

Interim Financial Statements
For the Quarter Ended 31 December 2023
(Un-Audited)



Pak Agro Packaging Limited

COMPANY INFORMATION

Board of Directors:	Mrs Kaisra Jabeen Butt <i>Chairperson of the Board / Non-executive Director</i>
	Dr Safdar Ali Butt <i>Chief Executive / Director</i>
	Dr. Tariq Javed <i>Chief Financial Officer / Director</i>
	Dr. Mubarak Hussain Haider <i>Independent Director</i>
	Mohammad Javed <i>Independent Director</i>
	Mr Iftkhar Mahmood <i>Independent Director</i>
	Mr Nazir Ahmed Shaheen <i>Independent Director</i>
External Auditor	Masoom Akhtar & Co. <i>Chartered Accountants</i> 6th Floor, ISE Tower, Blue Area, Islamabad Phone: 051-2894652 Fax: 051-2894651
Share Registrar	CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', SMCHS Main Shakra-e-Faisal, Karachi-74400 Phone: +92 21 111 111 500; Fax: +92 21 34326053 Website: www.cddcsrsl.com
Legal Advisor	Mr Abid Hussain Mirza Islamabad
Registered Office & Factory	Plot # 22-23 Phase – IV Hattar Industrial Estate, Hattar KPK. Phone: +92 995 352547
Corporate Head Office	Third Floor, Green Trust Tower Jinnah Avenue, Blue Area, Islamabad. Phone: +92 51 8311645
Contact us:	Phone: +92 51 8311645 www.pakagro.com info@pakagro.com

DIRECTORS' REPORT

Your directors are pleased to present their report on the six months of the current financial year that ended on 31 Dec 2023.

Market Outlook

Our main market, namely the agricultural sector of the country, has still not recovered from the impact of recent ravaging floods and a prolonged winter. This has severely impaired the demand for our products in that sector. Farmers are still struggling to get back on their feet, facing considerable difficulties in preparing their lands for crop plantation. At the same time, the drop in the value of Pak rupee has considerably increased the cost of imported raw materials, forcing us to increase product sales prices which in turn made things difficult for farmers. While we hope that the situation will improve in the near future, it would be unwise to assume any major positive change in the economic landscape of the country. October to Dec is generally an off-season quarter for your Company where its sales are generally lowest in any of the quarters in a financial year. Jan to June are historically better months in terms of turnover. While sales in the quarter ended 31 Dec 23 were much better than any such quarter in previous years, primarily due to increase in our production capacity, we remain hopeful that our sales will continue to grow in the coming quarters. But with country's forex availability at its lowest ebb, it is becoming increasingly difficult to import the essential raw materials while the drop in Pak Rupee's value continues to increase the prices. These factors may impede our ability to meet the demands of our customers.

Operating Results

We recorded total sales of Rs 430.1 m and a gross profit of Rs 51.6 m. Our costs continue to rise due to two main factors: exchange rate losses and higher energy costs. But we are at present unable to fully pass the impact of this increase to our customers due to the generally depressed economic situation of the market, particularly in the agricultural sector. Our gross profit margin, at 12.0% of sales remains below previous year's margin.

Despite a challenging business environment, the company succeeded in posting a 63.8% increase in sales in the half year ended 31 Dec 2023 compared to the same period in 2022. However, due to factors mentioned earlier, the gross profit for the half year under review rose by only 42.2%. Increase in sales volume is attributable to higher production which unfortunately also led to keeping the sales prices in check in order to maintain the sales volumes. This explains a lower gross profit margin as mentioned earlier.

The operating profit was 90% higher than comparable half year of 2022, principally due to stronger controls, in relative terms, over administrative overheads but impaired by a 24,6% higher financial overheads due to higher borrowings.

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

We recorded a profit before tax of Rs 26.0 m and a profit after tax of Rs 18.5 m, translating into EPS of 184 paisa on annualized basis, compared to EPS of 80 paisa in comparable period last year.

Outlook

The Board believes that the economy is heading towards stabilization. We hope that in the remaining quarters of the year under review we will be able to sustain the pace of increase in sales volumes and hopefully also improve the gross profit margin.

Your company's management is dedicated to mitigating the adverse economic effects, adding lasting value and bolstering relationships within the current value chain while ensuring cost efficiency.

