Annual Report

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OUR MISSION STATEMENT

To maintain our pioneer status in the agricultural textiles sector of Pakistan by continuing to play an effective and positive role in the economic development of our country through provision of finest quality products at most reasonable rates to our clients and sustained investment in research and development.

OUR VISION STATEMENT

Our vision is an economically strong and prosperous agricultural sector of Pakistan, capable of meeting all of our country's food and agri-based raw material needs from its own land, and contributing to country's socio-economic development.

STATEMENT OF VALUES

Our Company is committed to conducting all its operations ethically, transparently and in strict compliance with all laws, ensuring to maintain a healthy balance between the interest of all of its stakeholders, including shareholders, employees, business associates and the society at large

MESSAGE FROM THE CHAIRPERSON

The year under review was a significant year for your company. There was considerable expansion in the its operations, a number of new machines arrived and were made functional, quite a few machines were removed from actual production but retained in the factory for using their parts and the production hall was renovated/extended under a well thought out BMR program. While some positive impact of these efforts, like higher production volume, is reflected in the enclosed financial statements, we believe that more improvements will be seen in the coming years.

The impact global climatic changes continued to be felt by Pakistan, particularly in the agricultural sector. Coupled with continued economic constraints, the business environments in the country remained subdued. However, we were able to significantly increase both our sales and earnings through effective marketing and pricing policies. We are optimistic that your Company will continue its journey on the path of progress with diligence and caution, to not only stay viable in financial terms but also to help the agricultural sector of the country attain greater self-sufficiency through reduction in reliance on imported agricultural support products.

I take this opportunity to thank all our suppliers, customers, employees, associates and professional consultants who have helped us reach thus far – and look forward to their continued support in years to come.

Kaisra J. Butt

Mrs Kaisra Jabeen Butt
Chairperson

MESSAGE FROM CHIEF EXECUTIVE OFFICER

I feel honored to present this third Annual Report since attaining the status of a listed company in November 2021. Following the successful initial public offering in Nov 2021, we have been occupied with implementing the development program as outlined in our Information Memorandum. After the completion of that program, we embarked up rationalization of our plant to bring down our production costs, while maintaining our products' quality, to ensure our continued stay at the top of preferred manufacturers of agro-textile products in the country. This has meant considerable investment in fixed assets. A new double story production hall was built and made operational. New machines were acquired to start manufacturing new products in the previous financial year (ended 30 June 23).

This year we focused on implementing an effective BMR program which gives us a well-balanced and modernized plant capable of providing us a sustainable operational edge over the coming years. Despite the disturbances in the economic environment of the country, we were able to design and implement an effective re-organization of the entire plant, replacing worn-out or outdated parts of several of our machines. During the financial year ended 30 June 2024, we took all necessary steps to ensure continued production to meet the demands of our clients without delays.

We have also made some changes to our operational policies. Despite our general policy of extending no trade credit to our customers, some of our major customers continued to enjoy credit facilities, particularly during the off-season times. However, we have now enforced a strictly no credit policy. As a result, our balance sheet on 30 June 2024 shows no trade receivables. We hope to maintain this practice over foreseeable future.

Production of fishing nets, the focus of our expansion program, started in the previous financial year and we are pleased to state that your Company has started moving towards meeting all the fishing net requirements of the country. Our product has been well received by the market and its demand is steadily rising. It is a matter of pride for us that our fish nets are fetching a price premium over most, if not all, imported fish nets coming from China, India, Taiwan, Vietnam etc. However, restrictions imposed by certain European and Asian countries on imports of sea products from Pakistan is beginning to have some negative effect on our sales. However local demand remain firm.

The increase in prices of our raw materials that started over the past two years, continued unabated in the current year. Our raw materials are petroleum based, and due to changes in oil prices as well as an equally alarming drop in the value of Pak currency has created serious difficulties for us. At the same time, our main customers, namely farmers, were severely hit by climatic disruptions, preventing them from investing in our products. While we were unable to fully pass the increases in raw material and energy costs to our clients, we tried to achieve stability in products' pricing by improving our operational efficiency, increasing sales volumes, rationalizing labour usage and effecting economies in the scale of our functions.

We reiterate our commitment to providing quality products to our agricultural sector at competitive prices – thereby playing an effective role in economic development of the country. Your Company continues to occupy its leader status in production and marketing of agricultural textiles. We are confident that our efforts towards maintaining the high quality and standards of production will keep bearing fruits for us in foreseeable future.

Dr Safdar Ali Butt
Chief Executive Officer

COMPANY PROFILE – OUR JOURNEY SO FAR

The Company

Pak Agro Packaging Private Ltd. started its operations in May 2001 as the first company to provide agricultural textiles to the local market.

The Company's corporate head office is in Islamabad, the capital city of Pakistan while its factory is at Hattar Industrial Estate, Haripur in the Frontier Province.

The Head Office houses the administration, finance and marketing functions. The company also maintains presence in some provincial towns through placement of marketing representatives.

The factory in Hattar manufactures most of the products handled by the Company. The Company also gets some of the products partly processed by specially contracted vendors.

The factory is ideally located to serve the agricultural belt of the country. It is well connected by excellent all-weather tarmac roads to all major agricultural centres of Punjab and Frontier provinces, and indeed all the provinces.

The Company maintains a network of Authorised Distributors throughout the country. As far as possible, all local sales are made only through authorized distributors. Authorised Distributors are permitted to appoint sub-dealers in consultation with the Company.

Company History

The Company was originally incorporated in February 1989 under the name and style of Kohsar Tyres Ltd. It acquired a two-acre plot in Phase IV of Hattar Industrial Estate, Haripur, NWFP.

Kohsar Tyres Ltd. never commenced operations and was subsequently acquired by another group of shareholders who renamed the company as Mian and Khan Industries (Private) Ltd. This group did not use the plot or carried out any business either. The present Management of the Company acquired the entire share capital of the company, principally to get ownership and possession of the two-acre piece of land, which was company's only asset. The company was renamed as Pak Agro Packaging (Private) Ltd. (PAPPL). This change of name was achieved on 24 August 2000, along with an appropriate amendment in company's Memorandum of Association to allow for change in nature of its business, namely to undertake the business of manufacturing net bags and other agricultural related textiles, mainly packaging materials and protective / support products for agricultural sector of the country.

The company commenced its commercial production towards the end of 2000, with only two machines: a stretch bags making machine and a Raschel machine for making net bags. At that stage, it was getting its flat yarn manufactured by an outside vendor. It was soon discovered that in order to maintain the quality and reliability of supply, the company will have to acquire its own flat yarn making machine. This was done in 2001. With products gaining visibility and recognition in the market, the company soon found it necessary to add another Raschel Machine to enhance its production of net bags and greenhouse shades. In late 2002 this was done. A continuous market study revealed that there is a much larger market for greenhouse shades prepared with round yarn and having a width of 3 meters (as opposed to our flat yarn and under 12 feet width). Therefore, in July 2004, the company imported a complete set of machines to manufacture flat yarn and to make broader, heavier greenhouse shades sought by the upper segments of the market.

After experiencing some teething problems in the initial years of its operations, the Company now occupies a premier status in the market. Its products command a premium in price and most of its production is sold well in advance.

In 2021, the Company took a leap of faith and got converted into a public limited company. In November 2021, it became the first company to be listed at the GEM Board of Pakistan Stock Exchange. Its IPO proved a great success and helped us raise Rs 198 million. This was invested in installing several new machines and construction of a new production hall – as well as improving our capacity to sustain higher levels of operations through maintaining larger stocks.

Information about the directors and senior management of the Company is given elsewhere in this report.

The current products of the company include:

a. Greenhouse shades of different varieties and specifications
b. Plant support nets
c. Bale nets
d. Anti Insect Nets
e. Anti Bird Nets
f. Anti Hail Nets
g. Mulching film
h. Packaging Materials including stretched nets and knitted nets used for packing a wide variety of vegetables and fruits.
i. Fishing nets

The Factory

Location
The factory is located at Plots 22 and 23, Phase IV of Hattar Industrial Estate, Haripur, NWFP. The site is about 40 kms from Islamabad. It is well connected by excellent all-weather tarmac roads with all major agricultural centres of Punjab and Frontier provinces, and indeed all the provinces. It has excellent infrastructural facilities including adequate power supply, water, gas, road and telecommunication links, drainage, access to labour, etc.

Size & Construction
The factory has a land area of two acres and constructed area of over 90,000 square feet. In addition to the main production hall (that also houses the warehouse), there is an office block and workers' quarters. The premises also have a mosque for employees, and ample area for greenery to give an environmentally pleasant appearance.

The Plant

The company has imported all the machines from most appropriate sources to ensure the best possible quality for its products. Its plant is well balanced and capable of meeting the demands for most varieties of greenhouse shades, net bags, other packing and support nets, and fishing nets required by the Pakistani market.

Quality Control

Key Principles
The Company is committed to giving the finest quality products to its clients and to maintain its stature as the country's pioneer and leading supplier of agro-based packing material.

Key steps
These include:
- All production processes are documented.
- No material is accepted in the factory, or issued to production, unless it has been tested and found satisfactory for the purpose.
- No finished product is transferred from factory to finished goods warehouse unless it has been tested and found of required standard.
- There is an active Research and Development Department.

The Market

Pakistan produces a large quantity of vegetables and fruits for local consumption and export. At present, net bags are being made only by PAPL and few other smaller firms. Its only alternative is jute bags that are not only too expensive, they are also harmful as they transmit viruses through re-use. While it is difficult to accurately assess the real market potential (due to lack of awareness of the usefulness of the product among its prospective users), we believe that given the right price and quality, net bags can penetrate the packing market in more or less the same way as ordinary polythene bags overwhelmed the paper-bags in recent past.

The size of the market can only be assessed by the size of vegetable and fruit production in the country. This is given at over 50 million metric tons per year. Since a net bag can carry a maximum of 25 kg weight and considering that the produce may change hands more than once before it reaches the final consumer, the market size appears to be as large as 3,000 million bags p.a. Hence, the sponsors envisage no difficulty in marketing the product since the market is gradually getting well informed of the benefits of using appropriate packaging material.

Similarly, the size of the market for greenhouse and other related shades like anti-insect nets, anti-hail nets, anti-birds nets, bale nets, etc. is simply too enormous for the company to contemplate meeting even 15% of the market share. Due to the hard work done by the company over the past several years, this line of products has gained awareness in the market, leading to virtual stop to its imports.

Marketing and Distribution Network

For the purpose of maintaining an effective distribution network, we have divided the country into five regions namely Punjab, Sindh, Baluchistan, KPK. and Azad Kashmir. The larger regions, namely Sindh and Punjab have been further sub-divided into three zones each. In this way, we have nine marketing zones in the country as follows:

a. Punjab (Lahore, Rawalpindi and Multan)
b. Sindh (Karachi, Hyderabad, Sukkur)
c. Baluchistan
d. KPK
e. Azad Kashmir

Each zone has between six and nine districts, or territories. One Sole Distributor has been appointed in each Territory. Collectively, this network ensures that our products are available in all parts of the country, conveniently and economically.

Export Potential

While the capacity of our plant meets only a percentage of the local demand, the potential for export cannot be altogether ignored. In particular, net bags can be exported as part of fruits and vegetables exports. Over the recent past, a good percentage of potatoes and onions exported from Pakistan were packed in the net bags made by this company.

Market Strategy

The company has already set up their distribution network by appointing distributors in all major cities of Pakistan. A sales force is being maintained at head office to provide information and assistance to all clients. Sales personnel make frequent visits to see distributors and clients throughout the year. The Remuneration package offered to sales force has a significant commission element. Commission rates offered to distributors are volume related to provide incentive.

