

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

Due to considerable expansion in production capacity in the previous year, we were able to rethink our marketing strategies including significant changes in our product mix to attain alignment with the growing market trends. Also, the past year saw considerable increase in country's overall production capacity of our line of products due to additional investment by some of our competitors and new entrants in the market. This made it necessary for us to rationalize our product mix, in order to sustain our margins. As a result, our sales in quantity terms in the year at 1,506,031 kgs increased by only 0.2% over the sales quantity of previous year (1,503,091 kgs) while our sales revenue increased from Rs 833,801,274 (2023-24) to Rs 858,693,123 in 2024-25, an improvement of 3.0%. However, due to higher competition in the market, coupled with generally dampened demand for agricultural support products caused by climatic and financial constraint faced by farmers at large, our gross profit margin last year was only 13.85% in comparison with 16.08% in the previous financial year.

The impact of 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, while we were able to increase our sales revenue, our gross profit and net earnings could not be sustained due to several constraints on marketing and pricing policies caused by growing number of our competitors and weakened purchasing power of farmers. However, having gone through a difficult year, and after rationalizing our production mix with our preferred products' fields, 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.



Mrs Kaisra Jabeen Butt
Chairperson

MESSAGE FROM CHIEF EXECUTIVE OFFICER

The year under report was a difficult year for the entire industrial sector of Pakistan. In our particular field, i.e. manufacture of agricultural support products, a number of problems were faced by all companies due to economic factors, erratic availability of imported raw materials, falling value of Pak Rupee, shrinking buying capacity of our potential clientele and an increase in the number of smaller manufacturers who are generally not particular about niceties like product quality and standards, fair market practices, compliance with import laws and general safety of their products. This inevitably led to shrinking sales margins and net profits.

Despite these difficulties, our faith in the potential of our company is unshaken. We continued with consolidation of our production capacity and processes and maintaining a wide range of products for the market. We have now reset our production capacity utilization priorities in order to sustain our operating margins and amounts. Our net fixed assets at year end increased from Rs 478.4 million to Rs 501.4 million, while our total assets went up from Rs 684.7 million to Rs 699.25 million. While the increase percentages are low, the fact remains that despite difficult economic conditions, we sustained the growth trend.

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.

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 continues to create 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 the 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 KPK 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 all the provinces in the country.

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). 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.

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, by maintaining larger stocks throughout the year

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. Polyethylene bags for fish and related products used principally for fish exports.
- j. Fishing nets of different varieties and specifications to meet demands from lake fishing to deep sea fishing requirements.

The Factory

Location

The factory is located at Plots 22 and 23, Phase IV of Hattar Industrial Estate, Haripur, KPK. 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 KPK, 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 about 90,000 square feet. In addition to the main production hall (that also houses the storage area for raw materials, spares as well as finished products), 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 providing the finest quality products to its clients and to maintain its stature as the country's pioneer and leading supplier of agriculture and marine based support products.

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 20% 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.

While we are still new in the fishing nets market, we have already carved a niche for our products due to the use of correct raw material and efficient production processes. Our products compete quite favourably with imported items and in certain cases extract a price premium. Our production is able to meet less than 25% of the market needs at present. This offers us considerable scope for future expansion.

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.

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:	<p>Mrs Kaisra Jabeen Butt <i>Chairperson / Non-executive Director</i></p> <p>Dr. Safdar Ali Butt <i>Executive Director / CEO</i></p> <p>Dr. Tariq Javed <i>Executive Director / CFO & Company Secretary</i></p> <p>Dr. Mubarak Hussain Haider <i>Independent Director</i></p> <p>Mohammad Javed <i>Independent Director</i></p> <p>Mr Iftkhar Mahmood <i>Independent Director</i></p> <p>Mr Nazir Ahmed Shaheen <i>Independent Director</i></p>
External Auditor	<p>Masoom Akhtar & Co. Chartered Accountants 6th Floor, ISE Building, Jinnah Avenue, Islamabad Phone: 051-23894651</p>
Share Registrar	<p>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.cdcdsrl.com</p>
Legal Advisor	<p>Mr Abid Hussain Mirza Islamabad</p>
Registered Office & Factory	<p>Plot # 22-23 Phase – IV Hattar Industrial Estate, Hattar KPK. Phone: +92 995 352547</p>
Corporate Head Office	<p>Third Floor, Green Trust Tower Jinnah Avenue, Blue Area, Islamabad. Phone: +92 51 8311645</p>
Contact us:	<p>Phone: +92 51 8311645 www.pakagro.com info@pakagro.com</p>

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, 2025.

Significant Events

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

- a. An extensive BMR program that was started two years ago has been completed. 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 from Rs 478.4 million to Rs 501.9 million. While some lease finance was obtained which led to the addition of Rs 38.4 million in this class of liability, the bulk of the funds were generated internally, principally through rationalization of stock levels.
- b. We continued with our expansion plans initiated in January 2022. In particular, we have made significant investment of Rs 29.7 million in the current year for alternate energy generation (solar) capacity to control our production reliability and reduce costs.
- c. The Plant as a whole has now been rationalized to ensure smooth and efficient production processes and to maximize total output in line with our market needs. 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.
- d. Due to KPK government's Finance Bill 2025-26, minimum monthly wage was increased from Rs.36,000 to Rs 40,000. This significantly increased our labour / production overhead cost.

Global Economic Review

The global economy entered a stabilization phase following unprecedented shocks in recent years. Inflation has decreased from multi-decade highs and is gradually aligning with the targets set by central banks, although this progress remains uneven across different regions. Labor markets have largely normalized, with employment and vacancies returning to levels observed prior to the COVID-19 pandemic. Looking ahead, global economic growth, which is estimated at 3.3% in 2024, is projected to come down to 2.5% in 2025, before recovering slightly to 3.0% in 2026. This projected deceleration is attributed to cyclical headwinds and structural realignments within global trade. The rise of tariffs and increased uncertainty negatively impact business sentiment and disrupted supply chains. Global headline inflation is recorded at 5.7% in 2024. It is projected to decline to 4.3% in 2025 and 3.6% in 2026, supported by easing commodity prices. Trade-related uncertainties have reached unprecedented levels, with their long-term implications expected to differ across economies based on their susceptibility to protectionist measures, financial integration, and geopolitical factors. Although the global trade-to-GDP ratio has remained relatively stable, the patterns of underlying trade flows are evolving: globalization is transforming to regionalization, with trade increasingly concentrated within geopolitical blocs. This fragmentation presents risks to the cohesion and efficacy of the global trading system. Concurrently, governments are under increasing pressure to rebuild fiscal buffers and tackle entrenched inefficiencies within labor,

product, and financial markets to promote inclusive growth and mitigate inequality. The resurgence of nationalism and protectionism has significantly undermined the pro-growth narrative associated with globalization. Although multinational corporations continue to engage in cross-border operations, geopolitical tensions and regional conflicts, have disrupted global food and energy supplies, thereby exacerbating inflationary pressures. Investor apprehension has propelled gold prices to exceed US\$ 3,000 per ounce, reflecting concerns regarding broader geopolitical and policy uncertainties. Conversations surrounding energy transitions remain politically contentious, and advancements in climate action have been notably slow. Furthermore, the emergence of generative artificial intelligence has been accompanied by increased cyber threats.

