

Unlocking

New Possibilities



ISMAIL
INDUSTRIES
LIMITED

Annual Report 2024



Company Profile

BOARD OF DIRECTORS

| | |
|--------------------------|-------------------------|
| Mr. Muhammad M. Ismail | Chairman |
| Mr. Munsarim Saifullah | Chief Executive Officer |
| Mr. Ahmed Muhammad | Executive Director |
| Mr. Hamid Maqsood Ismail | Non-Executive Director |
| Mr. Maqsood Ismail | Non-Executive Director |
| Mr. M. Zubair Motiwala | Independent Director |
| Ms. Tasneem Yusuf | Independent Director |

AUDIT COMMITTEE MEMBERS

| | |
|------------------------|-------------|
| Ms. Tasneem Yusuf | Chairperson |
| Mr. Muhammad M. Ismail | Member |
| Mr. Maqsood Ismail | Member |

HEAD OFFICE

17, Bangalore Town,
Main Shahrah-e-Faisal, Karachi, Pakistan

FACTORIES

Unit-1: C-230, H.I.T.E., Hub,
Balochistan, Pakistan.

Unit-2: B-140, H.I.T.E., Hub,
Balochistan, Pakistan.

Unit-3: G-1, H.I.T.E., Hub,
Balochistan, Pakistan.

Unit-4: G-22, H.I.T.E., Hub,
Balochistan, Pakistan.

Unit-5: 38-C, Sundar Industrial Estate
Raiwind Road, Lahore, Pakistan.

Unit-6: D-91, D-92 & D-94 North Western Industrial Zone,
Port Qasim, Karachi, Sindh, Pakistan.

Unit-7: E164-168, North Western Zone,
Port Qasim, Karachi, Sindh, Pakistan.

Unit-8: E154-157, North Western Zone,
Port Qasim, Karachi, Sindh, Pakistan.

Unit-9: G-1A, H.I.T.E., Hub,
Balochistan, Pakistan.

Unit-10: E164-168, North Western Zone,
Port Qasim, Karachi, Sindh, Pakistan.

HUMAN RESOURCE & REMUNERATION COMMITTEE

| | |
|--------------------------|----------|
| Mr. M. Zubair Motiwala | Chairman |
| Mr. Maqsood Ismail | Member |
| Mr. Hamid Maqsood Ismail | Member |

