823)
Closing net book value	1,565,250	39,994,160	17,038,000	90,853,749	1,249,284	997,845	440,996	870,526	131,985	12,877	253,986	2,765,625	41,763,596	197,751,247
As at July 01, 2023														
Cost	1,565,250	57,845,245	27,570,171	282,717,996	5,410,137	1,929,776	1,138,264	1,675,522	1,138,590	175,192	635,920	2,950,000	50,491,815	435,263,878
Accumulated depreciation	-	(17,851,085)	(10,532,171)	(191,864,247)	(4,160,853)	(931,931)	(717,268)	(804,996)	(1,006,605)	(162,315)	(381,934)	(184,375)	(8,728,219)	(237,512,631)
Net book value	1,565,250	39,994,160	17,038,000	90,853,749	1,249,284	997,845	440,996	870,526	131,985	12,877	253,986	2,765,625	41,763,596	197,751,248
Annual rate of depreciation (%)	-	5	15	15	15	15	15	15	15	15	30	15	15	-
Year ended March 31, 2024														
Opening net book value	1,565,250	39,994,160	17,038,000	90,853,749	1,249,284	997,845	440,996	870,526	131,985	12,877	253,986	2,765,625	41,763,596	197,937,880
Additions	-	2,114,705	-	89,530,981	18,500	-	18,000	307,224	-	-	53,300	-	18,744,294	110,787,005
Disposals/adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment De(Cr)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(1,409,781)	(1,916,775)	(10,221,047)	(140,545)	(112,258)	(49,612)	(97,934)	(14,848)	(1,449)	(57,147)	(311,133)	(4,698,405)	(19,120,932)
Closing net book value	1,565,250	40,609,084	15,121,225	170,163,684	1,127,240	885,588	409,384	1,079,816	117,136	11,428	250,140	2,454,492	55,809,486	209,417,320
As at July 01, 2023														
Cost	1,565,250	59,959,950	27,570,171	372,248,970	5,428,637	1,929,776	1,176,264	1,982,746	1,138,590	175,192	689,220	2,950,000	69,236,109	546,050,884
Accumulated depreciation	-	(19,350,866)	(12,448,946)	(202,085,294)	(4,301,397)	(1,044,188)	(766,880)	(902,930)	(1,021,454)	(163,764)	(439,080)	(495,508)	(13,426,623)	(256,633,563)
Net book value	1,565,250	40,609,084	15,121,225	170,163,684	1,127,240	885,588	409,384	1,079,816	117,136	11,428	250,140	2,454,492	55,809,486	289,417,320
Annual rate of depreciation (%)	-	5	15	15	15	15	15	15	15	15	30	15	15	-

		<u>March</u> <u>2024</u> (Rupees)	<u>June</u> <u>2023</u> (Rupees)
17.1.1) The charge of depreciation for the year has been allocated as follows:			
Cost of sales	(26.4)	18,809,800	28,503,448
Administrative expenses	(27)	311,133	184,375
		<u>19,120,932</u>	<u>28,687,823</u>

17.2) Capital work in progress	Factory building	Plant and machinery	Total
Balance as at July 01, 2022	-	38,419,172	38,419,172
Additions during the year	-	12,140,398	12,140,398
Transfers during the year	-	(38,419,172)	(38,419,172)
Balance as at June 30, 2023	-	12,140,398	12,140,398
Balance as at July 01, 2022	-	12,140,398	12,140,398
Additions during the year	-	-	-
Transfers during the year	-	(12,140,398)	(12,140,398)
Balance as at March 31, 2024	-	-	-

		<u>March</u> <u>2024</u> (Rupees)	<u>June</u> <u>2023</u> (Rupees)
18. Long term deposits			
Security deposits against:			
Leased assets		17,734,913	9,355,781
Utilities		1,152,836	1,152,836
Office building		654,330	654,330
		<u>19,542,079</u>	<u>11,162,947</u>

19. Stock in trade			
Raw material	(19.1)	102,087,450	87,954,439
Finished goods		156,840,800	88,536,190
Work-in-process		10,547,298	9,845,234
		<u>269,475,548</u>	<u>186,335,863</u>
19.1) Raw material			
Raw material		78,215,520	73,716,500
Colors		19,649,930	11,645,919
Chemical		4,222,000	2,592,020
		<u>102,087,450</u>	<u>87,954,439</u>

20. Trade debts
This are unsecured and considered good by the management.

21. Advances, deposits and other receivables			
Advances to:			
Staff against salaries	(21.1)	913,500	880,000
Parties against supplies		1,244,108	4,792,728
		2,157,608	5,672,728
Deposits:			
Margin deposit on letters of credit		6,796,081	-
		6,796,081	-
Other receivables			
Sales tax refundable		6,708,779	89,241
		6,708,779	89,241
		<u>15,662,468</u>	<u>5,761,969</u>

21.1) These are unsecured and considered good by the management.

