



# Pak Leather Crafts Limited

MANUFACTURERS & EXPORTERS OF LEATHER AND LEATHER GARMENTS

6<sup>th</sup> November 2024

The General Manager  
Pakistan Stock Exchange Limited  
Pakistan Stock Exchange Road  
Karachi,

**Subject: CORPORATE BRIEFING SESSION FOR THE YEAR ENDED JUNE 30<sup>TH</sup>  
2024 AND FOR THE YEAR ENDED JUNE 30<sup>TH</sup>, 2023**

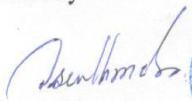
Dear Sir,

Please note the Corporate Briefing Session will now be held on 16<sup>th</sup> November, 2024 instead of 9<sup>th</sup> November, 2024. Venue and time will remain unchanged.

Please find attached corporate briefing session presentation.

You may please inform the TREC holders of the Exchange.

Sincerely

  
Naseer Ahmed  
Company Secretary  
PAK LEATHER CRAFTS LIMITED





# *Pak Leather Crafts Limited*

## **PROFILE OF THE COMPANY**

**Pak Leather Crafts Limited is a public limited company incorporated in Pakistan in 1971 under the repealed Companies Ordinance, 1984 and now the Companies Act, 2017.**

**Company's shares are listed on Pakistan Stock Exchange Limited.**

**Being a responsible corporate citizen, the Company ensures full compliance with all applicable statutory requirements.**

### **Registered Office & Factory address:**

**Plot # 18, Sector 7-A, Korangi Industrial Area, Karachi.**

**Email address:**

**export1@pakleather.com**

**Website address:**

**<https://www.pakleather.com>**

### **Principal Activity:**

**The Company is one of the leading manufacturers and exporters of finished leather of Pakistan. The finished leather is produced in several different articles and colors in Lamb, Goat, Cow and Buffalo skins at our tannery. Our leather is suitable for garments, shoes gloves and bags.**



## COMPANY FINANCIAL RESULTS

	Year ended June 30,2024	Year ended June 30,2023
	RUPEES	RUPEES
<b>Sales</b>	<b>89,394,744</b>	90,691,318
Cost of sales	<u>76,440,759</u>	<u>81,091,695</u>
<b>Gross profit</b>	<b>12,953,985</b>	9,599,623
<b>Other income</b>	<u>13,985,813</u>	<u>113,795</u>
	<b>26,939,798</b>	9,713,418
Administrative expenses	<u>12,314,683</u>	<u>13,377,498</u>
Selling and distribution expenses	<u>2,088,720</u>	<u>5,708,699</u>
	<u>14,403,403</u>	<u>19,086,197</u>
<b>Operating profit / (loss)</b>	<b>12,536,395</b>	(9,372,779)
Finance cost	<u>785,600</u>	<u>832,053</u>
	<u>11,750,795</u>	<u>(10,204,832)</u>
Other Operating expenses	<b>810,805</b>	-
<b>Profit/(loss) for the year before levies and taxation</b>	<b>10,939,990</b>	(10,204,832)
Provision for levies and taxation	<u>2,813,270</u>	<u>1,002,006</u>
<b>Profit / (loss) for the year</b>	<u><b>8,126,720</b></u>	<u>(11,206,838)</u>
Profit/(loss) per share - Basic and diluted (Rupees per Share)	2.39	(3.30)



## SIX YEARS' FINANCIAL HIGHLIGHTS

Financial highlights of the company for the previous six completed years are given to see at the glance:

(Rs. in ' 000)						
PARTICULARS	2024	2023	2022	2021	2020	2019
Net Sales	<b>89,395</b>	<b>90,691</b>	<b>132,935</b>	<b>108,363</b>	216,633	76,580
Gross Profit/(loss)	<b>12,954</b>	<b>9,600</b>	<b>13,407</b>	<b>3,773</b>	21,095	14,906
Net Profit/(loss) before tax	<b>10,940</b>	<b>(10,205)</b>	<b>(1,321)</b>	<b>(7,940)</b>	51,084	5,061
Gross Profit/(loss) (%)	<b>14.49</b>	<b>10.58</b>	<b>10.08</b>	<b>3.48</b>	9.74	19.46
Net Profit/(loss) (%)	<b>12.24</b>	<b>(11.25)</b>	<b>(0.99)</b>	<b>(7.33)</b>	23.58	6.61
Earnings/(loss) per share (after tax)	<b>2.39</b>	<b>(3.30)</b>	<b>(0.85)</b>	<b>(2.56)</b>	14.35	1.22
Current ratio	<b>(0.16)</b>	<b>(0.17)</b>	<b>(0.28)</b>	<b>(0.28)</b>	(0.26)	(0.32)