Directors Training

We are pleased to inform our shareholders that all the seven directors of the Company have now completed a directors training program. Six of them went through the DTP conducted by Pakistan Institute of Corporate Governance while one director has attended a program held by ICMAP. Five of the directors were sponsored for DTP by the Company while two of them already held this qualification before joining our board. It is a matter of satisfaction that all our board members are fully aware of their respective responsibilities and are able to effectively contribute to its deliberations.

Acknowledgement

We wish to thank all our employees and business associates for their cooperation during the half year ended 31 Dec 2023.



Chief Financial Officer
Director



Chief Executive
Director

Pak Agro Packaging Limited
Statement of Financial Position as at December 31, 2023

	Note	December 2023 (Rupees)	June 2023 (Rupees)
<u>Equity and liabilities</u>			
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		83,603,739	65,147,370
		390,886,996	372,430,627
Non-current liabilities			
Obligation against assets subject to finance lease	8	26,781,584	30,793,518
Deposit against vehicles	9	-	-
Deferred taxation	10	24,285,667	24,285,667
Employees' Gratuity Fund	11	332,797	2,735,478
		51,400,048	57,814,663
Current liabilities			
Running finance	12	79,997,965	60,531,204
Current maturity of long term liabilities	13	2,403,809	8,320,043
Accrued and other liabilities	14	41,205,367	18,426,137
Taxation - net	15	235,008	2,512,923
		123,842,149	89,790,307
Contingencies and commitments			
	16	-	-
		566,129,193	520,035,597
<u>Property and assets</u>			
Non-current assets			
Operating fixed assets	17	281,167,644	209,891,646
Long term deposits	18	8,093,547	11,162,947
Current assets			
Stock in trade	19	180,683,652	186,335,863
Trade debts	20	33,327,556	83,439,432
Advances and other receivables	21	30,093,313	5,761,969
Prepayments	22	-	2,750,973
Cash and bank balances	24	32,763,482	20,692,767
		276,868,002	298,981,004
		566,129,193	520,035,597

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


Chief Financial Officer


Chief Executive

Pak Aero Packaging Limited
Statement of Profit or Loss
For the period ended December 31, 2023

	Note	06 Months Ended		Quarter Ended	
		<u>31st December 2023</u> (Rupees)	<u>31st December 2022</u> (Rupees)	<u>31st December 2023</u> (Rupees)	<u>31st December 2022</u> (Rupees)
Sales	25	430,147,320	262,677,405	214,608,153	130,156,421
Cost of sales	26	378,571,445	226,425,394	192,505,347	111,570,176
Gross profit		51,575,875	36,252,011	22,102,806	18,586,245
Operating expenses					
Administrative	27	13,591,805	13,527,505	6,727,176	7,675,752
Selling and distribution	28	99,610	26,500	72,010	4,350
		13,691,415	13,554,005	6,799,186	7,680,102
Profit from operations		37,884,460	22,698,006	15,303,620	10,906,143
Financial expenses	29	9,275,546	7,443,752	4,008,247	2,465,324
Other charges	30	2,614,028	1,566,162	1,055,950	752,523
		11,889,574	9,009,914	5,064,197	3,217,847
		25,994,885	13,688,092	10,239,422	7,688,296
Other income	31	-	809,382	-	-
Profit for the year before taxation		25,994,885	14,497,474	10,239,422	7,688,296
Taxation	32	7,538,517	4,204,267	2,150,038	2,229,605
Profit for the year		18,456,369	10,293,207	8,089,385	5,458,691
Basic and diluted earnings per share (PKR)		0.92	1.42	0.40	0.27

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


Chief Financial Officer

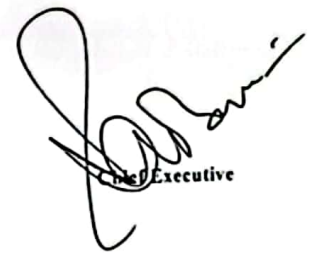

Chief Executive

Pak Agro Packaging Limited
Statement of Comprehensive Income
For the period ended December 31, 2023

	06 Months Ended		Quarter Ended	
	31st December 2023	31st December 2022	31st December 2023	31st December 2022
Profit for the year after taxation	18,456,369	10,293,207	8,089,385	5,458,691
Other comprehensive income				
Items that will not be classified to profit or loss				
Remeasurement gain on staff retirement benefit plan				
Total comprehensive income for the year	18,456,369	10,293,207	8,089,385	5,458,691

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


 Chief Financial Officer


 Chief Executive

Pak Agro Packaging Limited
Statement of Cash Flows
For the period ended December 31, 2023