Pakistan Economic Review

Building on recovery that started in FY 2024, the economy maintained its upward trajectory in FY 2025, recording a 2.68 percent annual growth. This progress is underpinned by effective macroeconomic management, improved fiscal and external account balances, and a significant reduction in inflation. The average inflation rate for July through April in FY 2025 was recorded at 4.7 percent, in stark contrast to the 26.0 percent observed during the previous year. This decline can be attributed to several factors, including fiscal consolidation, a stringent monetary policy, targeted relief measures, and efforts to stabilize the exchange rate. Additionally, fiscal discipline has shown marked enhancement during July-March FY 2025: the fiscal deficit has contracted to 2.6 percent of GDP from 3.7 percent last year, the primary surplus has risen to 3.0 percent from 1.5 percent, and tax revenues have surged by 26.3 percent, totaling Rs 9.3 trillion (July-April FY 2025). Strengthened macroeconomic fundamentals have enabled the State Bank of Pakistan to lower the policy rate, supporting private sector credit growth and spurring economic activity. Continued remittance inflows offer a vital buffer for the external account and help sustain household consumption, with further upside potential through skills development and greater diversification of overseas labor markets. Sustaining the recent developments in Pakistan's growth necessitates the resolution of ongoing structural challenges. The country's youthful demographic presents a significant opportunity but also highlights the urgent need for comprehensive reforms in education, technical and vocational training, and job creation. This is particularly crucial in labor-intensive sectors such as agriculture, construction, and manufacturing. A concentrated effort to mitigate regional disparities and to empower small and medium sized enterprises and entrepreneurs is vital for promoting inclusive economic growth. The foundational elements for economic recovery are becoming increasingly robust, and investor confidence is re-emerging. However, sustaining this positive momentum necessitates transitioning from short-term stabilization measures to comprehensive structural reforms. Through disciplined implementation of policy and strategic guidance anchored in a long-term vision, URAAN Pakistan, which emphasizes export-led and investment driven growth, has the potential to cultivate a resilient, inclusive, and prosperous economic future.

Pakistan and Agriculture

The agriculture sector in Pakistan plays an essential and sustainable role in ensuring food security, supporting rural livelihoods, and fostering national economic resilience. In FY 2025, the sector accounted for 23.54 percent of the Gross Domestic Product and employed over 37 percent of the labor force, underscoring its structural significance within the economy. Despite challenging climatic conditions, the agricultural sector demonstrated a positive growth rate of 0.56 percent, highlighting its inherent resilience and adherence to historical trends. The fisheries and forestry exhibited steady growth rates of 1.42 percent and 3.03 percent, respectively, bolstered by favorable policy measures and prevailing market dynamics. The crops sub-sector experienced a contraction of 6.82 percent, primarily driven by a 13.49 percent decline in key crops and a 19.03 percent decrease in cotton ginning. These downturns can be

attributed to adverse weather conditions and reduced sowing areas. Nevertheless, a growth of 4.78 percent in other crops indicates the potential for crop diversification and demonstrates resilience in circumstances. Recent developments in crop production have presented contrasting trends across various commodities. On a positive note, vegetable categories such as onion and potato reported substantial output growth, with increases of 15.9 percent and 11.5 percent, respectively. The livestock and poultry sectors have continued serving as fundamental economic growth pillars. The agriculture sector in Pakistan has made advancements in essential farm inputs and modernization initiatives. In summary, the FY 2025 presented a landscape characterized by diverse trends, yet demonstrated significant resilience within the agricultural sector. With strategic policy support and sustained investments, this sector is anticipated to substantially contribute to economic development, enhance rural incomes, and strengthen food security.

Pakistan and Climate Change

Climate change, driven by human-induced greenhouse gas emissions, is intensifying global warming and altering weather patterns. The World Meteorological Organization's "State of the Global Climate 2024" reports 2024 as the warmest year in 175 years, with global temperatures 1.55 °C above pre industrial levels. Although contributing less than 1 percent of global emissions, Pakistan remains among the most climate-affected countries. The State of the Pakistan Climate 2024 by the Pakistan Meteorological Department records intense climate irregularities, with a national average temperature increase to 23.52°C and a 31 percent rise in average rainfall. Provinces such as Sindh and Balochistan experienced extreme heat, cyclones, and sharp rainfall variations. Despite these challenges, Pakistan made notable progress on climate action in FY 2025. At COP29, Pakistan showcased its commitment at a vibrant national pavilion. Key initiatives include the Pakistan Green Building Code, the Urban Resilience Policy Framework under provincial consultation, and the CPEC-II Green Corridor promoting low-carbon transport. Pakistan's National Adaptation Plan was advanced with cabinet approval of 117 measures across six vulnerable sectors. To finance these initiatives, the government has secured around US\$ 1.4 billion under the IMF RSF. Ministry of Climate Change has rolled out a project Recharge Pakistan for ecosystem-based flood management (US\$ 77 million) and the Pakistan Glacier Protection Strategy. Pakistan also introduced its first Carbon Market Policy to attract clean tech investments and secured around US\$ 82 million from the Green Climate Fund. Financial innovations include the Rs 30 billion Green Sukuk and the National Climate Finance Strategy. Provincial governments also contributed Punjab launched the Climate Resilient Vision 2024, smog reduction programs, and green building initiatives. Sindh developed a Provincial Climate Action Plan, while Khyber Pakhtunkhwa continued the 10 Billion Tree Tsunami with 121.5 million plantations. To address escalating climate risks, Pakistan needs enhanced international support, climate justice, and investment in resilience and sustainability.

Fiscal Situation

The ongoing efforts towards fiscal consolidation continue to reinforce fiscal discipline throughout the current fiscal year, underpinned by a substantial increase in revenues attributed to various tax policy and administrative measures and effective expenditure management. Encouragingly, fiscal indicators are on improving trajectory for last three years and further strengthened during the current fiscal year. Thus, the fiscal deficit decreased to 2.6 percent of GDP during July March FY 2025 from 3.7 percent the previous year. Additionally, the primary surplus improved to Rs 3,468.7 billion (3.0 percent of GDP) compared to Rs 1,615.4 billion (1.5 percent) the previous year, facilitated by restrained non markup expenditures. The provinces also significantly contributed to the fiscal consolidation initiatives of the federal government, achieving a higher cumulative surplus of Rs 1,053.3 billion during the same period, compared to the surplus of Rs 435.4 billion recorded last year.

Total expenditure increased by 19.4 percent to Rs 16,337.0 billion during July-March FY 2025, compared to Rs 13,682.8 billion in the previous year. This growth in expenditure is primarily due to a notable rise in development spending, while current expenditures have experienced relatively moderate growth. Current expenditure rose by 18.3 percent, amounting to Rs 14,588.2 billion in FY 2025, an increase from Rs 12,333.3 billion last year. Additionally, markup payments expanded by 16.7 percent during this period, in contrast to a significant growth rate of 54.0 percent recorded in the prior year. Conversely, the growth rate of non-markup spending has decelerated to 19.6 percent in July March FY 2025, down from 20.4 percent last year. The restrained growth in current spending has afforded some flexibility for enhancing development expenditures within the current fiscal year. Notably, the federal Public Sector Development Program (PSDP) experienced substantial growth of 28.6 percent, reaching Rs 413.6 billion during July-March FY 2025, an increase from Rs 321.6 billion in the previous year. Total revenues increased by 36.7 percent, reaching Rs 13,367.0 billion during July-March FY 2025, compared to Rs 9,780.4 billion for the same period in the previous year. This notable performance in tax and non-tax revenues has significantly contributed to the rise in total revenues. Non-tax collections experienced an extraordinary growth of 68 percent, totaling Rs 4,229.7 billion during July-March FY 2025, compared to Rs 2,517.9 billion the same period last year. Key drivers of this increase included higher receipts from the SBP profit and the petroleum levy, alongside improved collections from dividends, PTA profits, royalties on oil and gas, and the natural gas development surcharge, which also played substantial roles in enhancing non-tax revenues. Furthermore, total tax collections, encompassing federal and provincial contributions, rose by 25.8 percent during July March FY 2025, amounting to Rs 9,137.3 billion, compared to Rs 7,262.5 billion in the preceding year. The Federal Board of Revenue (FBR) reported a net provisional tax collection growth of 26.3 percent, amounting to Rs 9,300.2 billion during July-April FY 2025, compared to Rs 7,361.9 billion in the previous year. Domestic tax collection experienced an increase of 27.7 percent, reaching Rs 8,256.8 billion during the same period in FY 2025, in contrast to Rs 6,464.3 billion the prior year. Additionally, Rs 427.5 billion has been disbursed in refunds during July-April FY 2025, compared to Rs 411.1 billion in the previous year. The FBR has exhibited commendable performance in revenue collection during the first ten months of FY 2025, attributed to various tax measures introduced in the Budget 2024-25. The government is advancing significant fiscal reforms in collaboration with provincial authorities to address emerging challenges. In this context, the National Fiscal Pact represents a critical initiative to rebalance intergovernmental relationships. These reforms are poised to ensure long-term fiscal sustainability, essential for achieving sustained, inclusive, and robust economic growth.