## STRATEGIC DEVELOPMENTS

### Year ended June 30,2023:

- The management was busy in doing its all-out efforts to increase the volume of sales, both for export and in the local market. However, high-rate inflation in the country was main hurdle to think optimistically.
- The other reason for unoptimistic estimates is uncertain international geo-political conditions.
- Ongoing Russia-Ukraine war and the invasion of Israel in Gaza strip of Middle East has further fueled for economic recession, not only in this region but the world over.
- General election could not bring political stability in the country and prevailing economic scenario could not be improved.
- Interest rate was maintained at its highest. Its reduction may give some breather in the economic activity of the country.
- Demand for Leather and leather products is suffering due to prediction of a worldwide recession.
- Uncertainty in markets due to high volatility in exchange rates and product pricing.
- High electricity and gas tariff and uncertainty on availability.
- However, new elected government was trying to implement sustainable and long-term measures to bring confidence for economic restoration.



## **Year ended June 30, 2024:**

- ▶ **The management, despite of its all-out efforts could not increase the volume of sales, both for export and in the local market due to the high-rate inflation.**
- ▶ **The other reason for unoptimistic estimates is uncertain international geo-political conditions.**
- ▶ **Ongoing Russia-Ukraine war and the full scale war by Israel in Gaza strip, Lebanon and other neighboring countries in Middle East has further fueled for economic recession, not only in this region but the world over.**
- ▶ **General election could not bring political stability in the country.**
- ▶ **Reduction in interest rate has given some breather in the economic activity of the country.**
- ▶ **Demand for Leather and leather products is suffering due to prediction of a worldwide recession.**
- ▶ **High electricity and gas tariff and uncertainty on availability are still prevalent. However, the government is engaged in serious dialogue with the power producers for reduction in electricity rates.**



## **MAIN REASONS OF THE LOSSES**

### **YEAR ENDED JUNE 30,2023**

1. The financial year was challenging for the total economy in general and particularly for Leather industry.
2. The local economic and political uncertainty and historical high rate of inflation reduced the sale by about 22% over the corresponding period of previous year.
3. Government revised the rate for Electricity, Gas & Oil drastically which increased the Fuel expense by 50% comparing with the same period previous year.

### **YEAR ENDED JUNE 30,2024**

1. World over economic recession in general and decline in demand of our product.
2. Double digit inflation in the country, high rate of interest and hike in energy cost resulted the increased cost of production.
3. Out of court settlement with Al Baraka Bank resulted waiver of financial liabilities of Rs. 13.985 (M). The waiver resulted the loss in to after tax profit of Rs.8.126 (M).
4. The company is facing liquidity problems. The working capital is not sustainable for growth. Due to high manufacturing and administrative costs the business does not seem to generate enough cash at gross and NPAT levels to sustain future growth. Even after substantial contribution from Directors and Sponsors, lower sales revenue resulted in negative working capital for the company.



## **THE WAY FORWARD AND FUTURE OUTLOOK**

**The board of directors has made some strategic decisions for the revival of the Company.**

**The decisions include but not limited to down size the present operations, diversify to other manufacturing line of business, warehousing or supply chain management.**

**The Board also decided an alternate option to dispose of the Company's assets located at Plot 18, Sector 7-A Korangi Industrial Area, Karachi, comprising of leasehold land, building on leasehold land and Plant and Machinery. Simultaneously with the disposal, an economical portion of the said assets be acquired, from the prospective purchaser, for the continuation of uninterrupted business/manufacturing activities of the Company.**

**The decision is subject to necessary approvals and completing regulatory requirements as per law and regulations.**





## **QUESTION & ANSWER SESSION**