		06 Months Ended	
		December 2023 (Rupees)	December 2022 (Rupees)
Cash flow from operating activities	Note		
Profit for the year before taxation		25,994,885	14,497,474
Adjustments for:			
Depreciation	(17.2.1)	12,747,288	13,990,526
Gain on disposal of assets		-	-
		12,747,288	13,990,526
Operating profit before working capital changes		38,742,174	28,488,000
Increase/(decrease) in:			
Stock in trade		5,652,211	(8,485,158)
Trade debtors		50,111,876	(8,945,035)
Advances and other receivables		(24,331,344)	3,558,707
Pre-payments		2,750,973	1,326,011
		34,183,717	(12,545,475)
		72,925,890	15,942,525
Increase/(decrease) in:			
Current liabilities		20,266,308	(4,018,760)
Cash flow from operating activities		93,192,198	11,923,765
Tax deducted at source		(7,303,509)	(7,573,294)
Net cash flow from operating activities		85,888,690	4,350,471
Cash flow from investing activities			
Fixed capital expenditures		(96,163,685)	(40,769,587)
Capital work in progress		12,140,398	38,419,172
Long term deposits		3,069,400	(7,236,598)
Short term investment		-	30,000,000
Deposit against vehicles		-	-
Net cash flow from investing activities		(80,953,886)	20,412,987
Cash flow from financing activities			
Asset subject to finance lease		(9,928,168)	13,381,972
Share capital		-	-
Running finance facility		19,466,761	(15,997,205)
Provision for gratuity		(2,402,681)	-
Net cash flow from financing activities		7,135,912	(2,615,233)
Net increase/(decrease) in cash and cash equivalents		12,070,715	22,148,225
Cash and cash equivalent in the beginning of the year		20,692,767	28,320,186
Cash and cash equivalent at the end of the year	(24)	32,763,482	50,468,411

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


Chief Financial Officer


Chief Executive

Pak Agro Packaging Limited
Statement of Changes in Equity
For the period ended December 31, 2023

	Share capital	Capital reserves	Interest free loan from directors	Accumulated profit/(loss)	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2022	200,000,000	107,283,257	-	46,703,047	353,986,304
Total comprehensive income for the year	-	-	-	18,444,323	18,444,323
Balance as at June 30, 2023	200,000,000	107,283,257	-	65,147,370	372,430,627
Total comprehensive income for the year	-	-	-	18,456,369	18,456,369
Balance as at December 31, 2023	200,000,000	107,283,257	-	83,603,739	390,886,996

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


 Chief Financial Officer


 Chief Executive Officer

Pak Agro Packaging Limited
Notes to the Financial Statements
For the period ended December 31, 2023

1. Company and its operations

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

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

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

2. Statement of compliance and significant accounting estimates

2.1) Statement of compliance

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

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

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

2.2) Functional and presentation currency

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

2.3) Significant accounting estimates

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

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

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

2.4) Property, plant and equipment

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

2.5) Impairment

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



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

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

Effective date
(annual reporting
periods beginning
on or after)

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

- The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.
- Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2023.

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

3. Significant accounting policies

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

3.1) Accounting convention

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

3.2) Property, plant and equipment

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

Leased assets

The company is the lessee.

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

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

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

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

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

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

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

3.3) Staff retirement benefits

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

3.4) Impairment

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

3.5) Stock and spares

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

3.6) Stock in trade

These have been valued as under:

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

3.7) Bad debts

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

3.8) Taxation

3.8.1) Current tax

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

3.8.2) Deferred tax

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

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

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

3.9) Revenue recognition

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

4. Dividend and appropriation to reserves

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

5. Financial instruments

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

a) Trade and other payables

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

- b) **Provisions**
Provisions are recognized when a company has a legal or constructive obligation as a result of past event if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made
- c) **Trade and other receivables**
Trade receivables and other receivables are recognized and carried at original invoice amount/cost less an allowance for any uncollectible amounts
- d) **Cash and cash equivalents**
Cash in hand and at banks are carried at fair value. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand and balances at banks

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

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

8. Obligation under finance lease		
Value of assets	30,793,518	7,129,849
Add: Addition during the year	-	35,843,181
	<u>30,793,518</u>	<u>42,973,030</u>
Less: Payments made upto the year	4,011,934	3,859,469
Present value of minimum lease payment	26,781,584	39,113,561
Less: Current maturity	-	8,320,043
	<u>26,781,584</u>	<u>30,793,518</u>