COMPANY INFORMATION

Board of Directors:	**Mrs Kaisra Jabeen Butt** *Chairperson / Non-executive Director* **Dr. Safdar Ali Butt** *Executive Director / CEO* **Dr. Tariq Javed** *Executive Director / CFO & Company Secretary* **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 Building, Jinnah Avenue, Islamabad Phone: 051-23894651
Share Registrar	**CDC Share Registrar Services Limited,** CDC House, 99-B, Block 'B', SMCHS Main Shahra-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

The Directors of Pak Agro Packaging Limited ("PAPL" or the "Company") are pleased to present Annual Report along with audited financial statements for the year ended June 30, 2024.

Significant Events

Some of the more important events that took place in the year are enumerated below:

a. The Company has carried out an extensive BMR program in its plant. A significant investment was made in acquisition of certain new machines, and adding new parts to certain existing machines to improve the quantity and quality of our production. As a result, our net fixed assets rose by Rs 247,579,438 to Rs 457,612,101. While some lease finance was obtained which led to the addition of Rs 15,318,556 in this class of liability, the bulk of the funds were generated internally, principally through elimination of trade receivables.

b. We continued with our expansion plans initiated in January 2022. Most of the machines have arrived and have been installed and commissioned. Some further increase in products' variety and quantity was sought by designing and implementing a prudent BMR program. Factory's built up area has been expanded to accommodate new machines. A number of older machines (which were replaced by newer and better models) have been retained in the factory for their parts. However, in line with prudence concept, while these items remain on our fixed assets register, no depreciation is being provided since their date of being made inoperative.

c. The Plant as a whole has now been rationalized to ensure smooth and efficient production processes and to maximize total output. Production capacity has been enhanced from 1.45 million kg p.a. to 1.60 million kgs p.a. The increase has been rationally planned keeping in mind the contribution margin of each product. In simpler terms, production capacity of low-contribution generating products has been restricted (in some cases, even reduced) while the capacity for higher contribution generating products has been enhanced. The factory staff strength was also rationalized in light of additional machinery. This has led to significant labour cost savings.

Global Economic Review

The global economy demonstrates remarkable resilience, characterized by steady growth as inflation gradually moves towards the target. This journey has been marked by significant events, including supply-chain disruptions in the wake of the pandemic, a Russian-Ukraine conflict leading to a global energy and food crisis, and a substantial surge in inflation. Furthermore, central banks worldwide have synchronized their money supply tightening efforts. Despite numerous pessimistic and gloomy forecasts, the global economy capably avoided a recession. The banking system demonstrated reasonable resilience, with major emerging market economies managing to avoid abrupt halts. Furthermore, the inflation surge, despite its severity and the resulting cost-of-living crisis, has now started on a downward trajectory.

Global economic growth has slowed down from 3.5 percent in 2022 to 3.2 percent in 2023 and is projected to continue at the same pace in 2024 and 2025, below the historical annual average of 3.8 percent. Global inflation is expected to fall from 6.8 percent in 2023 to 5.9 percent in 2024 and 4.5 percent in 2025. In response to inflationary pressures, major central banks have implemented restrictive policy measures by raising interest rates. Consequently, mortgage expenses have surged, and credit accessibility has diminished, posing challenges for firms seeking to refinance their debt. This situation has contributed to subdued investment activities in both business and residential sectors across various economies.

Developing economies are struggling to recover from the impacts of the pandemic, grappling with high debt levels and investment shortfalls. It is noteworthy that the Least Developed Countries (LDCs) are still falling short of the 7.0 percent growth target outlined in the SDGs. The persistent challenges of high debt and limited fiscal space highlight an urgent need for coordinated efforts to address these issues and foster sustainable and inclusive economic growth.

The momentum of international trade as a catalyst for growth is waning, evidenced by a slowdown in global trade growth to 0.3 percent in 2023. However, resurgence is anticipated, with projections indicating a recovery to 3.0 percent in 2024. In 2023, severe weather conditions, notably the hottest summer on record since 1880, resulted in wildfires, floods, and droughts across the globe. These events impacted the economy, causing significant damage to infrastructure, agriculture, and livelihoods. Geopolitical tensions have emerged as the predominant risk facing the global economic landscape.

Pakistan Economic Review

Pakistan's economy experienced an unsustainable 6.1 percent growth rate driven by domestic demand, leading to high fiscal and current account deficits, and signaling excessive demand and overheating. Additionally, the economy suffered a significant setback due to the catastrophic floods in FY 2023, which not only obliterated growth prospects but also inflicted extensive damages equivalent to 4.8 percent of GDP. During previous year, i.e., FY 2023, the government confronted four critical challenges that threatened Pakistan's socio-economic growth: achieving sustainable macroeconomic stability, reducing poverty, ensuring fiscal consolidation, and addressing external account vulnerabilities. At the start of FY 2024, the overarching vision remains to attain sustainable GDP growth with price stability over the medium term to overcome these challenges. The government is putting its efforts into preparing and implementing home-grown macroeconomic and structural reforms, aimed at job creation and poverty alleviation. Efforts have been made to rebuild investor confidence by addressing macroeconomic imbalances through an optimal policy mix. Simultaneously, the government has strived to protect the most vulnerable populations with adequately funded social safety nets and targeted subsidies. The economy of Pakistan embarked on a stabilization phase in FY 2024. Government's dedicated efforts to complete 2023 Stand-By Arrangement (SBA) have yielded significant progress in reinstating economic stability. The economy has experienced a resurgence in moderate growth and a reduction in external pressures. Although inflation remains high, it is now on a downward trend. Moving forward, the newly elected government is putting efforts to leverage this stability by maintaining robust macroeconomic policies and implementing structural reforms to achieve stronger, more inclusive, and sustainable growth. The performance of the government in revenue collection and disciplined federal expenditure control facilitated the generation of a substantial primary surplus in first three quarters of FY 2024.The State Bank of Pakistan adopted tight monetary policy stance to bring inflation to moderate levels.

Pakistan and Agriculture

Pakistan has a diversified economic base with the agriculture sector, contributing 24 percent in GDP and 37.4 percent in employment. The predominance of agriculture in the economy indicates that agricultural growth is a critical driver of economic growth, employment, and poverty reduction, given its linkages with the other sectors. Development and expansion in agriculture sector is of particular importance to our Company as almost all our products serve this sector. Credit facilitation, certified seeds, fertilizer use, and on-farm management techniques played the primary role in better yield of crops that may be sustained depending on the agriculture policy of the government and the self-reliance of the farmers. Better economic returns have motivated farmers to go for other crops, indicating diversification when put into perspective. Focusing on improving yield through mechanizing farming and focusing on food security are priorities of the government. As such, the government has been focusing on providing targeted subsidies for purchasing inputs at affordable prices, whereas support prices, where required, are also announced to ensure the profitability of the farmers. The prioritization of the agriculture sector, as a primary focus of the Special Investment Facilitation Council (SIFC), shows the government's seriousness to make the agriculture sector the backbone of the economy. However, changing climatic patterns and natural disasters will remain threats, highlighting the importance of mitigation and adaptation measures.

Pakistan and Climate Change

Climate change is one of the most significant environmental challenges facing the world. Greenhouse gas (GHG) emissions resulting from human activities, particularly fossil fuel consumption and deforestation, have increased the concentration of these gases in the atmosphere, leading to irreversible damage to natural resources and ecosystems. Climate change is expected to devastate the world's poor, as they are both geographically and economically vulnerable, making it more difficult for them to adapt. Despite contributing the least to the problem, developing countries are expected to bear the brunt of the impact of climate change. Despite accounting for only 0.9 percent of global greenhouse gas (GHG) emissions, Pakistan is one of the world's most vulnerable nations to the impacts of climate change. The country faces unpredictable weather patterns, resulting in flash floods, droughts, glacial lake outbursts, intense heat waves, and erratic rainfall. As a result, its ecosystems and landscapes are deteriorating. Forest fires are increasing, plant and animal species are migrating, and water bodies and wells are depleting due to intensified human activities. In addition, rising sea levels and more intense storms could lead to coastal flooding and erosion, causing the loss of crucial coastal habitats such as mangroves, which serve as important nurseries for many fish species. The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) suggests that climate change will likely worsen the frequency and intensity of such extreme events. The government has developed a comprehensive strategy called the 4RF (Resilient, Recovery, Rehabilitation, and Reconstruction Framework) to ensure a resilient recovery from natural disasters. The aim is to reduce the adverse impacts of climate change and natural hazards on Pakistan's economy, particularly the agriculture sector and population. However, this is a bitter-sweet news for your company. On the one hand, buying power of the agricultural sector is likely to be reduced but on the other hand, farmers will have a greater need for your Company's products to regain their sustainability.

The total damage in the agriculture sector in the year ended June 2024 amounted to approximately Rs 900 billion (US$ 3.235 billion). Restoring the livelihoods of smallholder farmers and livestock keepers is urgent and time-sensitive for arresting the decline in growth in agriculture that has shrunk to 1.55%. The fishing sector, having a share of 1.39 percent in agriculture value addition and 0.32 percent in GDP, grew at 1.44 percent compared to 0.35 percent during last year.

Fiscal Situation

With flood basins saturated with water, the natural drainage system was overwhelmed, and a vast area of rich farmland and human settlements was flooded. The consequences were disastrous. The losses amounted to 4.8 percent of GDP. The recovery and reconstruction needs are projected at 1.6 times the budgeted national development expenditure for FY2023. The current account deficit is likely to decelerate from as high as US$ 17.5 billion in FY2022 to around US$ 3.7 billion by the end of the out-going fiscal year. Tax collection by the Federal Board of Revenue recorded only a minimal growth rate due to the geopolitical uncertainty, arising out of the continued Russia-Ukraine conflict and events in Iran and Afghanistan. These factors have amplified our macroeconomic imbalances and global commodity prices have increased substantially, bringing pressure on forex reserves. Further, while CPI has stabilized somewhat at around 11.5% that led the State Bank of Pakistan (SBP) to gradually reduce the policy rate to 17.8 percent as part of monetary tightening which has been underway since September 2021 to tame the rising inflation. The Federal Government has also increased the income taxes on select corporate sectors through the Federal Budget 2022-23 to reduce the fiscal gap. Pakistan's external environment continues to pose increasing challenges. Domestically, the Government has taken necessary measures to comply with IMF requirements. These have further increased inflation, but also have had the positive effect of alleviating the external financing constraints.

Financial Performance

Despite severe economic constraints, our sales rose by 41.5% from Rs 589.12 million in previous year to Rs 833.80 million in FY2024. This growth has been achieved through rationalization of product mix as the increase in total sales quantity has been 31.8%. Our gross profit at Rs 134.1 million was 63.7% higher than last year's GP of Rs 81.92 million. The gross profit as % of sales revenue rose from 13.9% in FY2023 to 16.1% in FY2024, reflecting the fruits of plant rationalization and achieving a better product mix.

Administration expenses were controlled effectively as they rose by only 6.6% while selling and distribution expenses rose in line with increase in sales volume. Increase in financial expenses was 19.6% despite a reduction in % borrowing cost. This is attributable to higher borrowings for BMR program and need for maintaining adequate stock levels.

Our profit before tax at Rs. 80.60 million in FT2024 was 111.3% higher than previous year due to the various step enumerated above. However, profit after tax at Rs 39.26 million was only 106.6% higher than FY23, primarily due to the impact of deferred tax. Our earnings per shares rose from Rs 0.97 a year ago to Rs 1.96 in year under review. This is well over a 102% YOY increase.

Our non-current liabilities rose by Rs 45.3 million to Rs 103.11 million on 30.6.24 due to increase in lease financing and deferred taxation arising out of capital expenditure. Increase in current liabilities is in line with increase in volume of commercial activities and reduction in trade receivables during the year. Stock level have also been rationalized and brought down to Rs 170 million from Rs 186.3 million a year ago.