Financial Performance

Despite severe economic constraints, our sales rose by 2.98% from Rs 833.80 million in previous year to Rs 858.69 million in FY2025. This growth has been achieved through rationalization of product mix as the increase in total sales quantity has been only 0.31%. Our gross profit at Rs 118.9 million was 11.34% lower than last year's GP of Rs 134.1 million. The gross profit as % of sales revenue dropped from 16.0% in FY2024 to 13.84% in FY2025. This was principally due to the market conditions that severely restricted our ability to transfer all the cost increases to our clients.

Administration expenses were controlled effectively as they rose by only 4.38% while selling and distribution expenses rose in line with increase in sales volume. Increase in financial expenses was 22.3%, attributable to higher borrowings for ongoing BMR program.

Our profit before tax at Rs. 60.178 million in FY2025 was 25.33% lower than previous year due to the various factors enumerated above. However, profit after tax at Rs 31.672 million

was only 19.3% lower than FY2024, primarily due to the impact of deferred tax. Our earnings per shares dropped from Rs 1.96 a year ago to Rs 1.58 in year under review.

Our non-current liabilities rose by Rs 20.7 million to Rs 123.8 million on 30.6.25 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 during the year. Stock level have also been rationalized and brought down to Rs 120 million from Rs 169.9 million a year ago.

Highlights of financial performance

These are as follows:

	Year ended 30 June		Variance Positive/ (Negative)
	2025	2024	
	PKR'000		% age
Net Sales	858,693	833,801	2.99%
Gross Profit	118,896	134,105	(11.34)%
GP % of sales	14%	16%	(13.91)%
Operating Profit	92,458	108,849	(15.06)%
Net Profit before Tax	60,179	80,596	(25.33)%
Net profit after Tax	31,672	39,264	(19.34)%
Earnings Per Share: Rs	1.58	1.96	(19.39)%

Operational Performance

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

Agricultural Textiles include greenhouse shades, bale nets, anti-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 only a minor increase, in terms of quantitative volume as a result of weak buying power of the farmers.

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 and 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 effort for fish nets only in the year under review. Sales of fish nets are increasing steadily and show a great promise of growth in the future. 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 the 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 Rs. 76.6 million was incurred on plant and machinery including Rs 29.3 million on installation of solar system.

Contribution to National Exchequer

Your Company has contributed Rs 193.1 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 03 October 2025 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, 2024 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, 2025.
- 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, 2026, 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, 2025, 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. Our internal audit section ensures that appropriate checks are carried out for all major transactions in addition to the routine procedural checks.

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 to eliminate an exposure; hence credit risk 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. Absence of receivables balance and availability of sufficient credit lines, due to stable liquidity position, enables the Company to meet all its contractual commitments on a timely basis.

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 these 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 Rs 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: | <u>04</u> |
| b) Non-Executive Director: | <u>01</u> (female director) |
| c) Executive Directors: | <u>02</u> |

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 4.4/5.0 in all areas of individual directors, 4.3/5.0 in committees' performance and 4.36/5.0 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 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.

Gender Pay Gap Statement

The computation of the gender pay gap under Circular 10/2024 stands at NIL. The company keeps no distinction between the remuneration paid to males and females. The rate of pay depends on job grade/content, regardless of gender.

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 larger 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)


Dr Tariq Javed
 Executive Director

Islamabad, October 02, 2025

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 committees 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 an external auditor 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 holds meetings in each quarter, to review quarterly accounts before they are considered by the Board. The Committee makes appropriate recommendations to the Board as it deems appropriate.

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 paid 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:

<i>Category</i>	<i>No of Directors</i>	<i>Names</i>
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, and Head of Internal Audit. Their remuneration and terms and conditions of employment complied with relevant requirements of the regulations.
- During the financial year ended June 2025, there was a change in Company Secretary.

- 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 (04)
Human Resource Committee (02)
- 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, 2025 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, 2025.

Place: **Islamabad**
Dated: **October 02, 2025**
UDIN: CR202510750kNFswaAPG


 **MASOOM AKHTAR & CO.**
CHARTERED ACCOUNTANTS

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, 2025, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity 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, 2025 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. ✓

Following are the Key audit matters:

S. No.	Key Audit Matter	How the matter was addressed in our report
1.	Inventories Refer notes 3.5, 3.6 and 18 to the financial statements, the Company has inventories i.e. stock in trade Rs. 120,360,765/- as compared to preceding year Rs. 169,950,140/-. We identified this area as a key audit matter because inventories decreased by 29.18% as compared to the previous year & constitute 17.20% of the total assets of the Company as at June 30, 2025, 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.
2.	Revenue and trade debts (Refer notes 3.8, 3.11, and 24 to the annexed financial statements) As disclosed in above mentioned notes to the accompanying financial statements, the Company has reported net sales of Rs. 858,693,123/- 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. 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.	Our audit procedures included the following: We performed a range of audit procedures including the following: <ul style="list-style-type: none"> • 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. ✓

	<p>Therefore, given the risks involved, we identified revenue recognition along with related increase in trade debts a key audit matter.</p>	<ul style="list-style-type: none"> • 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.
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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 inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

Place: Islamabad

Dated: October 02, 2025

UDIN: AR202510750zSeag8FmL



Masoom Akhtar
MASOOM AKHTAR & CO.
CHARTERED ACCOUNTANTS

PATTERN OF SHAREHOLDING

Pattern of Shareholding as on 30 June 2025			
No of Shareholders	Shareholding		Total Shares Held
	From	To	
4	1	100	109
16	101	500	6,762
5	501	1,000	4,326
10	1,001	5,000	37,467
6	5,001	10,000	52,541
7	10,001	20,000	106,591
6	20,001	30,000	147,845
5	30,001	40,000	184,800
4	40,001	50,000	171,949
7	50,001	100,000	556,916
8	100,001	150,000	987,036
3	150,001	200,000	549,500
4	200,001	300,000	1,000,999
3	300,001	400,000	1,087,710
0	400,001	500,000	-
3	500,001	1,000,000	2,290,449
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	8,017,500

CATEGORIES OF SHAREHOLDERS

Category of Shareholders	Numbers	Percentage of Category	Shares Held	Percentage of Shares Held
Employees Provident Fund	1	1.06%	50,500	0.25%
Financial Institutions	1	1.06%	210,000	1.05%
Individuals	83	88.30%	17,907,103	89.54%
Joint Stock Companies	8	8.51%	1,500,397	7.50%
Mutual Fund	1	1.06%	332,000	1.66%
Total	94	100%	20,000,000	100.00%

Shareholding 5% or above		
Name of Shareholder	Shares Held	Percentage
Safdar Ali Butt	8,017,500	40%
Samina Khalid	3,600,000	18%
Kaisra Jabeen Butt	1,197,500	6%

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 4th Annual General Meeting of Pak Agro Packaging Ltd; will be held at 14:00 on October 25, 2025 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, 2025 together with the Directors' and Auditors' reports thereon.
- 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 24, 2025 to October 27, 2025 (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 (CDSRSL) 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	Member's Signature
Name	
CNIC No	
Address	

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) duly 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.

