

## DEFINED BENEFIT PLAN OBLIGATION

### EMPLOYEE RETIREMENT BENEFIT PLANS

The main features of the retirement benefit schemes operated by the company for its employees are as follows:

#### *Defined Benefit Plan*

The Company operates approved pension fund for its management staff and approved gratuity fund for its management and non-management staff. The investments of Pension and gratuity funds are made through approved trust funds. Gratuity is deductible from pension. Management staff hired after January 1, 2012 are only entitled to benefits under gratuity fund. Contributions are made in accordance with actuarial recommendations. Actuarial valuations are conducted by an independent actuary, annually using projected unit credit method related details of which are given in the financial statements in Annual Report 2020 at [www.arl.com.pk](http://www.arl.com.pk). The obligation at the statement of financial position is measured at the present value of the estimated future cash outflows. All contributions are charged to statement of profit or loss for the year. Actuarial gains and losses (re-measurement gains/losses) on employees' retirement benefit plans are recognized immediately in other comprehensive income and past service cost is recognized in statement of profit or loss when they occur.

| Value in PKR "000"                         |        |
|--|--------|
| <b>EOBI FUND</b>                           | 12,918 |
| <b>Staff gratuity and pension benefits</b> | 46,358 |

Calculation of gratuity and pension requires assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

#### *Defined Contribution Plan*

The Company operates an approved contributory provident fund for all employees. Equal monthly contribution is made both by the Company and the employee to the fund at the rate of 10% of basic salary.