Highlights of our financial performance are as follows:

	Year ended 30 June		Variance Positive/ (Negative)
	2024	2023	
	PKR'000		% age
Net Sales	833.80	589.12	41.5%
Gross Profit	134.10	81.93	63.6%
GP % of sales	16.0%	13.9%	15.1%
Operating Profit	108.85	58.38	86.45%
Net Profit before Tax	80.59	38.17	111.13%
Net profit after Tax	39.26	19.49	101.4%
Earnings Per Share: Rs	*1.96*	*0.97*	*102.1%*

Operational Performance
The principal segment of our business are agricultural textiles, packaging bags and fish-nets.

Agricultural Textiles include greenhouse shades, plant support nets, bale nets, insect nets, anti-hail nets, anti-bird nets etc. This segment remains a strong contributor to our total turnover. During the year under review, it recorded a steady growth, in terms of quantitative volume.

Packaging bags include both stretch net bags (used for packing sports goods and certain food items) as well as woven bags (used for packing vegetables and fruits). This segment accounts for almost 10% of our total quantitative turnover but for more than 9.6% of our sales revenue. During the year under review, this segment maintained a steady growth in demand.

Fish nets are relatively a new segment of our business. While some of the machines were acquired in the previous year, we started real marketing campaign for fish nets only during the current year. Sales of fish nets have shown a great promise; however due to a deluge of imported fish nets, just prior to commencement of production of this line, and also because of heavy depreciation charge on machinery, we were not able to maintain a healthy gross profit rate. We have the capacity to produce a large percentage of the country's total demand for different types of fish nets. We hope that very soon the import of this product will be stopped, saving considerable forex resources for the country.

Management of Liquid Resources
Cash management and liquidity control are our key focus areas that are incorporated into all our strategic decision-making processes of the Company from purchasing, the design of marketing schemes and capital expenditures. A budgeting and planning department works under the direct supervision of CFO of the Company, who in turn reports to the CEO. This section works for annual strategic planning, budgeting and forecasting that enables Company to efficiently achieve its vision and safeguard against future strategic and liquidity risks. The Company has an effective Cash Management System in place whereby cash inflows and outflows are projected on monthly, quarterly and half-yearly basis and monitored rigorously along with monthly and quarterly rolling forecast budgeting. Working capital requirements are properly planned and managed through efficient management of trade receivables, payables and inventory levels and financing arrangements. While our interest cost has certainly gone up in line with rest of the country, the company faces no liquidity risks in light of its well-planned cash management strategies leading to adequate availability of judiciously negotiated funded and non-funded financial facilities.

Capital expenditure is managed carefully through a proper evaluation of profitability and risks associated with each investment. In conformity with Company's prescribed Capital

Expenditure and Risk Management policies, regular project reviews are undertaken by executive management and Board's Audit Committees for delivery on time and within budgeted cost levels. During the year under review, capital expenditure of PKR 294.084 million was incurred on construction of new production hall and storage facilities, and for import/local purchase and installation of production machinery.

Contribution to National Exchequer

Your Company has contributed PKR 172.773 million during the year under review to the national exchequer on account of import duties, sales and income taxes.

Appropriation of Profits

Considering the general state of economy, and in particular the hardships wreaked on agricultural sector by the recent floods, the Board of your Company strongly feels that the company needs to conserve its liquid resources in the coming year to sustain growth in revenues and cash flows. Again, the prevailing interest rates do not bode well for notional dividend payouts.

It has therefore been decided by the Board at its meeting held on 12 September 2024 not to recommend the payment of any cash or scrip dividends for the year under review.

Material Changes and Commitments

a. There have been no material changes since June 30, 2023 and your Company has not entered into any commitment, which would affect its financial position except those included in the financial statements of the Company for the year ended June 30, 2023.

b. There has been no modification in the Auditor's Report in relation to your company's operation at any stage.

c. There has been no default in payment of any debt by your company during the year.

d. These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan.

e. There has been no material departure from the Best Practices of Corporate Governance, as detailed in the Listing Regulations and Listed Companies (Code of Corporate Governance) Regulations, 2019.

f. The Auditors have expressed unqualified opinions on the financials statements of each of the group companies.

Compliance with the Code of Corporate Governance

The mandatory requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been duly complied with and a Statement of Compliance to this effect is annexed in the Annual Report.

External Auditors

The present auditors, M/s Masoom Akhter & Co., Chartered Accountants, retire and offer themselves for re-appointment. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guidelines on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as Auditors of the Company for the year ending June 30, 2025, at a fee to be mutually agreed.

Pattern of Shareholding

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2024, whose disclosure is required under the reporting framework, is included in the annexed shareholders' information.

Board Committees

The Board oversees the risk management process primarily through its various committees. Audit Committee ensures transparency and accountability by focusing on financial, regulatory and compliance risks. The Committee meets quarterly or more frequently if it is so required. Human Resource and Remuneration Committee focuses on the risks in its area of oversight, including assessment of compensation programs to ensure they do not escalate corporate risk, in addition to an ongoing succession planning exercise with a view to ensure availability of competent human resources in each critical area of Company operations.

Adequacy of Internal Controls

The directors are committed to the values of good governance and adequacy of internal controls. The Company has a sound system of internal control which is firmly integrated across all functions, effectively implemented and regularly monitored. The Board's Audit Committee reviews the Company's system of internal control to ensure that systems are in place and are adequate to safeguard the Company's assets, prevention & detection of error or fraud, compliance with laws & regulations and ensure the reliability of financial statements. The Company is in the process of setting up its own Internal Audit Department, hopefully with the coming financial year.

Risk Management

The Company has a comprehensive Risk Management Policy that has assigned specific responsibilities to directors and senior management. The two main players in the policy are the Board of Directors and its Audit Committee, who regularly review the risk matrix in terms of impact and probability of occurrence. The senior management team, led by the Chief Executive Officer, Chief Financial Officer and Non-Executive Directors are responsible for risk mitigation measures and developing proposals thereof for consideration by the Board.

The Company's activities expose it to a variety of financial risks: market risks (including currency risk, price fluctuations risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the Company's finance department under policies approved by the Board of Directors.

The Company's finance department evaluates and hedges financial risks where possible. 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, liquidity risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

Credit Risk

Credit risk represents the risk that one party to a financial instrument may cause a financial loss for the other party by failing to discharge an obligation. PAPL does not generally extend credit other than to financially sound industrial customers and such exposure is immaterial to total revenues of the Company. As regards financial assets, their carrying amounts represent the maximum credit exposure. The Company believes that it is not exposed to major concentration of credit or market value fluctuations risks. Exposure is managed through application of diversification of its investment portfolio placed with 'A' ranked banks and financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. The Company's fund management strategy aims at managing liquidity risk through internal cash generation. PAPL has no long-term debt while it has been allotted credit rating of A for short term financing by its two principal bankers. Low level of receivables balance and availability of sufficient credit lines, due to stable liquidity position, enables the Company to meet all its contractual commitments.

Foreign Exchange Risk

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currencies. The Company is mainly exposed to short term USD/PKR parity on its import of raw materials. As a matter of policy, the Company prefers to use sight letters of credit for all imports of raw material. Any loss arising out of forex fluctuation is absorbed in the cost of raw materials and/or fixed assets imported; and not shown as a part of financial overheads.

Policies and Procedures

The Company started a process of documenting all its policies and procedures in the previous financial year on the direction of its Board and its Committees and integrate these into the Company's risk governance framework to ensure the smooth management of financial, operational and compliance risks. Due to major BMR program, we needed to re-write a number of formal procedures. Considerable work has been completed in this regard and it is hoped that the exercise will be completed in the next fiscal year.

Corporate Social Responsibility

The Company has not yet formulated its CSR program due to paucity of resources. However, your Board is keenly aware of the importance of Company's role in serving the society. While the Company participates in CSR activities on informal basis by donating funds to deserving charities, it aims to establish a formal CSR Section under its HR Committee to pay due attention to this commitment.

Sustainability and Corporate Social Responsibility (CSR)

At PAPL, Corporate Social Responsibility refers to playing a positive role in the community while fully taking into account the environmental and social impact of business decisions. Your Company principally serves the agricultural sector which is the backbone of our country's sustainability. We believe providing useful products to this sector is of tremendous value to our society's overall sustainability. As your Company progresses and is able to devote adequate funds to this aspect, formal sustainability and CSR programs will be designed and implemented.

Environment, Health & Safety

All our production processes have been designed to ensure that no risk is posed to environment, and workers' health and safety. All necessary equipment has been installed to handle any emergency in these areas.

Contracts with Related Parties
All necessary disclosures have been made in this respect in the financial statements. As a policy, your Company avoids awarding contracts for goods or services to any person related to the Company's board members or senior executives.

Threshold For Consideration as Executives
The Board has fixed the threshold of employees for consideration as Executives of the Company which includes CEO, CFO, all the Heads of Departments and such other employees as may be specified by Human Resource Committee keeping in view their scope of performance affecting the organization's key objectives and drawing monthly salary package of PKR 100,000/- or above.

Names of Directors of the Company during the Financial Year

1. Ms. Kaisra Jabeen Butt	(Chairperson & Non-Executive Director);
2. Dr. Safdar Ali Butt	(CEO & Executive Director);
3. Dr Tariq Javed	(CFO & Executive Director);
4. Mr. Mohammad Javed	(Non-Executive, Independent Director);
5. Mr. Iftikhar Mahmood	(Non-Executive, Independent Director);
6. Mr. Nazir Ahmed Shaheen	(Non-Executive, Independent Director);
7. Dr. Mubarak Hussain	(Non-Executive, Independent Director);

Composition of Board at the Time of Directors' Report
The Composition of the Board at the time of Directors' Report is as following;
The total number of directors are 7 including 6 male and 1 female director.

The composition of board, on basis of type of directorship held, is as follows:

a) Independent Non-Executive Directors:	04
b) Non-Executive Director:	01 (female director)
c) Executive Directors:	02

Directors Trainings
All our directors have attended / qualified the directors training program conducted by the Pakistan Institute of Corporate Governance or other approved bodies. During the current year, Mrs Kaisra Jabeen Butt attended PICG's DTP.

Evaluation of Board Members' Performances
The Company has instituted a process of evaluating the performance of its Board Members and Board Committees internally. The results were satisfactory, with an average score of 4.3/5.0 in all areas of individual directors, 4.2/5.0 in committees' performance and 4.26/5.0 in overall board performance.

Directors' Remuneration Policy
An extract from the Directors Remuneration Policy is appended below as required under Listed Companies (Code of Corporate Governance) Regulations, 2019.

Human Resources and Remuneration Committee of the Board (HRRC) has been authorized by the Board to design and oversee the implementation of the Company's Directors' Remuneration Policy. A formal Directors Remuneration Policy was approved by the Board in in the meeting held on 10 July 2021.

The objectives of the policy are two-fold: to attract, motivate and retain directors of the highest caliber with broad commercial experience, and to comply with all the provisions of all relevant laws, rules and regulations applicable to directors' remunerations.

The Policy has been drawn considering the following:

- Company's strategic aims and goals.
- Company's corporate social responsibility.
- Company's core principle of business integrity.
- The market conditions for desired talent;
- A need for maintaining a work atmosphere that is conducive to efficiency, maturity of thought, motivation to progress and attainment of corporate goals; and
- Remuneration structure for directors in similar businesses in Pakistan as well as other companies of comparable size.
- The upper limit of base pay and benefits to be allowed to individual directors is approved by Board of Directors within the limits approved by the shareholders/members of the Company. .

However, while setting the remuneration package of any individual director, the following factors are considered:

- The particular qualifications, relevant experience and stature of the director.
- The prevailing market value of his/her particular talent.
- The nature of association of the director with the company, i.e. type of directorship held.
- Remuneration of Independent Directors is restricted to Directors / Meetings Fees only.