FINANCIAL STATEMENTS

Pak Agro Packaging Limited**Statement of Financial Position as at June 30, 2025**

<u>Equity and liabilities</u>	<u>Note</u>	<u>2025</u> (Rupees)	<u>2024</u> (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		136,654,174	104,077,081
		<u>443,937,431</u>	<u>411,360,338</u>
Non-current liabilities			
Obligation against assets subject to finance lease	8	57,733,014	46,112,073
Deferred taxation	9	60,428,941	53,741,807
Payable against vehicle	10	1,604,860	-
Employees' gratuity fund	11	4,213,846	3,254,940
		<u>123,980,661</u>	<u>103,108,820</u>
Current liabilities			
Short term bank borrowings	12	79,011,004	125,763,250
Current maturity of long term liabilities	13	25,785,390	11,343,286
Accrued and other liabilities	14	24,685,085	31,649,903
Refund due to government	20	-	1,473,041
Taxation - net	22	2,513,823	-
		<u>131,995,302</u>	<u>170,229,480</u>
Contingencies and commitments	15	-	-
Total equity & liabilities		<u><u>699,913,394</u></u>	<u><u>684,698,638</u></u>
<u>Property and assets</u>			
Non-current assets			
Property, plant and equipment	16	468,966,112	457,612,101
Long term deposits	17	33,031,435	20,789,309
Current assets			
Stock in trade	18	120,360,765	169,950,140
Advances, deposits and other receivables	19	19,256,678	9,627,390
Refund due from government	20	33,933,631	-
Prepayments	21	4,026,863	4,112,960
Taxation - net	22	-	4,068,890
Cash and bank balances	23	20,337,910	18,537,848
		<u>197,915,847</u>	<u>206,297,228</u>
Total assets		<u><u>699,913,394</u></u>	<u><u>684,698,638</u></u>

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


Chief Financial Officer
Chief Executive
Director

Pak Agro Packaging Limited
Statement of Profit or Loss
For the year ended June 30, 2025

	<u>Note</u>	<u>2025</u> (Rupees)	<u>2024</u> (Rupees)
Sales	24	858,693,123	833,801,274
Cost of sales	25	739,137,239	699,696,447
Gross profit		119,555,884	134,104,827
Operating expenses			
Administrative	26	26,050,372	24,956,332
Selling and distribution	27	388,430	299,470
		26,438,802	25,255,802
Profit from operations		93,117,082	108,849,025
Financial expenses	28	25,370,546	20,742,896
Other charges	29	6,953,855	7,510,583
		32,324,401	28,253,479
Profit for the year before taxation		60,792,681	80,595,546
Taxation	30	28,858,072	41,331,371
Profit for the year		31,934,609	39,264,175
Basic and diluted earnings per share (PKR)		1.60	1.96 ✓

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


Chief Financial Officer


Chief Executive


Director

Pak Agro Packaging Limited
Statement of Comprehensive Income
For the year ended June 30, 2025

	<u>2025</u> (Rupees)	<u>2024</u> (Rupees)
Profit for the year after taxation	31,934,609	39,264,175
Other comprehensive income		
Items that will not classified to profit or loss		
Remeasurement gain/(loss) on staff retirement benefit plan	642,484	(334,463)
Total comprehensive income for the year	<u>32,577,093</u>	<u>38,929,712</u> ✓

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


Chief Financial Officer


Chief Executive


Director

Pak Agro Packaging Limited
Statement of Cash Flows
For the year ended June 30, 2025

		<u>2025</u> (Rupees)	<u>2024</u> (Rupees)
Cash flow from operating activities	<u>Note</u>		
Profit for the year before taxation		60,792,681	80,595,546
Adjustments for:			
Depreciation	(16)	65,258,375	34,223,603
		65,258,375	34,223,603
Operating profit before working capital changes		126,051,056	114,819,149
Increase/(decrease) in:			
Stock in trade	(18)	49,589,375	16,385,723
Trade debtors		-	83,439,432
Advances, deposits and other receivables	(19)	(9,629,288)	(4,219,343)
Refund due from government	(20)	(35,406,672)	-
Pre-payments	(21)	86,097	(1,286,655)
		4,639,512	94,319,157
		130,690,568	209,138,306
Increase/(decrease) in:			
Accrued and other liabilities	(14)	(6,964,818)	14,975,397
Cash flows generated from operating activities		123,725,750	224,113,703
Income tax paid		(15,588,225)	(18,457,045)
Net cash flows generated from operating activities		108,137,525	205,656,658
Cash flow from investing activities			
Fixed capital expenditures	(16)	(76,612,386)	(281,944,059)
Long term deposits	(17)	(12,242,126)	(9,626,362)
Net cash flows used in investing activities		(88,854,512)	(291,570,421)
Cash flow from financing activities			
Asset subject to finance lease	(8)	26,063,045	18,341,798
Short term bank borrowings	(12)	(46,752,246)	65,232,046
Long term payable against vehicle	(10)	1,604,860	-
Employees' gratuity fund	(11)	1,601,390	185,000
Net cash flows (used in)/generated from financing activities		(17,482,951)	83,758,844
Net increase/(decrease) in cash and cash equivalents		1,800,062	(2,154,919)
Cash and cash equivalent in the beginning of the year		18,537,848	20,692,767
Cash and cash equivalent at the end of the year	(23)	20,337,910	18,537,848 ✓

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

Chief Financial Officer

Chief Executive

Director

Pak Agro Packaging Limited
Statement of Changes in Equity
For the year ended June 30, 2025

	Share capital	Capital reserves	Accumulated profit	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2023	200,000,000	107,283,257	65,147,369	372,430,626
Total comprehensive income for the year	-	-	38,929,712	38,929,712
Balance as at June 30, 2024	200,000,000	107,283,257	104,077,081	411,360,338
Total comprehensive income for the year	-	-	32,577,093	32,577,093
Balance as at June 30, 2025	200,000,000	107,283,257	136,654,174	443,937,431 ✓

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, 2025

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.

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

Hattar	Purpose
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 under the Companies Act, 2017 have been followed.

2.2) Basis of measurement

The financial statements have been prepared on the historical cost convention except for the following items, which are measured on the following basis annually on each reporting date.

Item	Measurement Basis
Net defined benefit liability	Present value of the defined benefit obligation determined through actuarial valuation

2.3) Functional and presentation currency

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

2.4) Use of judgement and estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

Notes 3.10, 9 and 30	Recognition of deferred tax and estimation of income tax provisions
Notes 3.4 and 36	Measurement of defined benefit obligation
Note 3.7	Estimation of provisions
Notes 3.2, 16.1 and 16.2	Useful lives, residual values and depreciation method of property, plant and equipment
Notes 5.1	Impairment of financial assets
Notes 5.2	Impairment of non-financial assets
Notes 3.5 and 3.6	Provision for stores and spares and stock in trade

2.5) 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 effect on the depreciation charge.