COMPANY SECRETARY

Mr. Ghulam Farooq

CHIEF FINANCIAL OFFICER

Ahmed Raza Parekh

AUDITOR

Grant Thornton Anjum Rahman
Chartered Accountants

LEGAL ADVISOR

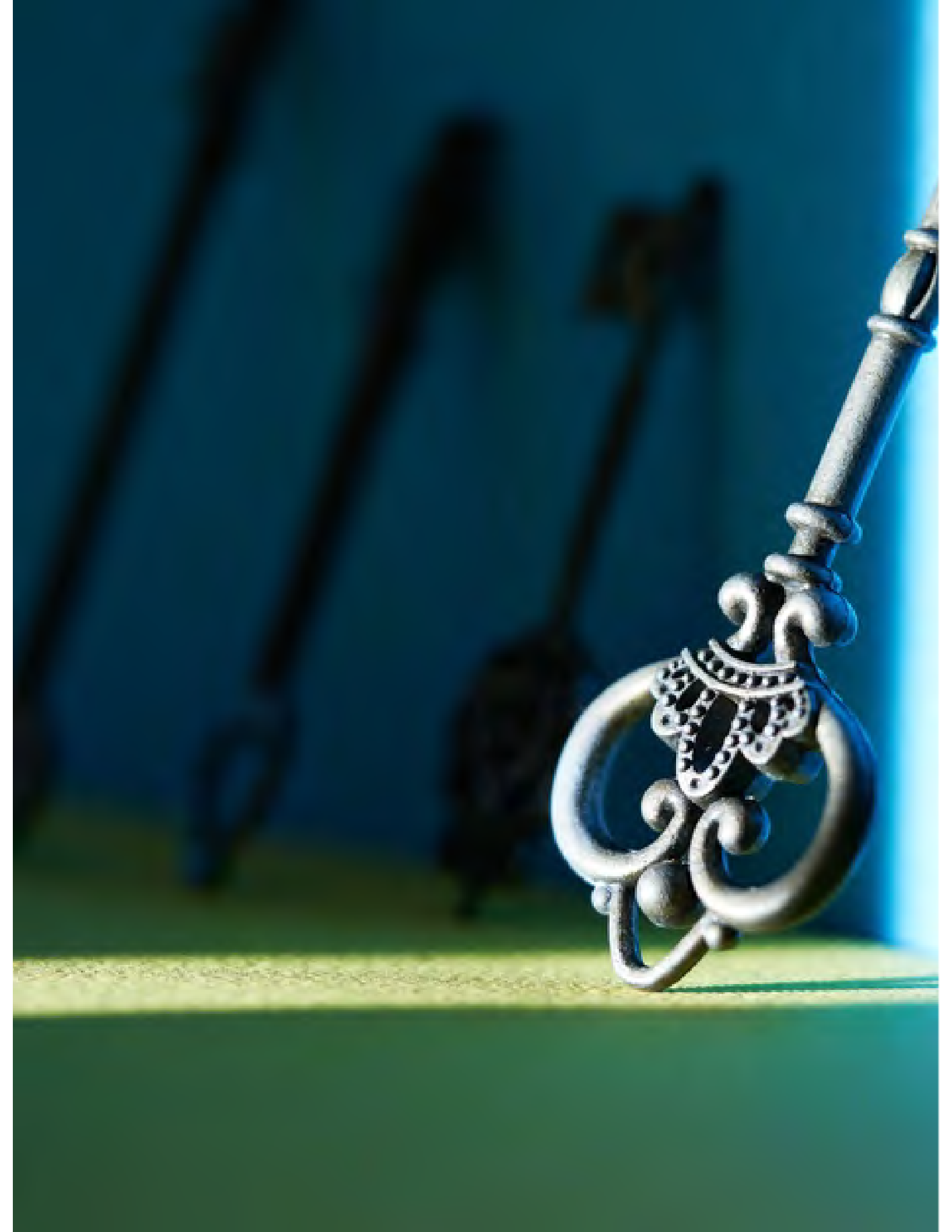
Mohsin Tayebaly & Co.

SHARE REGISTRAR

THK Associates (Pvt.) Limited

BANKERS

Meezan Bank Limited
Habib Bank Limited
Askari Bank Limited
National Bank of Pakistan
MCB Bank Limited
Allied Bank Limited
Bank Al Falah Limited
JS Bank Limited
The Bank of Punjab
Soneri Bank Limited





Welcome

Our vision is to grow the business, while decoupling our environmental footprint from the growth and increasing our positive social impact.

Ismail Industries Limited is one of the largest business entities of Pakistan. The company has a diverse portfolio ranging from food products (confectioneries, biscuits, snacks, nutrition and flour) to high-quality packaging films.