	March 2024 (Rupees)	June 2023 (Rupees)
22. <u>Prepayments</u>		
Insurance	84,430	2,750,973
	84,430	2,750,973
24. <u>Cash and bank balances</u>		
Cash in hand	700,000	650,000
Cash at bank - current account	3,319,446	20,042,767
	4,019,446	20,692,767
25. <u>Sales-net</u>		
Gross sales	689,150,824	691,853,585
Sales tax	(89,126,415)	(102,734,547)
	600,024,409	589,119,038
26. <u>Cost of sales</u>		
Raw material consumed (26.1)	372,726,250	324,498,951
Colors consumed (26.2)	15,079,354	13,055,268
Chemical consumed (26.3)	17,271,549	13,052,457
Packing material consumed	8,087,851	9,826,219
Production overhead (26.4)	178,498,890	183,641,614
	591,663,893	544,074,509
Work in process		
- Opening balance as on July 01,	9,845,234	6,456,895
- Closing balance as at March 31,	(10,547,298)	(9,845,234)
	(702,064)	(3,388,339)
Cost of goods manufactured	590,961,829	540,686,170
Finished stocks		
- Opening balance as on July 01,	88,536,190	55,043,600
- Closing balance as at March 31,	(156,840,800)	(88,536,190)
	(68,304,610)	(33,492,590)
	522,657,219	507,193,580
26.1) <u>Raw material consumed</u>		
Opening stock as on July 01,	73,716,500	66,004,420
Add: Raw material imported	377,225,270	332,211,031
	450,941,770	398,215,451
Closing stock as at March 31,	(78,215,520)	(73,716,500)
	372,726,250	324,498,951
26.2) <u>Colors consumed</u>		
Opening stock as on July 01	11,645,919	7,443,360
Color purchased	23,083,365	17,257,827
	34,729,284	24,701,187
Closing stock as at March 31,	(19,649,930)	(11,645,919)
	15,079,354	13,055,268
26.3) <u>Chemical consumed</u>		
Opening stock as on July 01	2,592,020	1,104,966
Add: Purchases	18,901,529	14,539,511
	21,493,549	15,644,477
Closing stock as at March 31,	(4,222,000)	(2,592,020)
	17,271,549	13,052,457

26.4) Production overhead			
Salaries and benefits	(26.4.1)	73,614,467	81,123,017
Fuel and power		75,475,558	63,319,268
Insurance		2,825,263	1,507,791
Sui gas		2,678,244	2,563,896
Repair and maintenance		2,590,067	3,570,595
Lubricants		1,078,000	652,200
Vehicle running and maintenance		319,192	604,855
Entertainment		266,118	516,110
Miscellaneous		220,253	445,096
Travelling and conveyance		204,813	292,095
Printing and stationary		166,651	170,140
Telephone and internet		153,384	185,840
Security charges		35,564	77,954
Postage and courier		30,836	24,319
Rent, rates and taxes		20,000	75,600
Newspaper and periodicals		10,680	9,390
Depreciation	(17.1.1)	18,809,800	28,503,448
		178,498,890	183,641,614

26.4.1) Salaries and benefits

Salaries to staff	59,660,770	64,481,702
Overtime	10,956,035	7,164,517
Social security	1,106,940	1,290,010
E.O.B.I	969,760	887,068
Financial assistance	240,000	209,500
Leave encashment	177,896	169,437
Medical	30,055	39,084
Bonus	-	5,496,342
Gratuity	473,011	1,385,357
	73,614,467	81,123,017

March	June
2024	2023
(Rupees)	(Rupees)