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

June 30, 2023	-	-
June 30, 2024	2,245,712	13,474,272
June 30, 2025	13,179,329	13,683,648
June 30, 2026	9,567,017	9,567,017
June 30, 2027	14,307,041	14,307,041
	<u>39,299,099</u>	<u>51,031,978</u>
Less: Lease financial charges allocable for future periods	12,517,515	11,918,417
	<u>26,781,584</u>	<u>39,113,561</u>
Less: Current maturity of finance lease	-	8,320,043
	<u>26,781,584</u>	<u>30,793,518</u>

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

9. Deposit against vehicles

This represents the amount received from employees against the vehicles owned by company to be transferred to the them after successful completion of five years of service under employee participation scheme

10. Deferred taxation

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

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

11. Employees' gratuity fund

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

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

Less: Paid to outgoing members

12. Running finance

The Bank of Khyber

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

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

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

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

These facilities are secured by way of:

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

Common Securities against all credit facilities:

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

These facilities are valid up to October 31, 2024.

13. Current maturity of long term liabilities

This represents current maturity of followings

- Finance lease

December 2023 (Rupees)	June 2023 (Rupees)
------------------------------	--------------------------

(7)	2,403,809	8,320,043
	<u>2,403,809</u>	<u>8,320,043</u>

14. Accrued and other liabilities

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

(14.1)	19,928,713	-
	10,662,491	8,768,268
	7,035,802	3,338,090
	1,623,399	2,012,836
	826,521	1,145,797
	716,037	546,680
	412,404	-
	-	1,812,415
	-	700,000
	-	102,051
	<u>41,205,367</u>	<u>18,426,137</u>

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

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

These facilities are valid up to September 30, 2024.

15. **Taxation - net**

Provision for taxation
Tax deducted at source

7,538,517	13,075,444
(7,303,509)	(10,562,521)
235,008	2,512,923

16. **Contingencies and commitments**

- a) **Contingencies**
Currently there are no contingencies against the company in foreseeable future
- b) **Commitments**
There are no commitments made by the company

17. **Operating fixed assets**

Property, plant and equipment
Capital work in progress

	December 2023 (Rupees)	June 2023 (Rupees)
Property, plant and equipment	(17.1)	281,167,644
Capital work in progress	(17.2)	197,751,248
	281,167,644	209,891,646