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Our Story

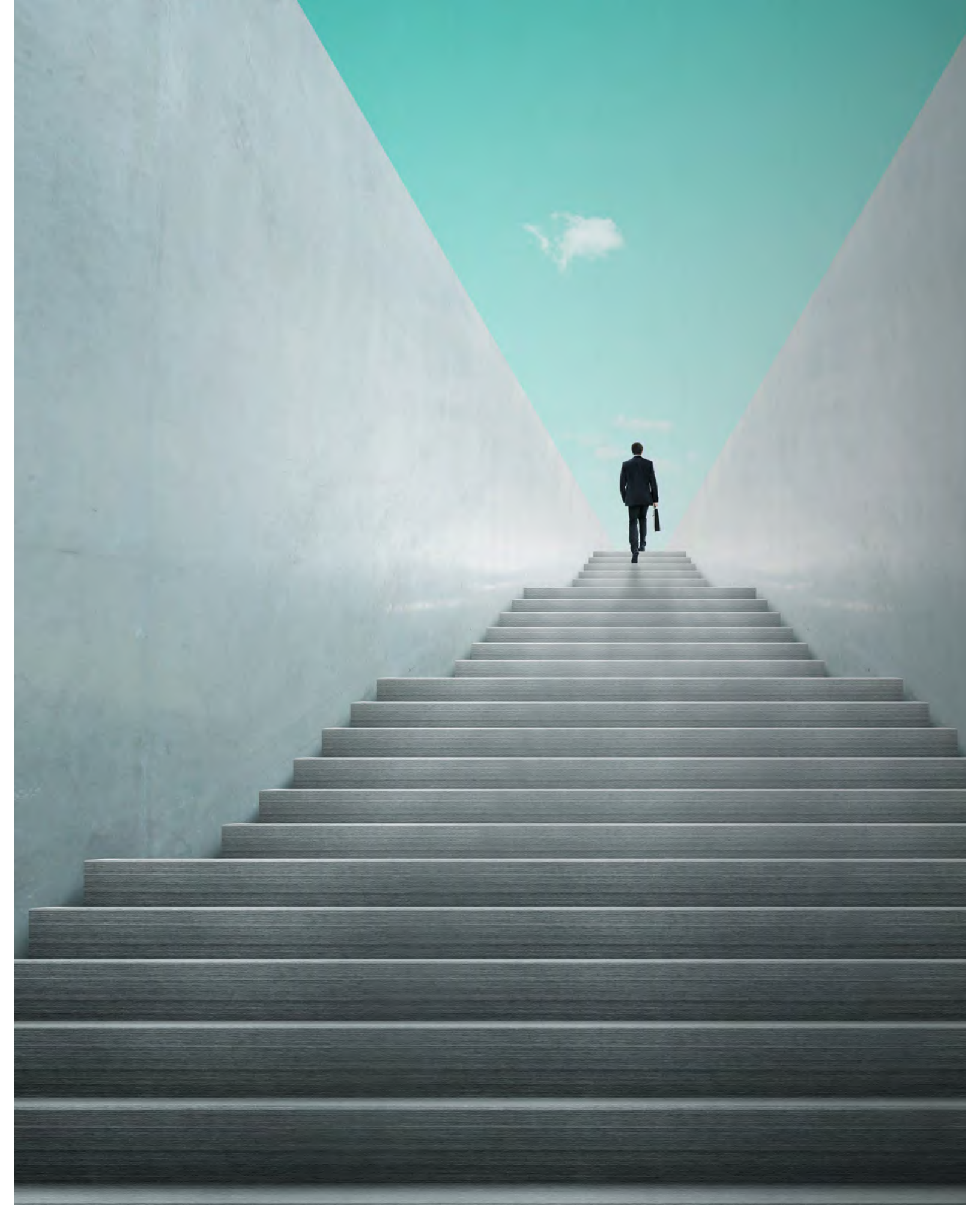
CandyLand is where it all started in 1988 with our first factory bringing to life the largest confectionery company of Pakistan. Our strong ethos of honesty, dedication and relentless hard work has seen us become a name of quality and consumer trust for over three decades. CandyLand is an incredible and inspiring story of determination which has made it the market leader in the confectionery business.

Later in 2002, the Bisconni division was introduced, which soon became one of the fastest-growing biscuit Industries in the country. In 2006, the SnackCity division was set in motion to explore the chips and peanuts category. Our business further strengthened when, in the same year, Astro Films was launched as a specialized division that manufactures packaging and plastic films.

At Ismail Industries Limited (IIL), we take pride in being ISO 22000 certified and meeting the global quality standards specified by the International Organization for Standardization dealing with food safety. We are also certified by SANHA (South African National Halaal Authority) which is a leading authority in the certification of Halaal products around the world.

For over two decades, IIL has been exporting its products to more than 40 countries in North America, Europe, Australia, Africa, the Far East, and the Middle East. Our long-standing customer relationships are a testament to our commitment to manufacturing the highest quality products and ensuring the satisfaction of our customers all around the world.

Our employees operate in an environment where they are empowered to think and act in the highest interest of our key stakeholders. It is the same culture of innovation that has resulted in many home-grown ideas resulting in some of the most innovative products brought to Pakistan's confectionery, biscuit, and snacks market along with various achievements internally on driving efficiency and operational excellence.



Mission

Our mission is to capitalize on our core values and maximize our customers' satisfaction through continuous efforts of delivering consistent quality of products. We aim to constantly empower and enable our people to deliver value for our consumers. Our target is to extensively cater to the home markets and to strengthen our roots in international ones. The overarching mission of Ismail Industries Limited is to become a socially responsible organization that contributes towards the betterment, growth and development of Pakistan.