Boards' Efforts Towards Understanding the Views of Shareholders

The Board is cognizant of its responsibilities to all minority shareholders. Both board members and the management team hold conversations with large institutional holders of the stock and brokerage houses to understand areas of focus for shareholders or any concerns. The goal of the Board of Directors is to attract a high caliber of shareholders who are well informed about the Company's prospects and its strategy. Members of the Board have virtually interacted with shareholders in Annual General Meeting held on October 27, 2023 to understand the views of shareholders of the Company and will do so again at this year's AGM.

Acknowledgements

We wish to record our gratitude to all the Company employees, consultants and associates for their sheer hard work and commitment to the Company's objectives and for achieving satisfactory results in a challenging year for the country's economy. We are also thankful to all of Company's stakeholders especially our customers for their continued confidence in our products and services.

Website of the Company

All the information as required to be placed on Company's website under statutory/regulatory requirements is appropriately placed at www.pakagro.com

Dr Safdar Ali Butt
(Chief Executive)

Tariq Jayed
Executive Director

Islamabad, September 12, 2024

DIRECTORS' PROFILES

Mrs Kaisra Jabeen Butt.
Chairperson / Non-Executive Director

She holds a master's degree in literature in English and is an experienced academician and administrator. She takes a keen interest in her social responsibilities and serves as a director on a board of a large-scale social welfare organization, engaged in human and institutional development, immunization, and mother/child health care programs. She has completed her DTP held by PICG during the year under review. She has been on the board of Pak Agro Packaging Limited as a Non-Executive Director since 2003.

Dr. Safdar Ali Butt
Chief Executive / Executive Director

Dr. Butt is a financial expert, an experienced corporate official, an academician and an entrepreneur. He holds a master's degree in Commerce from Karachi University and a doctorate in financial management from Canada. He is a member of several professional bodies in Accounting, Finance and management. He has also completed Directors' Education program of Pakistan Institute of Corporate Governance.

Dr. Butt worked in senior financial positions with multinational companies overseas like Johnson & Johnson and Caltex Oil Corporation. He has worked as Director Finance / CFO with Army Welfare Trust, and served on the boards of directors of Askari Bank, Askari Leasing, Askari General Insurance, Askari Cement and several other companies functioning under AWT's ambit. He also served as a director of Bank of Azad Jammu & Kashmir as a nominee of AJK government for over 8 years.

He is currently an independent director of Unity Foods Ltd., a company engaged in manufacturing food products including but not limited to cereals, cooking oil, flour mills, rice processing mills, baking plants, etc. It has several subsidiaries and its operations are spread all over Pakistan. Dr. Butt is also engaged in Ujala Education Foundation.

Dr. Tariq Javed
Director Finance & Company Secretary

Dr. Tariq Javed holds a PhD in financial management from UPSI, Malaysia. He also holds a CPA and PIPFA qualifications. He has over twenty years industrial and commercial experience including 12 years with Pak Agro Packaging Ltd. He also has academic experience, teaching at MBA and MS levels in several universities. He is well-versed with the requirements of the present-day finance department and corporate compliance procedures.

Dr. Mubarak Hussain Haider
Independent Director

Dr. Mubarak Hussain Haider is an experienced business manager and entrepreneur, with around thirty years' corporate experience. He holds a PhD in human resource management and has considerable academic experience at university level. He is currently a principal shareholder and CEO of Quantum Energy, a firm engaged in manufacture, installation, and maintenance of Solar Systems. Dr Mubarak also runs a managerial training firm called "BRAINS IN BRAIN" in Islamabad.

Mohammad Javed
Independent Director

Mr Mohammad Javed is an engineer by qualification and a marketing guru by profession. He has over 28 years' experience at senior managerial level and as an advisor and consultant in ICT, public safety and smart technologies, with large Pakistani and European corporate organizations. He has worked in both public and private sector companies and was until recently a director general in one of the country's largest semi-governmental corporations. He has been instrumental in shaping marketing policies and strategies at national level. As an independent director, Mr Javed provides useful insights into the world of technology and marketing strategy building.

Mr Iftkhar Mahmood
Independent Director

Mr Iftkhar Mahmood is a qualified civil engineer and engaged in his construction business for over twenty years. Earlier, he had served in important technical and managerial positions with large construction firms, being involved in development of large scales housing estates. He contributes significantly toward engineering and labor relation matters of the company.

Mr Nazir Ahmed Shaheen
Independent Director

Mr Shaheen holds MA, LLB and FCMA qualifications and over three decades of governance and regulatory experience. He is considered an authority on Company Law in Pakistan, having written several books on various aspects of this subject. He has completed his DTP from ICMA and currently runs a consultancy firm, offering professional services in company law, taxation, financial management and related areas.

BOARD COMMITTEES

The company attained its listed status only in November 2021. So far it has formed only two Board Committees, as enumerated below. However, it proposes to form other necessary board committee within the coming financial year.

Board Audit Committee

The Board Audit Committee of your Company has been specifically mandated to perform the functions and duties assigned to such committees by the Code of Corporate Governance issued by SECP, briefly including the following:

- Determination of suitable measure for protecting the assets of listed company; examination of initial declaration of results before publication; Review of quarterly, half-yearly and annual financial statement of listed company before presenting to Board of Directors;
- Facilitate the external audit by discussing significant observations resulting from interim and external audit with external auditors; Assessment of management letter which is issued by external auditors, along with management response in this regard;
- Ensuring the effectiveness of internal control systems (financial and operational), accounting structure and reporting system; reviewing of company's statements which contain description of internal control systems, before presenting them to Board of Directors;
- Specifying compliance practices related to statutory requisites;
- Making recommendation for the appointment of external auditors to Board of Directors; and advice the Board on issues related to resignation or removal of external auditors as well as audit fee of external auditors.

The Current Members of our Board Audit Committee are:

1.	Dr Mubarak Hussain Haider	Independent Director / Chairman
2.	Mr. Nazeer A. Shaheen	Non-executive Director / Member
3.	Mr Iftikhar Mahmood	Independent Director / Member

The Committee had two meeting since its inception in February 2022 to consider quarterly financial statements and to make appropriate recommendations to the Board thereof.

Human Resources Committee

In accordance with the provisions of Code of Corporate Governance, our Human Resources Committee has been assigned the following responsibilities:

- To oversee the Company's compensation and benefits policies generally;
- To evaluate performance of executives; and review the Company's management succession plan;
- To oversee and set compensation for the Company's executive directors, CEO, and other senior managers;
- To recommend the appointment of and terminate compensation consultants as needed;
- To perform any other tasks that may be assigned to it by the Board from time to time.

This committee should have at least three members, preferably all non-executive directors and at least one independent director. The current members of our Board HR Committee are:

1.	Mr Mohammad Javed	Independent Director / Chairman
2.	Mr. Iftikhar Mahmood	Non-Executive Director / Member
3.	Mrs Kaisra Jabeen Butt	Non-Executive Director / Member

HR Committee held two meeting during the two last two quarters of the year under review and attention to routine human resource and remuneration affairs.

STATEMENT OF COMPLIANCE

The company has complied with the requirements of the regulations in the following manner:

The total number of Directors is 07 as shown below:

Male:	06
Female:	01

The composition of the Board is as follows:

Category	*No of Directors*	*Names*
Independent Directors	04	Dr Mubarak Hussain Haider Mr. Mohammad Javed Mr. Iftikhar Mahmood Mr. Nazir Ahmed Shaheen
Non-Executive Directors	01	Mrs Kaisra Jabeen Butt
Executive Directors	02	Dr. Safdar Ali Butt Dr Tariq Javed

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company

- The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along-with its supporting policies and procedures.

- The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.

- All the powers of the board have been fully exercised and decisions on relevant matters have been taken by the board / shareholders as empowered by the relevant provisions of the Companies Act 2017 and these regulations.

- The meetings of the board were presided over by the Chairperson. The board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

- The board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

- The board remained compliant with the provision of the Regulations pertaining to the directors' training program. All of the seven directors on the board have already attended the Directors' Training program.

- During the period no change occurred in the positions of Chief Financial Officer, Company Secretary and Head of Internal Audit. Their remuneration and terms and conditions of employment complied with relevant requirements of the regulations.

- Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.

Status of Board Committee is as follows:
The board has an Audit Committee, comprising of members given below:

i.	Dr Mubarak Hussain Haider	Independent Director / Chairman
ii.	Mr. Nazeer A. Shaheen	Non-executive Director / Member
iii.	Mr Iftikhar Mahmood	Independent Director / Member

The board has a Human Resources Committee, comprising of the following members:

i.	Mr Mohammad Javed	Independent Director / Chairman
ii.	Mr. Iftikhar Mahmood	Non-Executive Director / Member
iii.	Mrs Kaisra Jabeen Butt	Non-Executive Director / Member

The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance

- The frequency of meetings of the committee were as follows:
  Audit committee (04)
  Board meetings (05)
  Human Resource Committee (2)
- The board has set up an effective internal audit function which is considered suitable and effective for the purpose and are connected with the policies and procedures of the company.
- The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Review program of the Institute of Chartered Accountants of Pakistan.
- The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirements.
- Quarterly financial results and accounts have been submitted to PSX and are also available on company's website.

Independent Auditors' Review Report
To the Members of Pak Agro Packaging Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Pak Agro Packaging Limited (the Company) for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2024.

Place: **Islamabad**
Dated: **September 30, 2024**

MASOOM AKHTAR & CO.
CHARTERED ACCOUNTANTS
UDIN: CR202410750LZqmEXUCN

Office No. 611, 6th Floor, ISE Towers,
Jinnah Avenue, Islamabad
Tel: +92-51-2894652
2894653
Fax: Tel: +92-51-2894651
E-mail: masoomakhtarca@gmail.com

Independent Auditors' Report to the Members of Pak Agro Packaging Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Pak Agro Packaging Limited** (the Company), which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Office No. 611, 6th Floor, ISE Towers,
Jinnah Avenue, Islamabad

Tel: +92-51-2894652
2894653

Fax: Tel: +92-51-2894651
E-mail: masoomakhtarca@gmail.com

Following is the Key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our report
1.	**Capital expenditure** (Refer note 15 to the annexed financial statements) During the current year, the Company has incurred a significant amount of the capital expenditure to enhance production, technological upgrades and strengthen the existing product slate of the Company and has been capitalized during the year. We consider the above as a key audit matter being significant transactions and events for the Company during the year.	**Our audit procedures in relation to the matter amongst others, included:** Assessed, on a sample basis, costs capitalized during the year by comparing the costs capitalized with the relevant underlying documentation, which included procurement agreements and invoices. Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable accounting and reporting framework. Evaluated management's estimation of economic useful lives and residual values by considering our knowledge of the business and practices adopted in the local industry. Checked the date of transferring capital work-in progress to operating fixed assets by examining the completion certificates, on a sample basis. Assessed whether the disclosures are made in accordance with the financial reporting framework.
2.	**Inventories** Refer notes 3.5, 3.6 and 17 to the financial statements, the Company has inventories i.e. stock in trade Rs. 169,950,140/- as compared to preceding year Rs. 186,335,863/=. We identified this area as a key audit matter because inventories decreased by 8.79% as compared to the previous year & constitute 24.811% of the total assets of the Company as at June 30, 2024, and determining an appropriate write down as a result of net realizable value (NRV).	**Our audit procedures in respect of this area included:** Assessed whether the Company's accounting policy for inventories valuations is in line with the applicable financial reporting standards; Attended the inventory count at the year-end and on a sample basis, reconciled the physical inventory with the valuation sheets provided to ensure the completeness of the data; Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents; Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards; and Considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.