27. Administrative expenses

Director's remuneration	(27.1)	8,427,608	12,669,051
Salaries and benefits	(27.2)	2,984,427	3,063,050
Rent, rates and taxes		4,426,544	4,024,130
Miscellaneous		780,050	239,366
Entertainment		556,370	364,812
Legal and professional		454,500	75,800
Printing and stationary		396,830	360,947
Travelling and conveyance		423,428	112,665
Fees and subscriptions		405,217	441,147
Utilities		386,300	249,528
Telephone, mobile and internet		365,568	482,529
News papers and periodicals		198,114	21,540
Postage and courier		135,841	132,248
Repair and maintenance		22,141	274,887
Audit remuneration		-	700,000
Depreciation	(17.1.1)	311,133	184,375
		20,274,071	23,396,075

27.1) Director's remuneration

Remuneration	7,340,000	10,800,000
Medical	587,608	299,051
Director's meeting	500,000	345,000
Bonus	-	1,225,000
	8,427,608	12,669,051

27.2) Salaries and benefits

Salaries to staff	2,763,257	2,522,129
Insurance	221,170	132,268
Gratuity	-	207,007
Bonus	-	201,646
	2,984,427	3,063,050

28. <u>Selling and distribution expenses</u>			
Carriage outward		185,110	148,250
		<u>185,110</u>	<u>148,250</u>
29. <u>Financial expenses</u>			
Mark-up		8,292,172	10,024,080
Mark-up on FATR		5,925,345	-
Lease financial charges		3,898,518	6,868,726
Share Registrar Services		721,497	203,725
Bank charges		486,789	250,322
		<u>19,324,321</u>	<u>17,346,853</u>
30. <u>Other charges</u>			
Workers' profit participation fund		2,845,400	1,680,072
Workers' welfare fund		1,081,252	638,428
		<u>3,926,653</u>	<u>2,318,500</u>
31. <u>Other income</u>		March	June
Profit on TDR		2024	2023
Gain on sale of assets		(Rupees)	(Rupees)
		-	809,382
		-	358,349
		<u>-</u>	<u>1,167,731</u>
32. <u>Taxation</u>			
Current year			
- Normal tax		9,760,540	13,075,444
- Deferred taxation		-	(2,300,000)
Prior year		-	7,903,854
		<u>9,760,540</u>	<u>18,679,298</u>
32.1) <u>Reconciliation of tax charge for the year</u>			
Accounting profit - before taxation		-	39,282,954
Inadmissible expenditure for tax purposes		-	35,556,549
Admissible expenditure for tax purposes		-	(31,038,745)
		-	43,800,758
Tax effect of difference of minimum tax chargeable		-	373,224
Tax charge at applicable tax rate of 29% (2023: 29%)		-	13,075,443.82

33. <u>Remuneration of Chief Executive, Directors and Executives</u>						
	March 2024			June 2023		
Description	Chief Executive	Director	Executive	Chief Executive	Director	Executive
Managerial remuneration	4,600,000	2,310,000	2,895,000	5,400,000	5,400,000	2,105,250
Bonus	-	-	-	661,771	563,229	270,438
	<u>4,600,000</u>	<u>2,310,000</u>	<u>2,895,000</u>	<u>6,061,771</u>	<u>5,963,229</u>	<u>2,375,688</u>
Number of persons	1	1	2	2	2	1

In addition to remuneration, the chief executive, directors and executives were provided with use of the Company's cars and residential telephone facilities. The Company also provides medical facilities to its chief Executive, directors and staff.

The aggregate amount charged in these financial statements in respect of fee to 4 non-executive directors was Rs.375,000/- (June 2023: Rs.345,000/-).

34. <u>Earnings per share - Basic and Diluted</u>			
Profit after tax		23,896,495	28,316,120
Weighted average number of ordinary shares at the end of the year (Numbers)		20,000,000	20,000,000
Basic and diluted earnings per share (Rupee)		<u>1.19</u>	<u>1.42</u>

35. Related party transaction
The related party comprises of subsidiary, associated companies, director of the company and key management personals, details of transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements.

Transactions and contracts with related parties are carried out at arm's length prices determined in accordance with comparable uncontrolled prices method except in circumstances where it is in the interest of the group to do so with the prior approval of the Board of Directors.