Vision

Ismail Industries' vision is to continue its growth trajectory in the coming years and to become the largest manufacturing company in Pakistan. It aims to serve its customers with delightful treats and products with the promise of taste and bringing smiles. The company plans to become the best snacking company in the country through its strategy focused on quality products, leveraging people's capabilities, employing technology for efficiency, bold innovation, and continuous process improvements.

OUR BUSINESSES



CORE VALUES



BELIEF

Our mantra is to keep dreams alive. We have faith in the notion that belief in oneself and the overall purpose is the first step to achieve something. We strongly believe in our products, our processes, our partners, and above all - we believe in each other.



LEADERSHIP

We believe that business performance is driven by effective leaders who can truly inspire people to unleash their individual and collective potential. We focus on providing a leadership that provides a vision, inculcates aspirations, promotes communication, and displays passion.



EXCELLENCE

Our corporate purpose is to manifest excellence in our performance attitude. We view it as a continuous process that enables us to excel in everything we do.



FAIRNESS

Fairness is a professional behavior that establishes reliability and credibility. We keep fairness paramount - we do what we say.



TEAMWORK

We focus on leveraging collective efforts and nurturing a culture of appreciation. Our aim is to empower our people to make collective decisions with utmost integrity and responsibility.



CandyLand



Principal business activities and launches

CandyLand, a cornerstone of Ismail Industries Limited's confectionary segment in Pakistan, commenced operations on June 21, 1988, with its inaugural production plant established on a modest 1-acre plot. Since launching our first brand in 1990, we have consistently achieved significant milestones, expanding our production facilities to over 8 acres.

As pioneers in the jelly category, CandyLand has ventured into technically challenging segments such as lollipops and marshmallows, priding ourselves on delivering top-quality products that continuously delight consumers. Our commitment to excellence has facilitated the export of our products to more than 40 countries worldwide.

Guided by a consumer-centric and innovation-driven philosophy, CandyLand has introduced new product categories to Pakistani consumers, leveraging our state-of-the-art facilities to emerge as one of the industry's most technologically advanced companies. Central to our operations is a dedication to providing the best customer value proposition, ensuring unparalleled consumer satisfaction with each purchase. Our dedicated teams of technical and marketing professionals collaborate to achieve consumer delight, supported by an extensive sales force that effectively reaches customers nationwide, including remote areas.

CandyLand offers an extensive array of product categories, including jellies, chocolates, marshmallows, candies, toffees, chews, lollipops, gums, milk chocolates, spreads, brittles, truffles, and bunties, all meeting rigorous international standards for quality and food safety. All CandyLand products are certified ISO 22000 and hold Halal certification from SANHA.

Throughout the challenges posed by the pandemic, CandyLand remained committed to enhancing consumer experiences by introducing a range of new offerings to the market. Noteworthy among these was the launch of Bisca, alongside new brands such as Orangy, Sour Bites, Jellies Premium Range, Biggy Lollipop and Sweet Bear. These initiatives underscore our steadfast dedication to long-term growth and innovation.

At CandyLand, we pledge to uphold our core values, nurture our established brands, and drive category growth through continuous innovation. We are dedicated to developing new brands that resonate with consumers, meet their evolving needs, and consistently deliver delight for years to come.

Objectives 2023-24

- Portfolio growth through product innovation
- Strengthen Consumer value proposition
- Strategic alliances to enhance brand equity
- Portfolio expansion with introduction of new channels and geographies
- KPI based sales management
- Resource optimization

Objectives 2024-25

- Strengthening the Sales and Distribution Structure
- Research based communication development
- Investment in flagship product categories
- Brand health tracking and ROI based marketing
- Channel management and development
- Profitability improvement initiatives

NEW LAUNCHES

Premium Jellies Rs.50 and Rs.150

Due to lack of local competition in the premium segment, we have introduced a Premium Range of jellies featuring unique flavors and ingredients, priced at Rs. 150 and Rs.50 offering a superior quality product with exceptional flavor, bigger, chunkier bites and unmatched taste to our customers.