3.	**Revenue and trade debts** (Refer notes 3.7, 3.9, 18 and 23 to the annexed financial statements) As disclosed in above mentioned notes to the accompanying financial statements, the Company has reported net sales of Rs. 833,801,274/- and related trade debts balances as at the reporting date amounting to Rs. 'Nil'. During the year, the Company has reported an increase in revenue with the significant decrease in trade debts of 41.53% and (100%) respectively. The revenue and related trade debts are largely susceptible to the risk of completeness / accuracy and existence / valuation respectively, which may mis-state the Company's reported financial performance and position as at the reporting date. Moreover, trade debts balances are also subject to management estimates to ascertain expected credit losses, if any, as at the reporting date. Therefore, given the risks involved, we identified revenue recognition along with related increase in trade debts a key audit matter.	**Our audit procedures included the following:** We performed a range of audit procedures including the following: • We obtained an understanding of the process relating to recording of revenue from contract with customers and testing the design and operating effectiveness of relevant Key internal controls implemented around sales and trade receivables cycle. • We performed test of details on revenue recognized during the year, on a sample basis, including review of order receipt, invoicing and dispatched; • We performed cut-off procedures on transactions occurring either immediately before or after the year end to assess the recording of revenue in correct accounting period; and • We performed analytical procedures to ascertain the reasoning of major fluctuations. • We scanned for any manual journal entries relating to revenue recorded during the year, particularly at year-end, which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation. • We considered the adequacy of the related disclosures presented in the financial statements and assessed these in accordance with applicable accounting standards and requirements of the Companies Act, 2017.

Information Other than the Financial Statement and Auditors' report thereon:

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

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

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

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 is responsible for overseeing the Company's financial reporting process.

Auditors' 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 in adequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of profit or loss, 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 auditors' report is Mr. Masoom Akhtar, FCA.

MASOOM AKHTAR & CO. Chartered Accountants Islamabad

Masoom Akhtar

MASOOM AKHTAR & CO.
CHARTERED ACCOUNTANTS
UDIN: AR202410750Zw1dprnAY

Place: **Islamabad**
Dated: **September 30, 2024**

PATTERN OF SHAREHOLDING

Pattern of Shareholding as on 30 June 2024			
No of Shareholders	Shareholding		Total Shares Held
	From	To	
2	1	100	69
16	101	500	7,027
4	501	1,000	3,325
14	1001	5,000	50,751
11	5,001	10,000	88,994
8	10,001	20,000	123,846
6	20,001	30,000	148,159
3	30,001	40,000	109,800
3	40,001	50,000	145,000
8	50,001	100,000	644,951
5	100,001	150,000	580,530
5	150,001	200,000	937,600
2	200,001	300,000	528,000
3	300,001	400,000	1,113,000
2	400,001	500,000	904,000
2	500,001	1,000,000	1,399,948
1	1,000,001	2,000,000	1,197,500
0	2,000,001	3,000,000	-
1	3,000,001	4,000,000	3,600,000
0	4,000,001	8,000,000	-
1	8,000,001	10,000,000	8,417,500

CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	Numbers	Percentage	Shares Held	Percentage
Employee Prov. Fund	1	1.03%	50,500	0.25%
Financial Institutions	2	2.06%	175,500	0.88%
Individuals	83	85.57%	17,789,703	88.95%
Investment Companies	1	1.03%	147,000	0.74%
Joint Stock Companies	7	7.22%	1,294,897	6.47%
Mutual Fund	1	1.03%	332,000	1.66%
Takaful Company	2	2.06%	210,400	1.05%
Total	97	100.00%	20,000,000	100.00%

Shareholding 5% or above	Shares Held	Percentage
Safdar Ali Butt	8,417,500	42.09%
Samina Khalid	3,600,000	18.00%
Kaisra Jabeen Butt	1,197,500	5.99%

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 3rd Annual General Meeting of Pak Agro Packaging Ltd; will be held at 16:00 pm on October 15, 2024 to transact the following business at company's registered office at Plot 22-23, Phase – IV, Hattar Industrial Estate, Hattar. KPK.

To enhance the reach, shareholders can also attend the Meeting online as per the instructions given in Notes.

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2024 together with the Directors' and Auditors' reports thereon.
- To elect the members of the Board for the next tenure.
- To appoint Auditors for the term ending at the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring Auditors Masoom Akhter & Co. Chartered Accountants being eligible have offered themselves for reappointment.

ANY OTHER BUSINESS

- To transact any other business with the permission of the Chair.

NOTES

i) Share Transfer Books of Pak Agro Packaging Limited ("Company") shall remain closed from October 14, 2024 to October 14, 2024 (both days inclusive) and no transfer will be registered during that time. Share transfer deeds received in order with the Share Registrar of the Company, i.e. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 at the close of business on October 13, 2024 will be treated in time for all legal entitlements.

ii) A member entitled to attend and vote at the Annual General Meeting ("Meeting") is entitled to appoint another member as a proxy to attend and vote on his/ her behalf. In case of a corporate entity, being a member, may appoint as its proxy any of its official or any other person whether a member of the Company or not through Board Resolution/ Power of Attorney.

iii) The instrument appointing a proxy duly stamped/ signed and witnessed, and must be received at the Corporate Office of the Company at 302, 3rd Floor, Green Trust Tower, Jinnah Avenue, Blue Area, Islamabad, Pakistan, not later than forty-eight (48) hours before the Meeting.

iv) Shareholders whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to e-mail copy CNIC along with their account number in CDS and participants ID number for verification. In case of appointment of proxy by such account holders, it must be accompanied with participants' ID number and Account/Sub-account number along with attested photocopies of CNIC or the Passport of the beneficial owner. Representatives of Corporate Members should e-mail the usual documents required for such purposes through the e-mail address communicated in Proxy Form through which they are appointed as Proxy of the respective Shareholder.

v) Members should quote their Folio. / CDS Account number in all correspondence with the Company and at the time of attending the Annual General Meeting.

vi) Shareholders are requested to notify the change of address, and any other relevant details, if any, immediately to our Share Registrar.

vii) In case of joint holders, only one member whose name will appear as main title shareholder in our list of shareholders, will be allowed to attend the General Meeting.

TRANSMISSION OF ANNUAL REPORT:

The Audited Financial Statements of the Company for the year ended June 30, 2024 have been made available on the Company's website (https://www.pakagro.com) in addition to the quarterly financial statements for the prior periods. Further, Annual Report of the Company for the year ended June 30, 2024 has been e-mailed to the respective shareholders who have provided their valid e-mail IDs to the Share Registrar of the Company (CDSRSL). Those members who require a hard copy of the Company's Annual Report are requested to provide us their latest address to enable us send these by courier / post.

PHYSICAL / ONLINE PARTICIPATION IN AGM:

The physical avenue has been given earlier in the notice. For those unable to attend in person, the Company has also made arrangements for conducting the above Shareholders' Meeting online. The shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices from their homes or any convenient location after completing all the formalities required for the verification and identification of the shareholders. In this regard, shareholders are required to update their valid e-mail addresses with the Company Secretary Office (info@pakagro.com) latest by October 08, 2024. A detailed procedure shall be communicated through e-mail directly to the shareholders who have provided their valid e-mail IDs and same shall be placed at the Company's website (https://www.pakagro.com) in investor relations section. The shareholders' who have already updated their valid e-mail addresses with the Company or its Share Registrar (CDCSRSL) and are interested to attend AGM may send below information at info@pakagro.com for the shareholders/ appointed proxy's verification from their duly registered valid e-mail address for the registration purposes latest by October 10, 2024

In case of appointment of a proxy, please communicate above information for the individual who has been appointed as proxy of the Shareholder to participate and vote on behalf of the respective shareholder along with the duly signed proxy form.

FOLIO / CDC ACCOUNT NO.	TOTAL SHARES	PRINCIPAL SHAREHOLDER		JOINT SHAREHOLDER(S)	
		NAME AND CNIC NO.	SHAREHOLDING PROPORTION (NO. OF SHARES)	NAME AND CNIC NO.	SHAREHOLDING PROPORTION (NO. OF SHARES)

FORM OF PROXY

I / we ____ a member of Pak Agro Packaging Limited and holder of ____________________ shares as per Shares Register Folio # / CDC Participant I.D Participant ID # Sub A/C # / Investor A/C # ______________________ do hereby appoint ___________________________________

of ____ or failing him

_____________________________________ of ____________________________ who is

also member of the Company vide Registered Folio # ______________________________ as my / our proxy to attend, speak and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on Tuesday the October 15, 2024 at 16.00 hours and at any adjournment thereof.

As witness my / our hand this ________ day of October 2022 at __________________

Signature Of Witness 1	Affix Revenue Stamp of Rs 50/-
Name	
CNIC No	
Address	

Signature Of Witness 2	
Name	
CNIC No	
Address	Member's Signature

Date: ____________________ Place ____

Notes:

- A member entitled to attend and vote at the AGM is entitled to appoint another member as a proxy to attend and vote instead of him / her. The instrument appointing a proxy must be received at the registered office of the company not less than 48 hours before the time fixed for AGM.
- In case of individuals, the account holder and / or sub-account holder, whose registration details are uploaded as per the CDC Regulations, shall submit scan / photo of the proxy form as per above requirements.
- The proxy form shall be (i) dully stamped with adhesive revenue tickets of Rs.50/- and (ii) witness by two persons, whose names addresses and CNIC numbers shall be mentioned on the proxy form.
- Attested copies of CNIC of the Passport of beneficial owners and of the proxy shall be furnished with the proxy form
- The proxy shall submit scan/photo of his original CNIC of Passport at the time of login to the Video Link / Zoom application for attending online AGM.
- In case of corporate entity, scan/photo of the Board's resolution / power of attorney with specimen signature thereon shall be submitted online (unless it has been provided earlier) along with proxy form to the company at the time of login to the Video-Link / Zoom application for attending online AGM.

D

FINANCIAL STATEMENTS

Pak Agro Packaging Limited
Statement of Financial Position as at June 30, 2024

Equity and liabilities	Note	2024 (Rupees)	2023 (Rupees)
Share capital and reserves			
Share capital	6	200,000,000	200,000,000
Reserves	7	107,283,257	107,283,257
Revenue reserves			
Unappropriated profit		104,077,080	65,147,370
		411,360,337	372,430,627
Non-current liabilities			
Obligation against assets subject to finance lease	8	46,112,074	30,793,518
Deferred taxation	9	53,741,807	24,285,667
Employees' gratuity fund	10	3,254,940	2,735,478
		103,108,820	57,814,663
Current liabilities			
Short term bank borrowings	11	125,763,250	60,531,204
Current maturity of long term liabilities	12	11,343,286	8,320,043
Accrued and other liabilities	13	33,401,534	18,426,137
Taxation - net	21	-	2,512,923
		170,508,070	89,790,307
Contingencies and commitments	14	-	-
Total equity & liabilities		**684,977,227**	**520,035,597**
Property and assets			
Non-current assets			
Property, plant and equipment	15	457,612,101	209,891,646
Long term deposits	16	20,789,309	11,162,947
Current assets			
Stock in trade	17	169,950,140	186,335,863
Trade debts	18	-	83,439,432
Advances, deposits and other receivables	19	9,981,312	5,761,969
Prepayments	20	4,037,628	2,750,973
Taxation - net	21	4,068,889	-
Cash and bank balances	22	18,537,848	20,692,767
		206,575,817	298,981,004
Total assets		**684,977,227**	**520,035,597**

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

		Kaisra J. Butt
Chief Financial Officer	**Chief Executive**	**Director**

Pak Agro Packaging Limited
Statement of Profit or Loss
For the year ended June 30, 2024