17.1) **Property, plant and equipment**

Description	Land lease hold	Factory building on Lease hold land	Motor vehicles		Plant and machinery	Electric installations	Tools and equipment	Furniture and fixtures	Office equipment	Electrical equipment	Motor cycle	Computers	Right of use asset		Total	
			Motor vehicles	Motorcycles												
As at July 01, 2022																
Cost	1,50,250	55,94,205	3,52,140	27,33,171	5,68,037	1,53,576	1,18,254	1,49,222	1,03,590	15,710	92,037	11,94,254	12,72,940	34,62,904		
Accumulated depreciation		(1,77,669)	(1,04,130)	(1,76,29,140)	(1,87,465)	(77,667)	(26,440)	(60,572)	(86,037)	(86,037)	(37,600)	(5,26,040)	(1,79,172)	(21,41,337)		
Net book value	1,50,250	48,13,536	1,48,010	10,06,876	1,80,572	76,910	91,814	88,650	17,673	29,103	54,437	6,68,214	10,93,768	13,21,567		13,21,567
Annual rate of depreciation (%)		3	5	5	5	5	5	5	5	5	5	20	5	5		
Year ended June 30, 2023																
Opening net book value	1,50,250	48,13,536	1,48,010	10,06,876	1,80,572	76,910	91,814	88,650	17,673	29,103	54,437	6,68,214	10,93,768	13,21,567		13,21,567
Additions		1,90,000	3,29,700	4,63,200	40,100	41,100			15,300	3,000		20,000	2,90,000	3,40,172		2,90,172
Depreciation																
Cost			(1,25,000)													(1,25,000)
Adjustment Dr/Cr			1,05,424													1,05,424
Depreciation			(1,08,124)													(1,08,124)
Depreciation charge			4,00,100													4,00,100
Closing net book value	1,50,250	49,94,100	1,78,100	10,83,176	1,92,400	1,18,010	91,814	88,650	17,673	32,103	54,437	6,88,214	11,23,868	13,61,739		13,61,739
As at July 01, 2023																
Cost	1,50,250	57,04,205	3,79,170	20,11,976	5,69,172	1,62,716	1,18,254	1,65,522	1,13,590	15,710	92,037	12,00,000	13,41,833	43,53,138		
Accumulated depreciation		(1,78,669)	(1,05,171)	(17,84,225)	(1,90,833)	(79,533)	(27,240)	(64,800)	(86,637)	(86,637)	(37,600)	(5,26,040)	(1,79,172)	(21,52,133)		
Net book value	1,50,250	49,94,100	1,78,100	10,83,176	1,79,240	83,183	91,014	100,722	26,953	29,103	54,437	6,73,960	11,62,661	22,01,005		22,01,005
Annual rate of depreciation (%)		3	5	5	5	5	5	5	5	5	5	20	5	5		
Year ended December 31, 2023																
Opening net book value	1,50,250	49,94,100	1,78,100	10,83,176	1,79,240	83,183	91,014	100,722	26,953	29,103	54,437	6,73,960	11,62,661	22,01,005		22,01,005
Additions		1,90,000		5,51,500	0,500				24,000			3,000		6,03,000		6,03,000
Depreciation																
Cost																
Adjustment Dr/Cr																
Depreciation																
Depreciation charge																
Closing net book value	1,50,250	49,97,100	1,78,100	11,34,676	1,79,740	83,183	91,014	100,722	26,953	29,103	54,437	6,76,960	11,68,661	28,04,005		28,04,005
As at July 01, 2024																
Cost	1,50,250	59,34,000	3,79,170	20,68,500	5,69,172	1,62,716	1,18,254	1,65,522	1,13,590	15,710	92,037	12,00,000	13,41,833	43,52,138		
Accumulated depreciation		(1,83,669)	(1,05,171)	(18,29,276)	(1,90,833)	(79,533)	(27,240)	(64,800)	(86,637)	(86,637)	(37,600)	(5,26,040)	(1,79,172)	(21,52,133)		
Net book value	1,50,250	48,37,331	1,78,100	11,78,224	1,79,240	83,183	91,014	100,722	26,953	29,103	54,437	6,73,960	11,62,661	22,01,005		22,01,005
Annual rate of depreciation (%)		3	5	5	5	5	5	5	5	5	5	20	5	5		

17.1.1) The charge of depreciation for the year has been allocated as follows:		December 2023 (Rupees)	June 2023 (Rupees)
Cost of sales	(26.4)	12,539,866	28,503,448
Administrative expenses	(27)	207,422	184,375
		<u>12,747,288</u>	<u>28,687,823</u>

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

18. Long term deposits	December 2023 (Rupees)	June 2023 (Rupees)
Security deposits against:		
Leased assets	6,286,381	9,355,781
Utilities	1,152,836	1,152,836
Office building	654,330	654,330
	<u>8,093,547</u>	<u>11,162,947</u>

19. Stock in trade	(19.1)	December 2023	June 2023
Raw material		65,677,420	87,954,439
Finished goods		103,548,250	88,536,190
Work-in-process		11,457,982	9,845,234
		<u>180,683,652</u>	<u>186,335,863</u>
19.1) Raw material			
Raw material		44,420,320	73,716,500
Colors		17,872,500	11,645,919
Chemical		3,384,600	2,592,020
		<u>65,677,420</u>	<u>87,954,439</u>

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

21. Advances, deposits and other receivables	(21.1)	December 2023	June 2023
Advances to:			
Staff against salaries		985,000	880,000
Parties against supplies		1,740,408	4,792,728
		2,725,408	5,672,728
Deposits:			
Margin deposit on letters of credit		7,651,426	-
		7,651,426	-
Other receivables			
Sales tax refundable		19,716,479	89,241
		19,716,479	89,241
		<u>30,093,313</u>	<u>5,761,969</u>