Sour Bites Rs.10 and Rs.20

Candyland's Sour Bites are bear-shaped sour jellies available in price points of 10 and 20. These chewy treats deliver a delightful punch of sourness, making them a perfect snack for sour candy lovers.



Pizza Jelly Rs.20

Candyland's Pizza Jelly priced at Rs.20, offers a unique treat with pizza-shaped jellies that capture the delicious taste of pizzas in a fun, chewy form. Perfect for pizza lovers craving a sweet taste on their favorite flavor.



Sweet Bear Rs.10 and Rs.20

Candyland's Sweet Bear Jelly, available at Rs.10 and Rs.20, features bear-shaped jellies with a delightful sweet taste. These chewy treats are perfect for satisfying your sweet tooth at an affordable price.



Orangy Jelly Rs.5

Candyland's Orangy Jelly, priced at just Rs.5, bursts with vibrant orange flavor in every chewy bite. These jellies are an affordable treat for citrus lovers seeking a refreshing and tangy snack.



Biggy Rs.450

Candyland's Biggy Lollipop, priced at Rs.450, is a giant lollipop filled with smaller lollipops inside. Available in flavors like cola, orange, raspberry and mix berry, it's a delightful treat for those who love variety and fun in their sweets.



Buttons

The biggest bet of the year for Candyland, is a standout addition to the local market. Buttons is a premium milk chocolate Beans. Launched in September 2023 with extensive support through all trade tools such as countertops, gondolas, point of sales material. Cashing onto quality taste and offering size, It has quickly become the star of the year and a favorite among consumers.



Bisca

A three-layered chocolate - with caramel, biscuit and topped with chocolate, Bisca is a clutter breaking addition to the local market. This year we added another SKU of Rs 50 solely to enhance the consumption experience.



Puffs

Jumbo Puffs priced at Rs.100, launched in the marshmallow category - a SKU extension of our brand Puffs. The product has been designed to offer a superior consumption experience for both our existing and new customers. The quality of our product is top-notch, rivaling international standards while remaining much more affordable.



Cloud9

This year, we introduced another price point: Rs.20, for our chocolate-coated wafer, Cloud 9, which has captured the hearts of our crunch-loving consumers.



Super Soft

Candyland's Supersoft Gum, priced at Rs.5 in tutti Frutti Flavor. This irresistible gum is perfect for kids and adults alike, bringing a splash of vibrant taste and a touch of nostalgia with each bite. To make it even more exciting, each pack comes with a surprise tattoo inside.



Candies Rs.5

Candyland has recently expanded its product line to include items at the Rs. 5 price point, adding to its popular existing brands such as Cola and Fanty, which enjoy widespread popularity among both children and adults. These well-loved candies are known for their distinctive circular shape. Candyland has also introduced a new flavor called Punch Candy at the same price point. This enticing candy features an oval shape and is bursting with a rich mango flavor. It boasts a unique center filled with a delightful gush of mango pulp, offering a truly indulgent treat for the taste buds. Since its recent launch, Punch Candy has swiftly become a favorite among children.





BISCONNI



Bisconni Unveils Premium Range with Elevated Branding and Diverse Offerings

Bisconni launched its highly anticipated Premium range, distinguished by a new and unique logo. This logo emphasizes the superior quality of the products and targets a discerning clientele. The initial offerings within the range, Day Dream and Chip Hop, are delectable biscuits designed to tantalize taste buds.

To further enrich the Premium line, Bisconni has introduced a variety of new products:

Mi Amor

These cookies boast an indulgent chocolate center, perfect for those seeking a mouthful luxurious treat.



Divine

Featuring layers of crispy wafers encasing a delightful chocolate cream, these wafers offer a delightful textural and flavor combination.



Digestive

This offering caters to health-conscious consumers with its high fibre content.



Digestive Sugar free

Another option for health-focused individuals, this sugar-free variety allows for guilt-free indulgence.



Bisconni Premium: Accessible Luxury

Bisconni made indulgence obtainable for a broader audience by strategically pricing its Premium biscuits. The Day Dream, Chip Hop, Divine, Digestive, Sugar-Free Digestive and Perfetto varieties were all offered at an accessible price point of Rs 30. Mi Amor, featuring its luxurious chocolate center, was priced slightly higher at Rs 40.