	Note	2024 (Rupees)	2023 (Rupees)
Sales	23	833,801,274	589,119,038
Cost of sales	24	699,696,448	507,193,580
Gross profit		134,104,826	81,925,458
Operating expenses			
Administrative	25	24,956,332	23,396,075
Selling and distribution	26	299,470	148,250
		25,255,802	23,544,325
Profit from operations		108,849,024	58,381,132
Financial expenses	27	20,742,896	17,346,853
Other charges	28	7,510,583	4,028,298
		28,253,478	21,375,151
		80,595,546	37,005,982
Other income	29	-	1,167,731
Profit for the year before taxation		80,595,546	38,173,713
Taxation	30	41,331,372	18,679,298
Profit for the year		**39,264,174**	**19,494,414**
Basic and diluted earnings per share (PKR)		**1.96**	**0.97**

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

Kaisra J. Butt

Chief Financial Officer	**Chief Executive**	**Director**

Pak Agro Packaging Limited
Statement of Comprehensive Income
For the year ended June 30, 2024

	2024 (Rupees)	2023 (Rupees)
Profit for the year after taxation	39,264,174	19,494,414
Other comprehensive income		
Items that will nor classified to profit or loss		
Remeasurement (loss)/gain on staff retirement benefit plan	(334,463)	(1,050,092)
Total comprehensive income for the year	**38,929,711**	**18,444,322**

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

Chief Financial Officer **Chief Executive** Kaisra J. Butt **Director**

Pak Agro Packaging Limited
Statement of Cash Flows
For the year ended June 30, 2024

	Note	2024 (Rupees)	2023 (Rupees)
Cash flow from operating activities			
Profit for the year before taxation		80,595,546	38,173,713
Adjustments for:			
Depreciation	(15.1)	34,223,603	28,687,824
Gain on disposal of assets		-	(358,349)
		34,223,603	28,329,475
Operating profit before working capital changes		**114,819,149**	**66,503,187**
Increase/(decrease) in:			
Stock in trade	(17)	16,385,723	(50,282,622)
Trade debtors	(18)	83,439,432	(65,941,074)
Advances, deposits and other receivables	(19)	(4,219,343)	41,067,244
Pre-payments	(20)	(1,286,655)	(581,917)
		94,319,157	(75,738,369)
		209,138,306	(9,235,182)
Increase /(decrease) in:			
Current liabilities		14,975,397	1,650,121
Cash flow from operating activities		**224,113,703**	**(7,585,061)**
Income Tax Paid		(18,457,045)	(11,341,193)
Net cash flow from operating activities		**205,656,658**	**(18,926,254)**
Cash flow from investing activities			
Fixed capital expenditures	(15)	(281,944,059)	(13,891,660)
Capital work in progress	(15.4)	-	(12,140,398)
Sale proceeds of fixed assets		-	994,789
Long term deposits	(16)	(9,626,362)	(4,058,881)
Short term investment		-	30,000,000
Deposit against vehicles		-	(2,427,789)
Net cash flow from investing activities		**(291,570,421)**	**(1,523,939)**
Cash flow from financing activities			
Asset subject to finance lease	(8)	18,341,798	23,174,935
Short term bank borrowings	(11)	65,232,046	(5,228,384)
Employees' gratuity fund	(10)	184,999	(384,324)
Net cash flow from financing activities		**83,758,844**	**17,562,227**
Net increase/(decrease) in cash and cash equivalents		**(2,154,919)**	**(2,887,966)**
Cash and cash equivalent in the beginning of the year		20,692,767	23,580,733
Cash and cash equivalent at the end of the year	(22)	**18,537,848**	**20,692,767**

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

		Kaiser J. Butt
Chief Financial Officer	**Chief Executive**	**Director**

Pak Agro Packaging Limited
Statement of Changes in Equity
For the year ended June 30, 2024

	Share capital	Capital reserves	Accumulated profit	Total
	(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	-	-	18,444,322	**18,444,322**
Balance as at June 30, 2023	**200,000,000**	**107,283,257**	**65,147,370**	**372,430,627**
Total comprehensive income for the year	-	-	38,929,711	**38,929,711**
Balance as at June 30, 2024	**200,000,000**	**107,283,257**	**104,077,080**	**411,360,337**

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

Chief Financial Officer **Chief Executive** **Director**

Pak Agro Packaging Limited
Notes to the Financial Statements
For the year ended June 30, 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 December 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:

	Purpose
Hattar Plot No. 23, Phase IV, Haripur, Khyber Pakhtunkhwa, Hattar Industrial Estate, Hattar.	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 and 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, 2023. 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, 2024
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2024
IFRS 16	Leases (Amendments)	January 1, 2024
IAS 21	The Effects of changes in Foreign Exchange Rates (Amendments)	January 1, 2025
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2026
IFRS 17	Insurance Contracts	January 1, 2026
IFRS 9	Financial Instruments – Classification and Measurement of Financial Instruments (Amendments)	January 1, 2026

- 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, 2024;

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRIC 12	Service concession arrangements
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

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

- **Recognition and measurement:** Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. Freehold land and capital work in progress are stated at cost less any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. An item of property, plant and equipment is derecognized upon disposal. Any gain or loss on disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and its carrying amount and is recognized in profit or loss.

- **Subsequent expenditure:** Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- **Depreciation:** Depreciation is calculated to write off the cost of items of property, plant and equipment less their residual values using the reducing balance method, except leasehold land, buildings and plant and machinery which are depreciated on a straight-line basis. Depreciation is recognized in the statement of profit or loss. Leased assets are depreciated over the shorter of the leased term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated. Rates of depreciation/estimated useful lives are mentioned in note 17.1.1. Depreciation is charged on prorate basis from the month in which an asset become available for used, while no depreciation is charged for the month in which the asset is disposed off. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.
- **Capital work-in-progress:**

  Capital work-in-progress is stated at cost less accumulated impairment losses (if any). All expenditure connected to the specific assets incurred during installation and construction period is carried under capital work-in-progress. These are transferred to relevant classes of property, plant and equipment as and when these are available for use.
- **Leases:**

  The Company assesses whether a contract is, or contains, a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, which are presented in rent, rates and taxes.

3.3) <u>Staff retirement benefits</u>

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.

The calculation of defined benefit obligations in respect of gratuity is performed annually by a qualified actuary using the Projected Unit Credit (PUC) method. The latest actuarial valuation of the plan was carried out as at 30 June 2024. The Company's net liability in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets.

Re-measurement of the net defined benefit liability, which comprises actuarial gains and losses, are recognized immediately in other comprehensive income (OCI). The Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefit plan is recognized in statement of profit or loss. The actuarial assumptions used in the valuation of gratuity plan are disclosed in note 36.8.

3.4) <u>Impairment</u>

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 liabilities.

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

Classification: The Company classifies its financial assets in the following measurement categories:

- Amortized cost
- Fair value through profit or loss (FVTPL); and
- Fair value through other comprehensive income (FVTOCI)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition: Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Further, financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement: At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Debt instruments: Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company can classify its debt instruments:

- Amortized cost: Financial assets that are held for collection of contractual cash flows where the contractual terms of the financial assets give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at amortized cost. Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost include deposits, trade debts, advances, other receivables and cash and bank balances.
- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses or reversals, interest income, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified to profit or loss.
- FVTPL: Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss in the period in which it arises.

Equity instruments: All equity instruments at fair value are subsequently measured at FVTPL except where the Company's management has irrevocably elected to present fair value gains and losses on equity investments in OCI. In such case, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Financial liabilities

Financial liabilities are classified in the following categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortized cost.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of financial liabilities at amortized cost also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

FVTPL: Financial liabilities at FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at FVTPL. The Company has not designated any financial liability upon recognition as being at FVTPL.

Financial liabilities at amortized cost: After initial recognition, financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in profit or loss for the year, when the liabilities are derecognized as well as through effective interest rate amortization process.

The Company derecognizes financial liabilities when and only when the Company's obligations are discharged, cancelled or they expire.

Off setting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Impairment of financial asset

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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 debts, 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. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at amortized cost (other than trade debts) and FVTOCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when internal and external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash owes.

Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to depreciation / amortization and are tested annually for impairment. Assets that are subject to depreciation / amortization are reviewed for impairment at each statement of financial position date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized for the amount for which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows i.e. Cash Generating Unit (CGU). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each statement of financial position date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no new impairment loss had been recognized. An impairment loss or reversal of impairment loss is recognized in profit or loss for the year.

	2024 (Rupees)	2023 (Rupees)
6. Share capital		
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
	200,000,000	200,000,000

7. Reserves

This represents the Premium on issuance of shares and can be utilized by the Company only for the purposes specified in Section 81 of the Companies Act, 2017.

8. Obligation under finance lease

	2024	2023
Value of assets	30,793,518	7,129,849
Add: Addition during the year	32,591,524	35,843,181
	63,385,042	42,973,030
Less: Payments made upto the year	5,929,683	3,859,469
Present value of minimum lease payment	57,455,360	39,113,561
Less: Current maturity	11,343,286	8,320,043
	46,112,074	30,793,518

The amount of future payments and the periods in which they become due are as follows:

	2024	2023
June 30, 2024	-	13,474,272
June 30, 2025	19,134,011	13,683,648
June 30, 2026	19,039,757	9,567,017
June 30, 2027	33,317,963	14,307,041
	71,491,731	51,031,978
Less: Lease financial charges allocable for future periods	14,036,372	11,918,417
	57,455,359	39,113,561
Less: Current maturity of finance lease	11,343,286	8,320,043
	46,112,074	30,793,518

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.

The finance lease facilities for the Yarn Making Machine, Fishing Net Machine and Vegetable Bag Wrap Knitting Machine, provided by M/s OLP Financial Services Pakistan Limited, are fully secured through a first exclusive charge registered with the Securities and Exchange Commission of Pakistan (SECP).

			2024 (Rupees)	2023 (Rupees)
9	**Deferred taxation**			
	The balance of deferred tax is in respect of following temporary differences:			
	Accelerated depreciation on property plant and equipment		53,741,807	24,285,667
			53,741,807	24,285,667
10.	**Employees' gratuity fund**			
	Balance at beginning of the year		2,735,478	2,069,710
	Add: Provision for the year		7,893,286	2,642,456
			10,628,764	4,712,166
	Less: Paid to outgoing members		(7,373,824)	(1,976,688)
			3,254,940	2,735,478
11.	**Short term bank borrowings**			
	Running finance	(11.1)	75,844,040	60,531,204
	Finance against Trust Receipts (FATR) Facility:	(11.2)	49,919,210	-
			125,763,250	60,531,204

11.1) Running finance

The Bank of Khyber has renewed the running finance facility limit upto Rs.80 million on January 01, 2024 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, Khyber Pakhtunkhwa.
- 1st PP 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 directors and owners of the properties (except for independent directors) company.

These facilities are valid up to December 31, 2024.

11.2) **Finance against Trust Receipts (FATR) Facility:**

The Bank of Bank of Punjab has renewed the Finance against Trust Receipts (FATR) Facility upto Rs. 50 million on November 06, 2023 to retire the SLCs and bank contracts at sight established for import of raw material through BOP counters only at mark up rate to be recovered on quarterly basis as follows:

- Base rate + 300 bps p.a. for 90 days;
- After 90 days as per BOP's Schedule of charges.

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:

- Trust receipts for each draw down;
- Pari Passu Charge over present and future fixed assets of the company for Rs. 67.000M with 25% margin along with constructive MODTD coupled with letter of holding from BOK.
- 1st Exclusive Hypothecation charge of Rs.107 million duly registered with SECP over Company's stock with 25% margin against running finance facility;

Combined Collateral as mention below:

- Ist Pari Passu charge of 266.67M including 25% Margin over hypothecation of present and future current assets of the company. Enhancement will be allowed on registration of fresh ranking charge of 66.67M with 545 days deferral to upgrade ranking charge to Pari Passu level.
- Personal guarantees of sponsor directors i.e., Dr. Safdar Ali Butt and Ms. Kaisra Jabeen Butt having combined shareholding of 41.99% along with PNWS.