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

	December 2023 (Rupees)	June 2023 (Rupees)
22. <u>Expenditures</u>		
Insurance	-	2,750,973
	<u>-</u>	<u>2,750,973</u>
24. <u>Cash and bank balances</u>		
Cash in hand	700,000	650,000
Cash at bank - current account	32,063,482	20,042,767
	<u>32,763,482</u>	<u>20,692,767</u>
25. <u>Sales-net</u>		
Gross sales	480,263,816	691,853,585
Sales tax	(50,116,496)	(102,734,547)
	<u>430,147,320</u>	<u>589,119,038</u>
26. <u>Cost of sales</u>		
Raw material consumed (26.1)	248,376,814	324,498,951
Colors consumed (26.2)	13,634,222	13,055,268
Chemical consumed (26.3)	11,665,935	13,052,457
Packing material consumed	5,839,717	9,826,219
Production overhead (26.4)	115,679,565	183,641,614
	<u>395,196,253</u>	<u>544,074,509</u>
Work in process		
- Opening balance as on July 01,	9,845,234	6,456,895
- Closing balance as at December 31,	(11,457,982)	(9,845,234)
	<u>(1,612,748)</u>	<u>(3,388,339)</u>
Cost of goods manufactured	393,583,505	540,686,170
Finished stocks		
- Opening balance as on July 01,	88,536,190	55,043,600
- Closing balance as at December 31,	(103,548,250)	(88,536,190)
	<u>(15,012,060)</u>	<u>(33,492,590)</u>
	<u>378,571,445</u>	<u>507,193,580</u>
26.1) <u>Raw material consumed</u>		
Opening stock as on July 01,	73,716,500	66,004,420
Add: Raw material imported	219,080,634	332,211,031
	<u>292,797,134</u>	<u>398,215,451</u>
Closing stock as at December 31,	(44,420,320)	(73,716,500)
	<u>248,376,814</u>	<u>324,498,951</u>
	December 2023 (Rupees)	June 2023 (Rupees)
26.2) <u>Colors consumed</u>		
Opening stock as on July 01	11,645,919	7,443,360
Color purchased	19,860,803	17,257,827
	<u>31,506,722</u>	<u>24,701,187</u>
Closing stock as at December 31,	(17,872,500)	(11,645,919)
	<u>13,634,222</u>	<u>13,055,268</u>
26.3) <u>Chemical consumed</u>		
Opening stock as on July 01	2,592,020	1,104,966
Add: Purchases	12,458,515	14,539,511
	<u>15,050,535</u>	<u>15,644,477</u>
Closing stock as at December 31,	(3,384,600)	(2,592,020)
	<u>11,665,935</u>	<u>13,052,457</u>

26.4) Production overhead			
Salaries and benefits	(26.4.1)	46,374,677	81,123,017
Fuel and power		48,843,573	63,319,268
Repair and maintenance		2,156,916	3,570,595
Insurance		2,780,031	1,507,791
Sui gas		1,113,924	2,563,896
Vehicle running and maintenance		288,252	604,855
Lubricants		608,700	652,200
Entertainment		252,433	516,110
Miscellaneous		194,232	445,096
Travelling and conveyance		189,515	292,095
Printing and stationary		167,410	170,140
Telephone and internet		100,065	185,840
Security charges		23,012	77,954
Postage and courier		20,099	24,319
Rent, rates and taxes		20,000	75,600
Newspaper and periodicals		6,860	9,390
Depreciation	(17.1.1)	12,539,866	28,503,448
		<u>115,679,565</u>	<u>183,641,614</u>
26.4.1) Salaries and benefits			
Salaries to staff		35,698,835	64,481,702
Overtime		9,016,306	7,164,517
Social security		692,220	1,290,010
E.O.B.I		598,240	887,068
Financial assistance		180,000	209,500
Leave encashment		177,896	169,437
Medical		11,180	39,084
Bonus		-	5,496,342
Gratuity		-	1,385,357
		<u>46,374,677</u>	<u>81,123,017</u>
		December	June
		2023	2023
		(Rupees)	(Rupees)
27. Administrative expenses			
Director's remuneration	(27.1)	5,286,114	12,669,051
Salaries and benefits	(27.2)	1,776,257	3,063,050
Rent, rates and taxes		3,238,935	4,024,130
Fees and subscriptions		322,355	441,147
Miscellaneous		732,582	239,366
Entertainment		467,379	364,812
Printing and stationary		382,580	360,947
Travelling and conveyance		361,117	112,665
Utilities		291,505	249,528
Telephone, mobile and internet		265,807	482,529
Postage and courier		113,771	132,248
Legal and professional		112,500	75,800
Repair and maintenance		22,141	274,887
News papers and periodicals		11,340	21,540
Audit remuneration		-	700,000
Depreciation	(17.1.1)	207,422	184,375
		<u>13,591,805</u>	<u>23,396,075</u>
27.1) Director's remuneration			
Remuneration		4,400,000	10,800,000
Medical		511,114	299,051
Director's meeting		375,000	345,000
Bonus		-	1,225,000
		<u>5,286,114</u>	<u>12,669,051</u>
27.2) Salaries and benefits			
Salaries to staff		1,776,257	2,522,129
Gratuity		-	207,007
Bonus		-	201,646
Insurance		-	132,268
		<u>1,776,257</u>	<u>3,063,050</u>