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, 2024. 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 21	The Effects of changes in Foreign Exchange Rates (Amendments)	January 1, 2025
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	July 1, 2025
IFRS S2	Climate-related Disclosures	July 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
Annual improvements to IFRS 7, IFRS 9, IFRS 10 (Consolidated Financial Statements) and IAS 7 (Statement of Cash Flows)		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, 2025;

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

2.7) Adoption of new accounting policy

Accounting for minimum taxes and final taxes

During May 2024, The Institute of Chartered Accountants of Pakistan (ICAP) issued a guide 'IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes' (the Guide) to provide guidance on accounting of minimum tax and final tax, as mentioned in the Income Tax Ordinance, 2001, under the requirements of relevant IFRS Accounting Standards and provide appropriate approaches to account for minimum taxes and final taxes in compliance with the requirements of IFRS Accounting Standards. The guide was issued by Institute of Chartered Accountants of Pakistan (ICAP) in May 2024 'IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes' (the guide).

In view of the clarifications from ICAP, it has been established that minimum tax and final taxes do not meet the criteria of income tax expense as per IAS 12 (as these are not based on taxable profits), hence, it should be accounted for under IFRIC 21 'Levies' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

The Guide issued by ICAP provides approaches to account for minimum and final regime taxes according to the facts and circumstances as applicable to the Company. Accordingly, the Company has adopted the policy. However during the previous year, the Company was subject to taxation under the alternate tax regime, as neither minimum nor final tax was applicable. For the current year, the Company has been assessed under the normal tax regime; accordingly, no levy in respect of minimum or final tax has been recognized in these financial statements.

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, leasehold 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 which are stated at cost. 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 16.1. Depreciation is charged on prorata basis from the month in which an asset become available for use, 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 as a change in accounting estimate in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
- **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, charged to profit or loss as an expense.

3.3) **Impairment**

The carrying amount of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized in the statement of profit or loss. Where an impairment loss subsequently reverses, 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.

3.4) **Staff retirement benefits**

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

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 2025. 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. Past service costs are recognized immediately in profit or loss.

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. ✓

3.5) Stock and spares

Stores and spares are valued at moving average cost. They are stated at the lower of cost and net realizable value, with provision made for slow moving and obsolete items. Items in transit are valued at invoice price together with 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.

Net realizable value signifies estimated selling price less estimated cost of completion and estimated cost to sell. The

Company reviews the carrying amount of stock in trade on a regular basis and provision is made for obsolescence.

3.7) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation expected future cashflows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. The unwinding of discount is recognised as finance cost.

3.8) Trade receivables

Trade receivables are initially recorded at the transaction price and subsequently measured at amortised cost. They are presented at their nominal value less an allowance for expected credit losses. The allowance is determined using the losses. This approach recognises credit losses based on anticipated risk.

3.9) 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.

3.10) Taxation

3.10.1) 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. It also includes any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured on the basis of tax laws enacted or substantially enacted at the reporting date.

3.10.2) 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 or substantively 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 possible tax obligations.

3.10.3) Levy

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, application guidance on accounting for minimum taxes and final taxes issued by the ICAP as per IAS 12, these fall within the scope of IFRIC 21 / IAS 37.

3.11) Revenue recognition

Revenue is recognised when performance obligation is satisfied by transferring control of promised goods or service to the customer. The control is transferred at the time of dispatch/delivery of goods, depending on the terms of sale. Revenue is measured at transaction price, excluding discounts, rebates and government levies. The credit term does not include any financing component.

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.

5.1) 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 flows.

5.2) 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 whenever 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.

5.3) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks.

6. Share capital

	<u>2025</u> (Rupees)	<u>2024</u> (Rupees)
Authorized capital		
40,000,000 ordinary shares of Rs. 10/- each	<u>400,000,000</u>	<u>400,000,000</u>
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	<u>26,500,000</u>	<u>26,500,000</u>
	<u>200,000,000</u>	<u>200,000,000</u>

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. ✓

	<u>2025</u>	<u>2024</u>
	(Rupees)	(Rupees)
8. <u>Obligation under finance lease</u>		
Value of assets	46,112,073	30,793,518
Add: Addition during the year	38,081,604	32,591,524
	84,193,677	63,385,042
Less: Payments made during the year	4,526,937	5,929,683
Present value of minimum lease payment	79,666,740	57,455,359
Less: Current maturity	21,933,726	11,343,286
	<u>57,733,014</u>	<u>46,112,073</u>

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

June 30, 2025	-	19,134,011
June 30, 2026	30,184,372	19,039,757
June 30, 2027	44,494,583	33,317,963
June 30, 2028	16,062,157	-
	90,741,112	71,491,731
Less: Lease financial charges allocable for future periods	11,074,372	14,036,372
	79,666,740	57,455,359
Less: Current maturity of finance lease	21,933,726	11,343,286
	<u>57,733,014</u>	<u>46,112,073</u>

The value of minimum lease rental payments has been discounted at 3 months KIBOR + 4% per annum. Liabilities are partly secured against deposit of 35% of the asset value included in long term security deposits (Note 17). Title to the assets acquired under the leasing arrangements are transferable 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, Solar system, Vegetable Bag Knitting Machine provided by M/s OLP Financial Services Pakistan Limited, are fully secured through a charge registered with the Securities and Exchange Commission of Pakistan (SECP).

9. **Deferred taxation**

The balance of deferred tax is in respect of following temporary differences:

Accelerated depreciation on property plant and equipment	60,428,941	53,741,807
	<u>60,428,941</u>	<u>53,741,807</u>

10. **Payable against vehicle**

Vehicle purchased during the year	5,456,524	-
Less: Current maturity of long term payable against vehicle (13)	(3,851,664)	-
	<u>1,604,860</u>	<u>-</u>

This represents the amount payable for purchase of a vehicle i.e., Hyundai Sonata on an installment basis from Nishat Motors (Private) Limited. The arrangement is interest-free and unsecured, with the company having issued post-dated cheques for all installments. The final installment is due in November 2026.

11. **Employees' gratuity fund**

Balance at beginning of the year	3,254,940	2,735,478
Add: Provision for the year	7,045,988	7,893,286
	10,300,928	10,628,764
Less: Paid to outgoing members	(6,087,082)	(7,373,824)
	<u>4,213,846</u>	<u>3,254,940</u>

		<u>2025</u>	<u>2024</u>
12. <u>Short term bank borrowings</u>		(Rupees)	(Rupees)
Running finance	(12.1)	79,011,004	75,844,040
Finance against Trust Receipts (FATR) Facility:	(12.2)	-	49,919,210
		<u>79,011,004</u>	<u>125,763,250</u>

12.1) Running finance

The Bank of Khyber (BOK) has renewed the running finance facility limit of Rs.80 million on June 27, 2025 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.

These facilities are secured by way of:

- 1st Hypothecation charge of Rs.107 million duly registered with SECP over company's stock with 25% margin against running finance facility;
- DP Note duly executed by borrower(s) for marked up amount of RF facility.

Common Securities against all credit facilities:

- 1st Pari Passu (PP) charge of Rs. 194 million on fixed assets of the company by way of already token registered mortgage of Rs.150,000/- in the name of Pak Agro Packaging Limited along with already & remaining equitable mortgage to cover DP Note amount over company's present and 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.
- Registered IGPA to empower BOK to sell, auction, transfer, lease out or rent out the property offered as security and to execute any other deed, documents if the bank so desires at its own discretion. OR, the registered mortgage deed must contain relevant clauses of IGPA in order to secure interest of BOK. In such case mortgage must be executed through competent senior lawyer on BOK's panel so that interest of the bank is completely safe guarded.
- Insurance policy of the properties & stocks and other assets with a bank clause covering risk of fire, RSD, Malicious Damage, Atmospheric disturbance, Earthquake (fire & shock), Explosion damage, Burglary/theft (for stocks only) from BOK's approved insurance company as per CAD's latest circular. Insurance premium paid receipts to be kept on branch's record.