BISCONNI



Novita

Novita Chocolate Wafers

Novita Reimagines its Brand for a New Generation:

Whilst enjoying its established position as the market leader in wafers, Novita recognized the need to evolve. The brand embarked on a strategic refresh, aiming to resonate with a younger, more vibrant audience. This included a complete overhaul of the packaging and a revitalized brand image, all designed to appeal to the vibe and preferences of the influential Gen Z demographic.



Novita Choco Berry

Rs 40 Price Point

Introduced Novita Choco Berry in a higher price point appealing to an audience who likes to indulge in a mix of chocolate and fruity flavors.



Chocolatto

The King of Center-Filled Chocolate Biscuits Stays Whimsical

Whilst holding the coveted title of leader in the center-filled chocolate category, Chocolatto continues to embrace its whimsical and premium brand identity. Its latest TVC campaign features the ever-popular Syra Yusuf, bringing its tongue-in-cheek humor and luxurious product experience to national screens.



Chocolate Chip Cookies

SPREADING SMILES THROUGH PLAYFUL CONNECTIONS

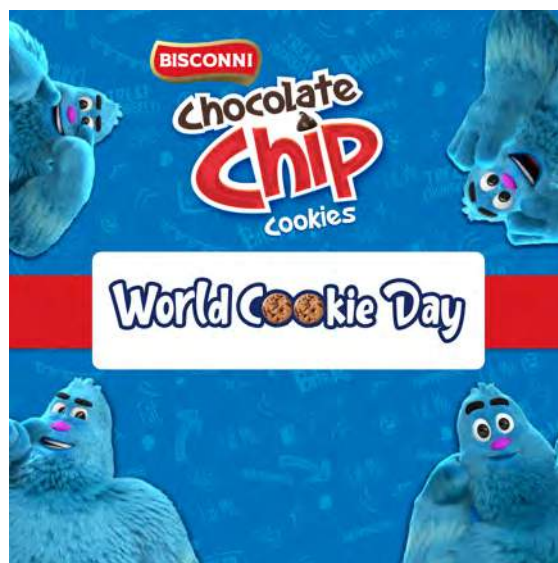
2023-24 was a year of unforgettable connections for Chocolate Chip Cookies. We embarked on a series of strategic collaborations, bringing our playful brand spirit to life at events specifically targeted towards our audience.

WORLD COOKIE DAY:

To celebrate this global day, our mischievous mascot transformed from illustration to reality! School children were treated to a special visit, filled with interactive fun and excitement.

MORE COLLABORATIONS:

Our commitment to connecting with our audience extended to events like Kids Fest 2024 and Ronaq Bazar 2024, and more.



Cocomo triple Chocolate

For past 2 decades, Cocomo has been one of the most nostalgic and memorable snacks from our childhood. And it has remained just as good. Cocomo has the ability to shift your day from bad to good immediately. It does not even feel like a snack, it's literally magic.

To further strengthen the bond with its TG and reconnect with its loyal fanbase, Cocomo Tripled the chocolate in February 2024 for better consumption experience. Now with three times more chocolate filling and an even premium mouthfeel, Cocomo has made its fanbase chant "Mujhe Bhi Do, Triple Chocolate Cocomo".



Bisconni Cakes

Fudge Brownie

Bisconni Cakes is all about an indulgent chocolatey experience, and what's better addition to the portfolio than a packaged chocolate Fudge Brownie? Bisconni Cakes being a pioneer in introducing the first ever packaged Fudge Brownie for convenience and on-the-go experience

To further penetrate into the TG and generate more trials, we partnered with 14th Street pizza for their Ramadan and T20 world cup campaign across 9 cities. More than 16 thousand deals were sold, reaching a massive TG of 51,000 direct contacts, not to mention marketing mileage of OOH advertising, Flyers & Instore branding fuelled the campaign success as well.



FLO

FLO, a tasteful fusion of Cake & Chocolate rocked the stage with the streaming of its colourful TVC featuring Hania Amir. The brand regained its share and closed the year by delivering its ever-highest mark.





CEREAL

Ismail Nutrition

Malnutrition is a universal plague that affects a population of over 815 million people in the world.