28. Selling and distribution expenses							
Carriage outward		99,619	148,250				
		<u>99,619</u>	<u>148,250</u>				
29. Financial expenses							
Mark-up		3,555,331	19,024,080				
Lease financial charges		2,490,142	6,868,726				
Mark-up on FATR		2,241,365	-				
Share Registrar Services		622,370	200,725				
Bank charges		366,339	259,322				
		<u>9,275,547</u>	<u>17,346,853</u>				
30. Other charges							
Workers' profit participation fund		1,894,223	1,134,960				
Workers' welfare fund		719,805	431,262				
		<u>2,614,028</u>	<u>1,566,162</u>				
31. Other income							
Profit on TDR			809,382				
Gain on sale of assets			358,349				
			<u>1,167,731</u>				
32. Taxation							
Current year							
- Normal tax		7,538,517	13,075,444				
- Deferred taxation		-	(2,390,000)				
Prior year			7,903,854				
		<u>7,538,517</u>	<u>18,679,298</u>				
32.1) Reconciliation of tax charge for the year							
Accounting profit - before taxation		-	39,282,954				
Inadmissible expenditure for tax purposes		-	35,556,549				
Admissible expenditure for tax purposes		-	(31,038,745)				
			43,800,758				
Tax effect of difference of minimum tax chargeable			373,224				
Tax charge at applicable tax rate of 29% (2022: 29%)			<u>13,075,443.82</u>				
33. Remuneration of Chief Executive, Directors and Executives							
		December 2023			June 2023		
Description	Chief Executive	Director	Executive	Chief Executive	Director	Executive	
Managerial remuneration	2,800,000	1,500,000	1,770,000	5,400,000	5,400,000	2,105,250	
Bonus	-	-	-	661,771	563,229	270,438	
	<u>2,800,000</u>	<u>1,500,000</u>	<u>1,770,000</u>	<u>6,061,771</u>	<u>5,963,229</u>	<u>2,375,688</u>	
Number of persons	1	1	2	2	2	1	

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

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

34. **Earnings per share - Basic and Diluted**

Profit after tax	18,456,369	28,316,110
Weighted average number of ordinary shares at the end of the year (Numbers)	20,000,000	20,000,000
Basic and diluted earnings per share (Rupee)	<u>0.92</u>	<u>1.42</u>

35. **Related party transaction**

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

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

36. **Financial Instruments and related disclosures**

36.1) **Financial assets and liabilities**

	December 2023			June 2023		
	Amortized Cost	FVTPL	Total	Amortized Cost	FVTPL	Total
	(Rupees)			(Rupees)		
Financial assets						
Maturity up to one year						
Stock in trade	-	180,683,652	180,683,652	-	186,335,863	186,335,863
Trade debts	33,327,556	-	33,327,556	83,439,432	-	83,439,432
Advances and other receivables	30,093,313	-	30,093,313	5,761,969	-	5,761,969
Cash and bank balances	32,763,482	-	32,763,482	20,692,767	-	20,692,767
Maturity after more than one year						
Long term deposits	8,093,547	-	8,093,547	11,162,947	-	11,162,947
	<u>104,177,897</u>	<u>180,683,652</u>	<u>284,861,549</u>	<u>121,057,115</u>	<u>186,335,863</u>	<u>307,392,978</u>
Financial liabilities						
Recognized						
Maturity up to one year						
Running finance	79,997,965	-	79,997,965	60,531,204	-	60,531,204
Current maturity of long term liabilities	2,403,809	-	2,403,809	8,320,043	-	8,320,043
Accrued and other liabilities	41,205,367	-	41,205,367	18,426,137	-	18,426,137
Maturity after more than one year						
Obligation against assets subject to finance lease	26,781,584	-	26,781,584	30,793,518	-	30,793,518
Deposits against vehicles	-	-	-	-	-	-
	<u>150,388,724</u>	<u>-</u>	<u>150,388,724</u>	<u>118,070,901</u>	<u>-</u>	<u>118,070,901</u>

36.2) **Financial Risk management**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management framework

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

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

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

a) **Credit risk**

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

As of December 31, 2023, trade debts of Rs 33,327,556 (2023: Rs 83,439,432/=) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

December
2023
(Rupees)

June
2023
(Rupees)