These facilities will expire on December 31, 2025.

12.2) Finance against Trust Receipts (FATR) Facility:

The Bank of Punjab has renewed the Finance against Trust Receipts (FATR) Facility up to 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:

- 1st 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 was expired on September 30, 2024.

		<u>2025</u> (Rupees)	<u>2024</u> (Rupees)
13. <u>Current maturity of long term liabilities</u>			
This represents current maturity of followings			
- Finance lease	(8)	21,933,726	11,343,286
- Against vehicle	(10)	3,851,664	-
		<u>25,785,390</u>	<u>11,343,286</u>
14. <u>Accrued and other liabilities</u>			
Salaries payable		10,566,226	7,864,582
Workers' profit participation fund		4,655,854	14,210,719
Mark up payable		3,913,743	4,835,887
Workers' welfare fund		2,298,001	2,068,131
Other liabilities		1,392,300	1,617,628
Audit fee		924,000	840,000
Income tax withheld payable		374,761	-
Utilities bills payable		268,900	-
EOBI payable		148,740	-
Social security payable		142,560	-
Postal life insurance		-	110,905
Lease finance payable		-	102,051
		<u>24,685,085</u>	<u>31,649,903</u>
15. <u>Contingencies and commitments</u>			
a) Contingencies			
Currently there are no contingencies against the company in foreseeable future.			
b) Commitments			
Outstanding letters of credit as at June 30, 2025 amounted to Rs. 75,380,265/- (2024: Rs. 39,753,031/-)			✓

16. Property, plant and equipment

Operating fixed assets

- Owned assets

- Right of use assets (ROU)

2025
(Rupees)

2024
(Rupees)

(16.1)

(16.2)

382,169,874

86,796,238

468,966,112

399,210,772

58,401,329

457,612,101

16.1) 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, 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	187,430	-	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	
Year ended June 30, 2025									
Opening net book value	57,734,038	14,334,607	324,454,238	1,078,773	391,271	889,224	112,187	216,434	399,210,772
Additions	833,745	11,976,996	18,818,249	5,717,176	-	-	730,000	200,000	38,276,166
Disposals/adjustment									
Cost	-	-	-	-	-	-	-	-	-
Adjustment Dr/(Cr)	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Depreciation charge	(2,908,753)	(2,299,904)	(49,466,146)	(244,490)	(58,691)	(133,384)	(105,766)	(99,930)	(55,317,064)
Closing net book value	55,659,030	24,011,699	293,806,341	6,551,459	332,580	755,840	736,421	316,504	382,169,874
As at July 01, 2025									
Cost	78,722,540	39,722,359	560,227,541	11,145,813	1,176,264	1,862,972	1,868,590	889,220	695,615,299
Accumulated depreciation	(23,063,510)	(15,710,660)	(266,421,200)	(4,594,354)	(843,684)	(1,107,132)	(1,132,169)	(572,717)	(313,445,425)
Net book value	55,659,030	24,011,699	293,806,341	6,551,459	332,580	755,840	736,421	316,503	382,169,874
Annual rate of depreciation (%)	5	15	15	15	15	15	15	30	

16.2) Right of use assets (ROU)

Particulars	Rupees							
	2025					2024		
	Land	Motor Vehicle	Electrical Installation	Machinery	Total	Land	Motor Vehicle	Machinery
Cost	1,565,250	2,950,000	-	67,493,952	72,009,202	1,565,250	2,950,000	50,491,815
Accumulated depreciation	-	(599,219)	-	(13,008,654)	(13,607,873)	-	(184,375)	(8,728,219)
Net book value as on July 01,	1,565,250	2,350,781	-	54,485,298	58,401,329	1,565,250	2,765,625	41,763,596
Additions	-	-	23,555,491	14,780,819	38,336,320	-	-	29,074,780
Disposals/adjustments	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Adjustment Dr/(Cr)	-	-	-	-	-	-	-	(12,072,643)
Depreciation	-	-	-	-	-	-	-	2,965,343
Depreciation charge	-	-	-	-	-	-	-	(9,107,300)
Net book value as at June 30,	1,565,250	1,998,164	23,249,303	59,983,521	86,796,238	1,565,250	2,350,781	54,485,298
Annual Rate of Depreciation (%)	-	15%	15%	15%	-	-	15%	15%

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

		2025 (Rupees)	2024 (Rupees)
Cost of sales	(25)	64,613,753	33,808,759
Administrative expenses	(26)	644,622	414,844
		<u>65,258,375</u>	<u>34,223,603</u>
17. Long term deposits			
Security deposits against:			
Leased assets		30,406,624	18,982,143
Office building		1,443,375	654,330
Utilities		1,181,436	1,152,836
		<u>33,031,435</u>	<u>20,789,309</u>
18. Stock in trade			
Finished goods	(25)	70,522,500	62,014,500
Raw material	(18.1)	20,676,480	81,848,340
Work-in-process	(25)	9,161,054	9,643,215
Stock in transit		20,000,731	16,444,085
		<u>120,360,765</u>	<u>169,950,140</u>
18.1) Raw material			
Raw material	(25.1)	10,434,800	73,132,720
Colors	(25.2)	7,682,080	8,205,390
Chemical	(25.3)	2,559,600	510,230
		<u>20,676,480</u>	<u>81,848,340</u>

19. Advances, deposits and other receivables**Advances to:**

Employees against salaries

(19.1)

Parties against supplies

Deposits:

Margin deposit on letters of credit

Others

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

2025**(Rupees)**

2,664,000

70,000

2,734,000

2024**(Rupees)**

723,500

1,667,408

2,390,908

15,522,678

1,000,000

16,522,678

19,256,678

6,236,482

1,000,000

7,236,482

9,627,390**20. Refund due from/(to) government**

Sales tax refundable

Sales tax payable

35,695,775

(1,762,144)

33,933,631

278,589

(1,751,630)

(1,473,041)**21. Prepayments**

Insurance

Lease instalment

Services

Office rent

3,478,297

473,580

74,986

-

-

4,026,863

2,981,976

-

75,333

1,055,652

4,112,960**22. Taxation - net**

Tax deducted at source

Provision for taxation

18,900,032

(21,413,855)

(2,513,823)

17,770,132

(13,701,242)

4,068,890**23. Cash and bank balances**

Cash in hand

Cash at bank - current account

700,000

19,637,910

20,337,910

700,000

17,837,848

18,537,848**24. Sales-net**

Gross sales

Sales tax

1,013,257,885

(154,564,762)

858,693,123

984,087,526

(150,286,252)