36. **Financial instruments and related disclosures**

36.1) **Financial assets and liabilities**

	March-2024			June-2023		
	Amortized Cost	FVTPL	Total	Amortized Cost	FVTPL	Total
	(Rupees)			(Rupees)		
Financial assets						
Maturity up to one year						
Stock in trade	-	269,475,548	269,475,548	-	186,335,863	186,335,863
Trade debts	13,768,366	-	13,768,366	83,439,432	-	83,439,432
Advances and other receivables	15,662,468	-	15,662,468	5,761,969	-	5,761,969
Cash and bank balances	4,019,446	-	4,019,446	20,692,767	-	20,692,767
Maturity after more than one year						
Long term deposits	19,542,079	-	19,542,079	11,162,947	-	11,162,947
	<u>52,992,359</u>	<u>269,475,548</u>	<u>322,467,907</u>	<u>121,057,115</u>	<u>186,335,863</u>	<u>307,392,978</u>
Financial liabilities						
Recognized						
Maturity up to one year						
Running finance	79,997,965	-	79,997,965	60,531,204	-	60,531,204
Current maturity of long term liabilities	1,152,869	-	1,152,869	8,320,043	-	8,320,043
Accrued and other liabilities	65,256,594	-	65,256,594	18,426,137	-	18,426,137
Maturity after more than one year						
Obligation against assets subject to finance lease	44,191,869	-	44,191,869	30,793,518	-	30,793,518
	<u>190,599,297</u>	<u>-</u>	<u>190,599,297</u>	<u>118,070,902</u>	<u>-</u>	<u>118,070,902</u>

36.2) **Financial Risk management**

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 policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

a) **Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation.

As of March 31, 2024, trade debts of Rs. 13,768,366 (2023: Rs. 83,439,432/=) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	March 2024 (Rupees)	June 2023 (Rupees)
Up to 3 months	13,768,366	83,439,432
	<u>13,768,366</u>	<u>83,439,432</u>

b) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash/financial assets. At March 31, 2024, the Company had financial assets of Rs. 118,132,716/- (June 2023: Rs. 133,197,513.17/-).

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the maturity date. The amounts disclosed in the table are undiscounted cash flows which have been inflated using appropriate inflation rate, where applicable.

At June 30, 2023	Less than 1 year	Between 1 to 5 years	Over 5 years
Maturity up to one year			
Running finance	79,997,965	-	-
Current maturity of long term liabilities	8,320,043	-	-
Accrued and other liabilities	18,426,137	-	-
Maturity after more than one year			
Obligation against assets subject to finance lease	-	30,793,518	-
At March 31, 2023			
Running finance	79,997,965	-	-
Current maturity of long term liabilities	1,152,869	-	-
Accrued and other liabilities	65,256,594	-	-
Maturity after more than one year			
Obligation against assets subject to finance lease	-	44,191,869	-

c) **Market risk**

i) **Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. In case of the Company this risk mainly relates to outstanding import payments. The company is in the process of obtaining exchange risk coverage on these liabilities. Company is not exposed to currency risk.

ii) **Interest mark-up rate risk**

Interest rate risk represents 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 has no significant long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

Financial assets include (March 2024: 'Nil') (June 2023: Nil) that is invested in TDR at fixed interest rate. Applicable interest rates for financial assets have been indicated in respective note.

iii) **Price risk**

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

At the year end the Company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market price.

d) **Capital risk management**

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

In order to achieve the above objectives, the Company may adjust the amount of dividends paid to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. The gearing ratio of the Company has always been low and the Company has mostly financed its projects and business expansions through equity financing. Further, the Company is not subject to externally imposed capital requirements.

e) **Fair value of financial assets and liabilities**

Fair value is the amount for which an asset can be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair value.