Up to 3 months	33,327,556	83,439,432
	33,327,556	83,439,432

b) Liquidity risk

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

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

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

	Less than 1 year	Between 1 to 5 years	Over 5 years
At June 30, 2023			
Maturity up to one year			
Running finance	79,997,965	-	-
Current maturity of long term liabilities	8,320,043	-	-
Accrued and other liabilities	18,426,137	-	-
Maturity after more than one year			
Obligation against assets subject to finance lease	-	30,793,518	-
Deposits against vehicles	-	-	-
At December 31, 2023			
Running finance	79,997,965	-	-
Current maturity of long term liabilities	2,403,809	-	-
Accrued and other liabilities	41,205,367	-	-
Maturity after more than one year			
Obligation against assets subject to finance lease	-	26,781,584	-

c) Market risk

i) Currency risk

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

ii) Interest mark-up rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

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

iii) Price risk

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

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

d) Capital risk management

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

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

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

e) Fair value of financial assets and liabilities

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



37. Staff retirement benefits

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

	December 2023 (Rupees)	June 2023 (Rupees)
37.1) The amounts recognized in the statement of financial position are as follows:		
Present value of defined benefit obligations	2,735,478	2,735,478
Fair value of plan assets	-	-
Payables	-	-
	2,735,478	2,735,478
	2023	2023
	(Rupees)	(Rupees)
37.2) Changes in the present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	2,735,476	2,069,710
Service Cost		
Current service cost	-	1,449,083
Past service cost	-	-
Interest expense	-	143,281
Cash Flows		
Benefit payments from Plan	-	-
Benefit payments from employer	(2,402,681)	(1,976,688)
Payables	-	-
Re-measurements		
Effect of changes in Demographic assumptions	-	-
Effect of changes in Financial assumptions	-	-
Effect of Experience adjustments	-	1,050,090
Closing defined benefit obligation	332,795	2,735,476
37.3) Components of defined benefit cost are as follows:		
Service Cost		
Current Service Cost	-	1,449,083
Reimbursement Service Cost	-	-
Past Service Cost	-	-
(Gain) / loss on settlements	-	-
Net Interest Cost		
Interest Expense on Defined Benefit Obligation	-	143,281
Interest (income) on Plan Assets	-	-
Re-measurement of Other Long Term Benefits	-	-
Defined benefit cost included in P&L	-	1,592,364
Re-measurement (recognized in other comprehensive income)		
Effect of changes in Demographic assumptions	-	-
Effect of changes in Financial assumptions	-	-
Effect of Experience adjustments	-	1,050,092
(Return) on Plan Assets (excluding interest income)	-	-
Total re-measurements included in OCI	-	1,050,092
Total Defined Benefit Cost recognized in P&L and OCI	-	2,642,456
37.4) Net Defined Benefit Liability (Asset) reconciliation		
	FP ending Dec 31, 2023	FY ending June 30, 2023
Net Defined Benefit Liability (Asset) at end of previous year	2,735,478	2,069,710
Defined Benefit Cost included in P&L	-	1,592,364
Total Re-measurements included in OCI	-	1,050,092
Employer Direct Benefit payments	(2,402,681)	(1,976,688)
Net Defined Benefit Liability (Asset) as of end of year	332,797	2,735,478
37.5) Assumptions used to determine Defined Benefit Obligation		
	FP ending Dec 31, 2023	FY ending June 30, 2023
Discount Rate	15.75%	15.75%
Rate of Salary increase (Long Term)	14.75%	14.75%
37.6) Assumptions used to determine Defined Benefit Cost		
	FP ending Dec 31, 2023	FY ending June 30, 2023
Discount Rate	13.25%	13.25%
Rate of Salary increase (Long Term)	12.25%	12.25%

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

37.8) Principal actuarial assumptions

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

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

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

37.10) Sensitivity analysis

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

38. Number of employees

Number of employees as on December 31,

	December 2023	June 2023
Factory	176	197
Other	6	7
	182	204

Average number of employees during the period

	December 2023	June 2023
Factory	179	199
Other	5	6
	184	205

39. Production capacity

Plant has a maximum production capacity of 1,450,000 kgs. Actual production during the period was 546,749 Kgs (2023: 1,225,000 Kgs). Company is not utilizing its maximum production capacity considering competitive market environment and demand potential of its product. Therefore, production is carried out keeping in eye of demand.

40. Date of authorization for issue

These financial statements have been authorized for issue on 23/2/24 by the board of directors of the company.


Chief Financial Officer


Chief Executive