833,801,274

		<u>2025</u>	<u>2024</u>
25. Cost of sales		(Rupees)	(Rupees)
Raw material consumed	(25.1)	359,921,064	336,923,248
Colores consumed	(25.2)	30,528,095	28,135,446
Chemical consumed	(25.3)	26,344,914	28,693,931
Packing material		16,060,940	12,376,460
Production overhead	(25.4)	314,308,065	266,843,654
		<u>747,163,078</u>	<u>672,972,738</u>
Work in process			
- Balance as on July, 01		9,643,215	9,845,234
- Balance as at June, 30		(9,161,054)	(9,643,215)
		<u>482,161</u>	<u>202,019</u>
Cost of goods manufactured		<u>747,645,239</u>	<u>673,174,757</u>
Finished stocks			
- Balance as on July, 01		62,014,500	88,536,190
- Balance as at June, 30		(70,522,500)	(62,014,500)
		<u>(8,508,000)</u>	<u>26,521,690</u>
		<u>739,137,239</u>	<u>699,696,447</u>
25.1) Raw material consumed			
Stock as on July, 01		73,132,720	73,716,500
Add: Raw material imported		<u>297,223,144</u>	<u>336,339,468</u>
		370,355,864	410,055,968
Stock as at June, 30		<u>(10,434,800)</u>	<u>(73,132,720)</u>
		<u>359,921,064</u>	<u>336,923,248</u>
25.2) Colors consumed			
Stock as on July, 01		8,205,390	11,645,919
Add: Purchases		<u>30,004,785</u>	<u>24,694,917</u>
		38,210,175	36,340,836
Stock as at June, 30		<u>(7,682,080)</u>	<u>(8,205,390)</u>
		<u>30,528,095</u>	<u>28,135,446</u>
25.3) Chemical consumed			
Stock as on July, 01		510,230	2,592,020
Add: Purchases		<u>28,394,284</u>	<u>26,612,141</u>
		28,904,514	29,204,161
Stock as at June, 30		<u>(2,559,600)</u>	<u>(510,230)</u>
		<u>26,344,914</u>	<u>28,693,931</u> ✓

		<u>2025</u>	<u>2024</u>
		(Rupees)	(Rupees)
25.4) Production overhead			
Salaries and benefits	(25.4.1)	142,978,021	110,910,762
Fuel and power		88,261,973	105,568,021
Repair and maintenance		5,351,955	5,187,607
Sui gas		3,944,731	3,924,884
Insurance		3,705,360	2,955,422
Lubricants		2,149,610	1,495,750
Vehicle running and maintenance		945,864	742,427
Entertainment		760,807	623,363
Miscellaneous		524,165	405,108
Printing and stationary		303,210	268,845
Security charges		200,853	48,116
Rent, rates and taxes		200,000	325,082
Telephone and internet		188,558	204,611
Travelling and conveyance		135,468	306,825
Postage and courier		29,917	53,672
Newspaper and periodicals		13,820	14,400
Depreciation	(16.3)	64,613,753	33,808,760
		<u>314,308,065</u>	<u>266,843,654</u>
25.4.1) Salaries and benefits			
Salaries to staff		128,663,093	84,087,043
Gratuity		6,919,625	6,802,941
Overtime		3,719,873	13,159,172
Social security		1,704,000	1,510,140
E.O.B.I		1,502,200	1,300,640
Financial assistance		343,000	330,000
Bonus		75,900	3,286,545
Medical		50,330	32,385
Leave encashment		-	401,896
		<u>142,978,021</u>	<u>110,910,762</u>
26. Administrative expenses			
Director's remuneration	(26.1)	11,069,375	10,920,151
Salaries and benefits	(26.2)	5,099,384	4,662,931
Rent, rates and taxes		5,075,733	4,558,501
Auditor's remuneration		924,000	840,000
Fees and subscriptions		793,779	699,430
Entertainment		505,063	522,068
Telephone, mobile and internet		496,056	481,818
Utilities		482,261	486,469
Travelling and conveyance		275,818	226,587
Printing and stationary		270,416	433,940
Legal and professional		158,590	204,500
Postage and courier		130,750	156,108
Miscellaneous		59,500	76,830
Repair and maintenance		51,680	253,815
News papers and periodicals		13,345	18,340
Depreciation	(16.3)	644,622	414,844
		<u>26,050,372</u>	<u>24,956,332</u> ✓

	<u>2025</u> (Rupees)	<u>2024</u> (Rupees)
26.1) Director's remuneration		
Remuneration	10,500,000	9,650,000
Director's meeting	425,000	625,000
Medical	117,232	261,939
Insurance	27,143	37,795
Bonus	-	345,417
	<u>11,069,375</u>	<u>10,920,151</u>
26.2) Salaries and benefits		
Salaries to staff	4,330,537	3,750,257
Gratuity	768,847	755,882
Bonus	-	156,792
	<u>5,099,384</u>	<u>4,662,931</u>
27. Selling and distribution expenses		
Carriage outward	388,430	299,470
	<u>388,430</u>	<u>299,470</u>
28. Financial expenses		
Mark-up	13,407,955	12,558,525
Lease financial charges	11,058,754	7,171,294
Share Registrar Services	750,610	760,264
Bank charges	153,227	252,813
	<u>25,370,546</u>	<u>20,742,896</u>
29. Other charges		
Workers' profit participation fund	4,655,854	5,442,452
Workers' welfare fund	2,298,001	2,068,131
	<u>6,953,855</u>	<u>7,510,583</u>
30. Taxation		
Current year tax charged		
- for the year	(30.1) 21,413,855	13,701,242
- for prior year	757,083	(1,826,010)
	22,170,938	11,875,232
Deferred tax	6,687,134	29,456,139
Tax expense for the year	<u>28,858,072</u>	<u>41,331,371</u>
30.1) Reconciliation of tax charge for the year		
Accounting profit - before taxation	63,090,682	82,663,677
Inadmissible expenditure for tax purposes	76,317,129	33,734,275
Admissible expenditure for tax purposes	(65,566,931)	(119,822,694)
	73,840,880	(3,424,741)
Tax charge at applicable tax rate of 29% (2024: 29%)	21,413,855	-
Tax charge on Accounting profit/tax chargeable u/s 113(C) @ 17%	10,725,416	13,701,242
Tax effect of difference of minimum tax chargeable	-	-
	<u>21,413,855</u>	<u>13,701,242</u> ✓

31. Remuneration of Chief Executive, Directors and Executives

Description	2025			2024		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
Managerial remuneration	7,200,000	3,300,000	4,024,310	6,500,000	3,150,000	5,251,818
Bonus	-	-	-	220,417	125,000	242,500
	<u>7,200,000</u>	<u>3,300,000</u>	<u>4,024,310</u>	<u>6,720,417</u>	<u>3,275,000</u>	<u>5,494,318</u>
Number of persons	1	1	2	1	1	3

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

The aggregate amount charged in these financial statements in respect of fee to one Non-Executive Director and four Independent Directors is Rs. 425,000/- (2024: one Non-Executive Director and four Independent Directors was Rs. 625,000/-).

32. Earnings per share - Basic and Diluted

	<u>2025</u> (Rupees)	<u>2024</u> (Rupees)
Profit after tax	31,934,609	39,264,175
Weighted average number of ordinary shares at the end of the year (Numbers)	<u>20,000,000</u>	<u>20,000,000</u>
Basic and diluted earnings per share (Rupee)	<u>1.60</u>	<u>1.96</u>

33. Note supporting the statement of cash flows

Transactions from financing activities shown in the reconciliation of liabilities from financing transactions are as follows:

<u>2025</u>	<u>July 01, 2024</u>	<u>Cash inflows / (outflow)</u>	<u>Non-cash changes</u>	<u>June 30, 2025</u>
Lease liabilities	57,455,359	(38,081,604)	-	19,373,755
Running finance	125,763,250	79,011,004	-	204,774,254
<u>2024</u>	<u>July 01, 2023</u>	<u>Cash inflows / (outflow)</u>	<u>Non-cash changes</u>	<u>June 30, 2024</u>
Lease liabilities	39,113,561	(32,591,524)	-	6,522,037
Running finance	60,531,204	125,763,250	-	186,294,454

34. Related party transaction

The related party comprises of subsidiary, associated companies, director of the company and key management personnel, 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 32, 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	Post-employment benefit plan	-	0.00%