37. **Staff retirement benefits**

The details of actuarial valuation of defined benefit funded plans carried out as at year end are as follows

	March 2024 (Rupees)	June 2023 (Rupees)
37.1) The amounts recognized in the statement of financial position are as follows:		
Present value of defined benefit obligations	2,735,478	2,735,478
Fair value of plan assets	-	-
Payables	-	-
	2,735,478	2,735,478

	<u>2024</u> (Rupees)	<u>2023</u> (Rupees)
37.2) Changes in the present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	2,735,476	2,069,710
Service Cost		
Current service cost	-	1,449,083
Past service cost	-	-
Interest expense	-	143,281
Cash Flows		
Benefit payments from Plan	-	-
Benefit payments from employer	(2,402,681)	(1,976,688)
Payables	-	-
Re-measurements		
Effect of changes in Demographic assumptions	-	-
Effect of changes in Financial assumptions	-	-
Effect of Experience adjustments	-	1,050,090
Closing defined benefit obligation	332,795	2,735,476

37.3) Components of defined benefit cost are as follows:

Service Cost		
Current Service Cost	-	1,449,083
Reimbursement Service Cost	-	-
Past Service Cost	-	-
(Gain) / loss on settlements	-	-
Net Interest Cost		
Interest Expense on Defined Benefit Obligation	-	143,281
Interest (income) on Plan Assets	-	-
Re-measurement of Other Long Term Benefits		
Defined benefit cost included in P&L	-	1,592,364
Re-measurement (recognized in other comprehensive income)		
Effect of changes in Demographic assumptions	-	-
Effect of changes in Financial assumptions	-	-
Effect of Experience adjustments	-	1,050,092
(Return) on Plan Assets (excluding interest income)	-	-
Total re-measurements included in OCI	-	1,050,092
Total Defined Benefit Cost recognized in P&L and OCI	-	2,642,456

37.4) Net Defined Benefit Liability (Asset) reconciliation	FP ending	FY ending
	March 31, 2024	June 30, 2023
Net Defined Benefit Liability (Asset) at end of previous year	2,735,478	2,069,710
Defined Benefit Cost included in P&L	-	1,592,364
Total Re-measurements included in OCI	-	1,050,092
Employer Direct Benefit payments	(2,402,681)	(1,976,688)
Net Defined Benefit Liability (Asset) as of end of year	332,797	2,735,478

37.5) Assumptions used to determine Defined Benefit Obligation	FP ending	FY ending
	March 31, 2024	June 30, 2023
Discount Rate	15.75%	15.75%
Rate of Salary increase (Long Term)	14.75%	14.75%

37.6) Assumptions used to determine Defined Benefit Cost	FP ending	FY ending
	March 31, 2024	June 30, 2023
Discount Rate	13.25%	13.25%
Rate of Salary increase (Long Term)	12.25%	12.25%

37.7) Expected Defined Benefit Cost recognized in P&L	FP ending March 31, 2024	FY ending June 30, 2023
Service cost		
Current Service Cost	-	1,095,026
Past Service Cost	-	-
(Gain) / loss on settlements	-	-
Net interest cost		
Interest expense on Defined Benefit Obligation	-	-
Interest (income) on Plan Assets	-	389,766
Total Defined Benefit Cost recognized in P&L as at 30.06.2023	-	1,484,792

37.8) Principal actuarial assumptions
The principal assumptions used in the actuarial valuation are as follows:

	2024	2023
Discount rate	15.75%	15.75%
Expected rate of salary increase	14.75%	14.75%

37.9) The Mortality Table SLIC (2001-05) with 1 year setback, based on the experience of the lives insured with State Life Insurance Corporation of Pakistan, has been used in determining the liability in respect of the Benefits payable under the Plan.

37.10) Sensitivity analysis

	FY ending June 30, 2023	Percentage Change in DBO
Defined Benefit Obligation (DBO)	2,735,478	-
1% Increase in Discount rate	2,519,560	-7.89%
1% Decrease in Discount rate	3,004,407	9.83%
1% Increase in Salary Increase rate	3,012,632	10.13%
1% Decrease in Salary Increase rate	2,507,667	-8.33%

38. Number of employees

Number of employees as on March 31,

Factory
Other

Average number of employees during the period

Factory
Other

	March 2024	June 2023
Factory	176	197
Other	6	7
	182	204
Average number of employees during the period		
Factory	179	199
Other	5	6
	184	205

39. Production capacity

Plant has a maximum production capacity of 1,450,000 kgs. Actual production during the period was 728,999 Kgs (2023: 1,225,000 Kgs).

Company is not utilizing its maximum production capacity considering competitive market environment and demand potential of its product. Therefore, production is carried out keeping in eye of demand.

40. Date of authorization for issue

These financial statements have been authorized for issue on 26/04/24 by the board of directors of the company.

Chief Financial Officer

Chief Executive