These facilities are valid up to September 30, 2024.

		2024 (Rupees)	2023 (Rupees)
12. Current maturity of long term liabilities			
This represents current maturity of followings			
- Finance lease	(8)	11,343,286	8,320,043
		11,343,286	8,320,043

	2024	2023
13. Accrued and other liabilities		
Workers' profit participation fund	14,210,719	8,768,268
Salaries payable	7,864,582	3,338,090
Mark up payable	4,835,887	1,812,415
Workers' welfare fund	2,068,131	2,012,836
Sales tax payable	1,751,630	1,145,797
Audit fee	840,000	700,000
Postal life insurance	110,905	546,680
Lease finance payable	102,051	102,051
Other liabilities	1,617,628	-
	33,401,534	18,426,137

14. 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.

		2024 (Rupees)	2023 (Rupees)
15. Property, plant and equipment			
Operating fixed assets			
- Owned assets	(15.1)	399,210,772	151,656,776
- Right of use assets (ROU)	(15.2)	58,401,329	46,094,471
Capital work in progress	(15.4)	-	12,140,398
		457,612,101	209,891,646

15.1) Owned assets

Description	Factory building on Lease hold land	Motor vehicles	Plant and machinery	Electric Installation	Furniture and fixtures	Office equipment	Electrical equipment	Computers	Total
As at July 01, 2022									
Cost	55,904,245	15,298,332	279,820,309	5,009,037	1,158,264	1,499,222	1,103,590	342,920	360,135,919
Accumulated depreciation	(15,771,669)	(3,814,572)	(177,069,612)	(3,987,905)	(639,446)	(669,522)	(986,917)	(335,868)	(203,275,511)
Net book value	40,132,576	11,483,760	102,750,697	1,021,132	518,818	829,700	116,673	7,052	156,860,409
Annual rate of depreciation (%)	5	15	15	15	15	15	15	30	
Year ended June 30, 2023									
Opening net book value	40,132,576	11,483,760	102,750,697	1,021,132	518,818	829,700	116,673	7,052	156,860,409
Additions	1,941,000	3,267,797	4,827,463	401,100	-	176,300	35,000	293,000	10,941,660
Disposals/adjustment									
Cost	-	(1,875,000)	-	-	-	-	-	-	(1,875,000)
Adjustment Dr/(Cr)	-	11,054,234	-	-	-	-	-	-	11,054,234
Depreciation	-	(4,191,124)	-	-	-	-	-	-	(4,191,124)
	-	4,988,110	-	-	-	-	-	-	4,988,110
Depreciation charge	(2,079,416)	(2,875,422)	(15,726,566)	(172,947)	(77,823)	(135,474)	(19,688)	(46,066)	(21,133,402)
Closing net book value	39,994,160	16,864,244	91,851,594	1,249,284	440,996	870,526	131,985	253,986	151,656,776
As at July 01, 2023									
Cost	57,845,245	27,745,363	284,647,772	5,410,137	1,158,264	1,675,522	1,138,590	635,920	380,256,813
Accumulated depreciation	(17,851,085)	(10,881,119)	(192,796,178)	(4,160,853)	(717,268)	(804,996)	(1,006,605)	(381,934)	(228,600,037)
Net book value	39,994,160	16,864,244	91,851,594	1,249,284	440,996	870,526	131,985	253,986	151,656,776
Annual rate of depreciation (%)	5	15	15	15	15	15	15	30	
Year ended June 30, 2024									
Opening net book value	39,994,160	16,864,244	91,851,594	1,249,284	440,996	870,526	131,985	253,986	151,656,776
Additions	20,043,550	-	244,688,877	18,500	18,000	187,450	-	53,300	265,009,677
Disposals/adjustment									
Cost	-	-	-	-	-	-	-	-	-
Adjustment Dr/(Cr)	-	-	12,072,643	-	-	-	-	-	12,072,643
Depreciation	-	-	(2,965,343)	-	-	-	-	-	(2,965,343)
	-	-	9,107,300	-	-	-	-	-	9,107,300
Depreciation charge	(2,303,672)	(2,529,637)	(21,193,533)	(189,011)	(67,724)	(168,753)	(19,798)	(90,853)	(26,562,981)
Closing net book value	57,734,038	14,334,607	324,454,238	1,078,773	391,271	889,224	112,187	216,433	399,210,772
As at July 01, 2024									
Cost	77,888,795	27,745,363	541,409,292	5,428,637	1,176,264	1,862,972	1,138,590	689,220	657,339,133
Accumulated depreciation	(20,154,757)	(13,410,756)	(216,955,054)	(4,349,864)	(784,993)	(973,748)	(1,026,403)	(472,787)	(258,128,361)
Net book value	57,734,038	14,334,607	324,454,238	1,078,773	391,271	889,224	112,187	216,433	399,210,772
Annual rate of depreciation (%)	5	15	15	15	15	15	15	30	

15.2) Right of use assets (ROU)

Particulars	Rupees							
	2024				2023			
	Land	Motor Vehicle	Machinery	Total	Land	Motor Vehicle	Machinery	Total
Cost	1,565,250	2,950,000	50,491,815	55,007,065	1,565,250	11,054,234	12,072,643	24,692,127
Accumulated depreciation	-	(184,375)	(8,728,219)	(8,912,594)	-	(5,429,684)	(1,358,172)	(6,787,857)
Net book value as on July 01,	**1,565,250**	**2,765,625**	**41,763,596**	**46,094,471**	**1,565,250**	**5,624,550**	**10,714,471**	**17,904,270**
Additions	-	-	29,074,780	29,074,780	-	2,950,000	38,419,172	41,369,172
Disposals/adjustments								
Cost	-	-	-	-	-	-	-	-
Adjustment Dr/(Cr)	-		(12,072,643)	(12,072,643)		(11,054,234)	-	(11,054,234)
Depreciation	-		2,965,343	2,965,343		5,429,684	-	5,429,684
	-	-	(9,107,300)	(9,107,300)	-	(5,624,550)	-	(5,624,550)
Depreciation charge	-	(414,844)	(7,245,778)	(7,660,622.20)	-	(184,375)	(7,370,046)	(7,554,421)
Net book value as at June 30,	**1,565,250**	**2,350,781**	**54,485,298**	**58,401,329**	**1,565,250**	**2,765,625**	**41,763,596**	**46,094,471**
Annual Rate of Depreciation (%)	-	15%	15%		-	15%	15%	

15.3) The depreciation relating to owned assets and right of use assets for the year has been allocated as follows:

		2024 (Rupees)	2023 (Rupees)
Cost of sales	(24.4)	33,808,760	28,503,449
Administrative expenses	(25)	414,844	184,375
		34,223,603	**28,687,824**

15.4) Capital work in progress

Plant and machinery	
Balance as at July 01, 2022	38,419,172
Additions during the year	12,140,398
Transfers during the year	(38,419,172)
Balance as at June 30, 2023	**12,140,398**
Balance as at July 01, 2023	12,140,398
Additions during the year	11,791,238
Transfers during the year	(23,931,636)
Balance as at June 30, 2024	-

16. Long term deposits

	2024	2023
Security deposits against:		
Leased assets	18,982,143	9,355,781
Utilities	1,152,836	1,152,836
Office building	654,330	654,330
	20,789,309	**11,162,947**

		2024 (Rupees)	2023 (Rupees)
17. Stock in trade			
Raw material	(17.1)	81,848,340	87,954,439
Finished goods		62,014,500	88,536,190
Work-in-process		9,643,215	9,845,234
Stock in transit		16,444,085	-
		169,950,140	**186,335,863**
17.1) Raw material			
Raw material		73,132,720	73,716,500
Colors		8,205,390	11,645,919
Chemical		510,230	2,592,020
		81,848,340	**87,954,439**

18. Trade debts

These are unsecured and considered good by the management.

		2024 (Rupees)	2023 (Rupees)
19. Advances, deposits and other receivables			
Advances to:	(19.1)		
Against salaries		723,500	880,000
Against supplies		1,667,408	4,792,728
Against services		75,333	-
		2,466,241	5,672,728
Deposits:			
Margin deposit on letters of credit		6,236,482	-
Others		1,000,000	-
		7,236,482	-
Other receivables			
Sales tax refundable		278,589	89,241
		278,589	89,241
		9,981,312	**5,761,969**

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

	2024 (Rupees)	2023 (Rupees)
20. Prepayments		
Insurance	2,981,976	2,750,973
Office rent	1,055,652	-
	4,037,628	**2,750,973**
21. Taxation - net		
Tax deducted at source	17,770,132	10,562,521
Provision for taxation	(13,701,243)	(13,075,444)
	4,068,889	**(2,512,923)**
22. Cash and bank balances		
Cash in hand	700,000	650,000
Cash at bank - current account	17,837,848	20,042,767
	18,537,848	**20,692,767**
23. Sales-net		
Gross sales	984,087,526	691,853,585
Sales tax	(150,286,252)	(102,734,547)
	833,801,274	**589,119,038**

		2024 (Rupees)	2023 (Rupees)
24. Cost of sales			
Raw material consumed	(24.1)	336,923,248	324,498,951
Colors consumed	(24.2)	28,135,446	13,055,268
Chemical consumed	(24.3)	28,693,931	13,052,457
Packing material consumed		12,376,460	9,826,219
Production overhead	(24.4)	266,843,655	183,641,614
		672,972,739	544,074,509
Work in process			
- Balance as on July, 01		9,845,234	6,456,895
- Balance as at June, 30		(9,643,215)	(9,845,234)
		202,019	(3,388,339)
Cost of goods manufactured		673,174,758	540,686,170
Finished stocks			
- Balance as on July, 01		88,536,190	55,043,600
- Balance as at June, 30		(62,014,500)	(88,536,190)
		26,521,690	(33,492,590)
		699,696,448	**507,193,580**

24.1) Raw material consumed

	2024 (Rupees)	2023 (Rupees)
Stock as on July, 01	73,716,500	66,004,420
Add: Raw material imported	336,339,468	332,211,031
	410,055,968	398,215,451
Stock as at June, 30	(73,132,720)	(73,716,500)
	336,923,248	**324,498,951**

24.2) Colors consumed

	2024 (Rupees)	2023 (Rupees)
Stock as on July, 01	11,645,919	7,443,360
Color purchased	24,694,917	17,257,827
	36,340,836	24,701,187
Stock as at June, 30	(8,205,390)	(11,645,919)
	28,135,446	**13,055,268**

24.3) Chemical consumed

	2024 (Rupees)	2023 (Rupees)
Stock as on July, 01	2,592,020	1,104,966
Add: Purchases	26,612,141	14,539,511
	29,204,161	15,644,477
Stock as at June, 30	(510,230)	(2,592,020)
	28,693,931	**13,052,457**

		2024 (Rupees)	2023 (Rupees)
24.4) Production overhead			
Salaries and benefits	(24.4.1)	110,910,762	81,123,017
Fuel and power		105,568,021	63,319,268
Repair and maintenance		5,187,607	3,570,595
Sui gas		3,924,884	2,563,896
Insurance		2,955,422	1,507,791
Lubricants		1,495,750	652,200
Vehicle running and maintenance		742,427	604,855
Entertainment		623,363	516,110
Miscellaneous		405,108	445,096
Rent, rates and taxes		325,082	75,600
Travelling and conveyance		306,825	292,095
Telephone and internet		204,611	185,840
Printing and stationary		268,845	170,140
Postage and courier		53,672	24,319
Security charges		48,116	77,954
Newspaper and periodicals		14,400	9,390
Depreciation	(15.3)	33,808,760	28,503,449
		266,843,655	**183,641,614**
24.4.1) Salaries and benefits			
Salaries to staff		84,087,043	64,481,702
Overtime		13,159,172	7,164,517
Gratuity		6,802,941	1,385,357
Bonus		3,286,545	5,496,342
Social security		1,510,140	1,290,010
E.O.B.I		1,300,640	887,068
Financial assistance		330,000	209,500
Leave encashment		401,896	169,437
Medical		32,385	39,084
		110,910,762	**81,123,017**