35. Financial instruments and related disclosures

35.1) Financial assets and liabilities

	2025			2024		
	Amortized Cost	FVTPL	Total	Amortized Cost	FVTPL	Total
	(Rupees)			(Rupees)		
Financial assets						
Maturity up to one year						
Stock in trade	-	120,360,765	120,360,765	-	169,950,140	169,950,140
Trade debts	-	-	-	-	-	-
Advances, deposits and other receivables	19,256,678	-	19,256,678	11,454,353	-	11,454,353
Cash and bank balances	20,337,910	-	20,337,910	18,537,848	-	18,537,848
Maturity after more than one year						
Long term deposits	33,031,435	-	33,031,435	20,789,309	-	20,789,309
	72,626,023	120,360,765	192,986,788	50,781,510	169,950,140	220,731,650
Financial liabilities						
Recognized						
Maturity up to one year						
Short term bank borrowings	79,011,004	-	79,011,004	125,763,250	-	125,763,250
Current maturity of long term liabilities	25,785,390	-	25,785,390	11,343,286	-	11,343,286
Accrued and other liabilities	24,685,085	-	24,685,085	31,649,903	-	31,649,903
Maturity after more than one year						
Obligation against assets subject to finance lease	57,733,014	-	57,733,014	46,112,073	-	46,112,073
	187,214,493	-	187,214,493	214,868,512	-	214,868,512

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, 2025, trade debts of Rs. 'Nil' (2024: Nil).

Cash and LC deposits are held only with reputable banks with high quality external credit rating assessed by external rating agencies. As of the reporting date, the external credit ratings of the Company's major banks were as follows:

Name of Bank	Rating Agency	Rating	
		Short term	Long term
Bank Alfalah Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR-VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Bank of Punjab Limited	PACRA	A1+	AA+
Bank of Khyber Limited	PACRA	A1	A+
Meezan Bank Limited	JCR-VIS	A1+	AAA
United Bank Limited	JCR-VIS	A1+	AAA
Bank Al Habib Limited	PACRA	A1+	AAA
Faysal Bank Limited	PACRA	A1+	AA

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.106,487,654/- (2024: Rs. 49,308,469/-). ✓

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, 2024			
Maturity up to one year			
Running finance	125,763,250	-	-
Current maturity of long term liabilities	11,343,286	-	-
Accrued and other liabilities	31,649,903	-	-
Maturity after more than one year			
Obligation against assets subject to finance lease	-	46,112,073	-
At June 30, 2025			
Running finance	79,011,004	-	-
Current maturity of long term liabilities	25,785,390	-	-
Accrued and other liabilities	24,685,085	-	-
Maturity after more than one year			
Obligation against assets subject to finance lease	-	57,733,014	-

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. However, the Company's exposure is not considered material as it is in the process of obtaining exchange risk coverage on these liabilities.

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 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. Y

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 remained low during the year and the Company has historically financed its business expansions primarily 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. These financial instruments are short term in nature and are classified within Level 3 of the fair value hierarchy

36. Staff retirement benefits

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

	2025	2024
	(Rupees)	(Rupees)
36.1) The amounts recognized in the statement of financial position are as follows:		
Present value of defined benefit obligations	4,213,846	3,254,940
Fair value of plan assets	-	-
Payables	-	-
	4,213,846	3,254,940
36.2) Changes in the present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	3,254,940	2,735,478
Service cost		
Current service cost	1,063,225	1,095,026
Past service cost	6,595,651	6,032,959
Interest expense	29,596	430,838
Cash flows		
Benefit payments from Plan	-	-
Benefit payments from employer	(6,087,082)	(7,373,824)
Payables	-	-
Re-measurements		
Effect of changes in Demographic assumptions	-	-
Effect of changes in Financial assumptions	-	-
Effect of Experience adjustments	(642,484)	334,463
Closing defined benefit obligation	4,213,846	3,254,940 ✓

36.3) Components of defined benefit cost are as follows:

Service Cost		
Current Service Cost	1,063,225	1,095,026
Reimbursement Service Cost	-	-
Past Service Cost	6,595,651	6,032,959
(Gain) / loss on settlements	-	-
Net Interest Cost		
Interest Expense on Defined Benefit Obligation	29,596	430,838
Interest (income) on Plan Assets	-	-
Re-measurement of Other Long Term Benefits		
Defined benefit cost included in P&L	7,688,472	7,558,823
Re-measurement (recognized in other comprehensive income)		
Effect of changes in Demographic assumptions	-	-
Effect of changes in Financial assumptions	-	-
Effect of Experience adjustments	(642,484)	334,463
(Return) on Plan Assets (excluding interest income)	-	-
Total re-measurements included in OCI	(642,484)	334,463
Total Defined Benefit Cost recognized in P&L and OCI	7,045,988	7,893,286

36.4)	Net Defined Benefit Liability (Asset) reconciliation	FY ending June 30, 2025	FY ending June 30, 2024
	Net Defined Benefit Liability (Asset) at end of previous year	3,254,940	2,735,478
	Defined Benefit Cost included in P&L	7,688,472	7,558,823
	Total Re-measurements included in OCI	(642,484)	334,463
	Employer Direct Benefit payments	(6,087,082)	(7,373,824)
	Net Defined Benefit Liability (Asset) as of end of year	4,213,846	3,254,940

36.5)	Assumptions used to determine Defined Benefit Obligation	FY ending June 30, 2025	FY ending June 30, 2024
	Discount Rate	14.00%	14.00%
	Rate of Salary increase (Long Term)	13.00%	13.00%

36.6)	Assumptions used to determine Defined Benefit Cost	FY ending June 30, 2025	FY ending June 30, 2024
	Discount rate	14.00%	15.75%
	Rate of salary increase (Long term)	13.00%	14.75%

36.7)	Expected defined benefit cost recognized in P&L	FY ending June 30, 2025	FY ending June 30, 2024
	Service cost		
	Current service cost	1,063,225	1,095,026
	Past service cost	6,595,651	-
	(Gain) / loss on settlements	-	-
	Net interest cost		
	Interest expense on defined benefit obligation	29,596	430,838
	Interest (income) on plan assets	-	-
	Total defined benefit cost recognized in P&L as at 30.06.2025	7,688,472	1,525,864

✓

36.8) Principal actuarial assumptions		
The principal assumptions used in the actuarial valuation are as follows:		
Discount rate	11.75%	14.00%
Expected rate of salary increase	10.75%	13.00%

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, 2025	Percentage Change in DBO
Defined Benefit Obligation (DBO)	4,213,846	-
1% Increase in Discount rate	3,881,342	-7.89%
1% Decrease in Discount rate	4,631,175	9.90%
1% Increase in Salary Increase rate	4,645,560	10.25%
1% Decrease in Salary Increase rate	3,861,307	-8.37%
37. <u>Number of employees</u>	<u>2025</u>	<u>2024</u>
Number of employees as on June 30,		
Factory	280	222
Other	6	6
	<u>286</u>	<u>228</u>
Average number of employees during the year		
Factory	271	204
Other	6	6
	<u>277</u>	<u>210</u>

38. Production capacity
Plant has a maximum production capacity of 1,600,000 kgs (2024: 1,600,000 kgs). Actual production during the period was 1,506,031 Kgs (2024: 1,503,091 Kgs).

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

39. Corresponding figures

Reclassifications:

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. Following figures for the year ended June 30, 2025 have been reclassified:

Reclassification From	Reclassification to	<u>2024</u> (Rupees)
Advance, deposits and other receivables	Prepayments	
Services	Services	1,055,652
Accrued and other liabilities	Refund due from/(to) government	
Sales tax payable	Sales tax payable	1,473,041

40. Date of authorization for issue

These financial statements have been authorized for issue on October 02, 2025 by the board of directors of the company. ✓

Chief Financial Officer

Chief Executive

Director