25. Administrative expenses

		2024 (Rupees)	2023 (Rupees)
Director's remuneration	(25.1)	10,920,151	12,669,051
Salaries and benefits	(25.2)	4,662,931	3,063,050
Rent, rates and taxes		4,558,501	4,024,130
Auditor's remuneration		840,000	700,000
Fees and subscriptions		699,430	441,147
Entertainment		522,068	364,812
Printing and stationary		433,940	360,947
Telephone, mobile and internet		481,818	482,529
Repair and maintenance		253,815	274,887
Utilities		486,469	249,528
Travelling and conveyance		226,587	112,665
Legal and professional		204,500	75,800
Postage and courier		156,108	132,248
Miscellaneous		76,830	239,366
News papers and periodicals		18,340	21,540
Depreciation	(15.3)	414,844	184,375
		24,956,332	**23,396,075**

		2024 (Rupees)	2023 (Rupees)
25.1) Director's remuneration			
Remuneration		9,650,000	10,800,000
Director's meeting		625,000	345,000
Bonus		345,417	1,225,000
Medical		261,939	299,051
Insurance		37,795	-
		10,920,151	**12,669,051**
25.2) Salaries and benefits			
Salaries to staff		3,750,257	2,522,129
Gratuity		755,882	207,007
Bonus		156,792	201,646
Insurance		-	132,268
		4,662,931	**3,063,050**
26. Selling and distribution expenses			
Carriage outward		299,470	148,250
		299,470	**148,250**
27. Financial expenses			
Mark-up		12,558,524	10,024,080
Lease financial charges		7,171,294	6,868,726
Bank charges		252,813	250,322
Share Registrar Services		760,264	203,725
		20,742,896	**17,346,853**
28. Other charges			
Workers' profit participation fund		5,442,451	2,919,057
Workers' welfare fund		2,068,131	1,109,242
		7,510,583	**4,028,298**
29. Other income			
Profit on TDR		-	809,382
Gain on sale of assets	(15.1.2)	-	358,349
		-	**1,167,731**
30. Taxation			
Current year tax charged			
- for the year	(30.1)	13,701,243	13,075,444
- for prior year		(1,826,010)	(2,300,000)
		11,875,233	10,775,444
Deferred tax		29,456,139	7,903,854
Tax expense for the year		**41,331,372**	**18,679,298**
30.1) Reconciliation of tax charge for the year			
Accounting profit - before taxation		82,663,677	39,282,954
Inadmissible expenditure for tax purposes		33,734,275	35,556,550
Admissible expenditure for tax purposes		(119,822,694)	(31,038,745)
		(3,424,741)	43,800,759
Tax charge at applicable tax rate of 29% (2023: 29%)		-	12,702,220
Tax charge on Accounting profit/tax chargeable u/s 113(C) @ 17%		13,701,243	-
Tax effect of difference of minimum tax chargeable		-	373,224
		13,701,243	**13,075,444**

31. Remuneration of Chief Executive, Directors and Executives

Description	2024 Chief Executive	2024 Director	2024 Executive	2023 Chief Executive	2023 Director	2023 Executive
Managerial remuneration	6,500,000	3,150,000	5,251,818	5,400,000	5,400,000	2,105,250
Bonus	220,417	125,000	242,500	661,771	563,229	270,438
	6,720,417	3,275,000	5,494,318	6,061,771	5,963,229	2,375,688
Number of persons	1	1	3	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 and internet 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 1 non-executive director and 4 Independent Directors is Rs. 625,000/= (2023: 1 non-executive director and 4 Independent Directors was Rs. 345,000/=).

	2024 (Rupees)	2023 (Rupees)
32. Earnings per share - Basic and Diluted		
Profit after tax	39,264,174	19,494,414
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)	1.96	0.97

33. Note supporting the statement of cash flows

2024	July 01, 2023	Cash inflows / (outflow)	Non-cash changes	June 30, 2024
Lease liabilities	39,113,561	(32,591,524)	-	6,522,037
Running finance	60,531,204	125,763,250	-	186,294,454

2023	July 01, 2022	Cash inflows / (outflow)	Non-cash changes	June 30, 2023
Lease liabilities	13,182,635	(35,843,181)	(102,051)	(22,762,597)
Running finance	65,759,588	60,531,204	-	126,290,792

34. 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. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that company. Details of transactions with related parties, except for remuneration to key management personnel as discussed in note 31, are as follows:

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.

- Following are the associated companies/undertakings and related parties with whom the Company had entered into transactions during the year:

Related party	Basis of relationship	Number of shares held in the company	Aggregate %age shareholding in the Company
Employees' Gratuity Fund	Employees' Gratuity Fund	-	0.00%

35. Financial instruments and related disclosures

35.1) Financial assets and liabilities

	2024			2023		
	Amortized Cost	FVTPL	Total	Amortized Cost	FVTPL	Total
	(Rupees)			(Rupees)		
Financial assets						
Maturity up to one year						
Stock in trade	-	169,950,140	**169,950,140**	-	186,335,863	**186,335,863**
Trade debts	-	-	-	83,439,432	-	**83,439,432**
Advances, deposits and other receivables	9,981,312	-	**9,981,312**	5,761,969	-	**5,761,969**
Cash and bank balances	18,537,848	-	**18,537,848**	20,692,767	-	**20,692,767**
Maturity after more then one year						
Long term deposits	20,789,309	-	**20,789,309**	11,162,947	-	**11,162,947**
	49,308,469	169,950,140	**219,258,609**	121,057,115	186,335,863	**307,392,978**
Financial liabilities						
Recognized						
Maturity up to one year						
Short term bank borrowings	125,763,250	-	**125,763,250**	60,531,204	-	**60,531,204**
Current maturity of long term liabilities	11,343,286	-	**11,343,286**	8,320,043	-	**8,320,043**
Accrued and other liabilities	33,401,534	-	**33,401,534**	18,426,137	-	**18,426,137**
Maturity after more then one year						
Obligation against assets subject to finance lease	46,112,074	-	**46,112,074**	30,793,518	-	**30,793,518**
	216,620,143	-	**216,620,143**	118,070,902	-	**118,070,902**

35.2) 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 June 30, 2024, trade debts of Rs. 'Nil' (2023: Rs. 83,439,432/-) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	2024 (Rupees)	2023 (Rupees)
Up to 3 months	-	83,439,432
	-	83,439,432

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. As of close of the financial year, the Company had financial assets of Rs. 49,308,469/- (2023: Rs. 121,057,115/-).

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.

	Less than 1 year	Between 1 to 5 years	Over 5 years
At June 30, 2023			
Maturity up to one year			
Running finance	125,763,250	-	-
Current maturity of long term liabilities	8,320,043	-	-
Accrued and other liabilities	18,426,137	-	-
Maturity after more then one year			
Obligation against assets subject to finance lease	-	30,793,518	-
At June 30, 2024			
Running finance	125,763,250	-	-
Current maturity of long term liabilities	11,343,286	-	-
Accrued and other liabilities	33,401,534	-	-
Maturity after more then one year			
Obligation against assets subject to finance lease	-	46,112,074	-

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.

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 stake holders 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.

36. Staff retirement benefits

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

		2024 (Rupees)	2023 (Rupees)
36.1)	The amounts recognized in the statement of financial position are as follows:		
	Present value of defined benefit obligations	3,254,940	2,735,478
	Fair value of plan assets	-	-
	Payables	-	-
		3,254,940	**2,735,478**

36.2) Changes in the present value of defined benefit obligation are as follows:

Opening defined benefit obligation	2,735,478	2,069,710
Service cost		
Current service cost	1,095,026	1,449,083
Past service cost	6,032,959	-
Interest expense	430,838	143,281
Cash flows		
Benefit payments from Plan	-	-
Benefit payments from employer	(7,373,824)	(1,976,688)
Payables	-	-
Re-measurements		
Effect of changes in Demographic assumptions	-	-
Effect of changes in Financial assumptions	-	-
Effect of Experience adjustments	334,463	1,050,092
Closing defined benefit obligation	**3,254,940**	**2,735,478**

36.3) Components of defined benefit cost are as follows:

Service Cost		
Current Service Cost	1,095,026	1,449,083
Reimbursement Service Cost	-	-
Past Service Cost	6,032,959	-
(Gain) / loss on settlements	-	-
Net Interest Cost		
Interest Expense on Defined Benefit Obligation	430,838	143,281
Interest (income) on Plan Assets	-	-
Re-measurement of Other Long Term Benefits	-	-
Defined benefit cost included in P&L	**7,558,823**	**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	334,463	1,050,092
(Return) on Plan Assets (excluding interest income)	-	-
Total re-measurements included in OCI	**334,463**	**1,050,092**
Total Defined Benefit Cost recognized in P&L and OCI	**7,893,286**	**2,642,456**

36.4)

Net Defined Benefit Liability (Asset) reconciliation	**FY ending June 30, 2024**	**FY ending 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	7,558,823	1,592,364
Total Re-measurements included in OCI	334,463	1,050,092
Employer Direct Benefit payments	(7,373,824)	(1,976,688)
Net Defined Benefit Liability (Asset) as of end of year	**3,254,940**	**2,735,478**

36.5)

Assumptions used to determine Defined Benefit Obligation	**FY ending June 30, 2024**	**FY ending June 30, 2023**
Discount Rate	14.00%	15.75%
Rate of Salary increase (Long Term)	13.00%	14.75%

36.6) Assumptions used to determine Defined Benefit Cost	FY ending June 30, 2024	FY ending June 30, 2023
Discount rate	15.75%	13.25%
Rate of salary increase (Long term)	14.75%	12.25%

36.7) Expected defined benefit cost recognized in P&L	FY ending June 30, 2024	FY ending June 30, 2023
Service cost		
Current service cost	1,095,026	1,449,083
Past service cost	-	-
(Gain) / loss on settlements	-	-
Net interest cost	-	-
Interest expense on defined benefit obligation	430,838	143,281
Interest (income) on plan assets	-	-
Total defined benefit cost recognized in P&L as at 30.06.2024	**1,525,864**	**1,592,364**

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

Discount rate	14.00%	15.75%
Expected rate of salary increase	13.00%	14.75%

36.9) 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.

36.10) Sensitivity analysis	FY ending June 30, 2024	Percentage Change in DBO
Defined Benefit Obligation (DBO)	3,254,940	-
1% Increase in Discount rate	2,917,136	-10.38%
1% Decrease in Discount rate	3,677,361	12.98%
1% Increase in Salary Increase rate	3,684,687	13.20%
1% Decrease in Salary Increase rate	2,904,068	-10.78%

37. Number of employees

	2024	2023
Number of employees as on June 30,		
Factory	222	197
Other	6	7
	228	204
Average number of employees during the year		
Factory	204	199
Other	6	6
	210	205

38. Production capacity

Plant has a maximum production capacity of 1,600,000 kgs (2023: 1,450,000 kgs). Actual production during the period was 1,503,091 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.

39. General

In fixed asset schedule (note 15.1) of current year motor cycle and tools and equipment are merged under the head motor vehicles and plant & machinery respectively, to enhance presentation by consolidating similar types of assets.

40. Date of authorization for issue

These financial statements have been authorized for issue on September 12, 2024 by the board of directors of the company.

Chief Financial Officer	**Chief Executive**	Kaisra J. Butt **Director**