Due to overpopulation and scarcity of adequate nutrition in Pakistan stunting has become prevalent in children belonging to low socioeconomic backgrounds. As a socially responsible company dedicated to providing high-quality food products, Ismail Industries Limited initiated the manufacturing of lipid-based nutritional products in 2010.

The urgent need for nutritional foods combined with the food manufacturing experience of the company resulted in the creation of the Ismail Nutrition Division. The overwhelming success of these products in Pakistan encouraged Ismail Industries Limited to begin exporting to neighboring countries. Many international social welfare agencies joined in as recipients of these vital nutritional aids. Ismail Nutrition is an approved supplier of United Nations Children's Fund (UNICEF) and the World Food Program (WFP). Ismail Nutrition's manufacturing facility is currently capable of producing 240 metric tons per day.

Ismail Nutrition further aims to work towards freeing the world of malnutrition.



Development, Research & Technology

Ismail Nutrition benefits from the rich heritage brought by Ismail Industries Limited in the food sector with over 50 years of experience in production, research & development. In addition to this, Ismail Industries' expansive network of partners in advanced food technology aids Ismail Nutrition in the consistent development of products with high-quality standards. All our products are designed to meet WHO specifications and requirements.



Ismail Cereal

Bringing nutrition and essential minerals to disaster-struck areas. Ismail Industries Cereal Division is planning to start manufacturing cereals which have been approved by WFP as global supplier for Super Cereals. The product is easy to reconstitute, just add a cup of Cereal in 3-4 cups of water, bring to a boil and simmer for 5 mins and serve. This product will be used in areas with limited access to food and water and the idea is to provide all the nutrition and minerals in a single serving of cereal.

The cereal is manufactured on a state-of-the-art Extrusion Plant, which has passed the WFP audit for food safety, compliance and GMP requirements. The plant has also been approved by SANHA, FSSC and is on a path to continuous improvement. With a capacity of over 110 tons/day, we are

delivering cereal to WFP. As part of our mission statement, we are striving to deliver consistent quality. Along with this, new avenues for business both local and export are being developed to cater for global nutritional needs.





Ghiza Flour

Ghiza Flour was launched during the last year. Ismail Industries commissioned state of the art 240 TPD Buhler roller mill having annual production capacity of 86,400 tons with the objective of

- Backward integration by ensuring top-quality All-purpose flour (Maida) to Bisconni
- Adding value to the food industry by offering best quality flour to the vast Industrial and HoReCa (Hotels/Restaurants/Canteens) segment across Pakistan.
- Ensuring proper nutrition across Pakistan by introducing fortified super fine flour in 5 and 10 kg packing in the consumer segment.

Milled with extreme care by selecting high quality wheat at time of purchase with careful sorting through sortex machine at time of production our products include

Ghiza Maida

Ghiza Maida available in Bulk Packing of 50kg and 1kg consumer pack. Ghiza Maida undergoes an intricate milling process, meticulously refined to precisely align with the stringent quality and nutritional specifications demanded by renowned entities such as Bisconni and other prominent bakeries and food manufacturers. Our commitment to excellence drives every aspect of our milling process, ensuring that Ghiza Maida consistently delivers superior quality and meets the exacting standards of our esteemed partners in the baking and food production industries. Crafted with precision and attention to detail, Ghiza Maida stands as a testament to our unwavering dedication to providing top-tier products that satisfy the discerning needs of our valued collaborators and customers alike.



Ghiza Special Fine atta

Ghiza Special Fine atta is available in bulk packing of 50kg. It is used for Pooris and Paratha and a favorite choice of HoReCa customer who enjoy serving their customers with the best tasting, soft Pooris, Nan bread and Parathas to complement their meals.

Ghiza Fortified Super Fine Atta

Enriched with vital nutrients including iron, folic acid, zinc, vitamin A, B12, and Vitamin D, Ghiza Super Fine Atta is offered in convenient 5kg, 10kg & 50kg packaging. Through our meticulous milling process and stringent quality control measures, we ensure the creation of softer, more flavorful, and fluffier bread, maintaining its soft texture for an extended period. Ghiza Super Fine Atta not only nourishes but also promises an exquisite culinary experience, setting a new standard for taste and quality in every bite. Best for Chapati, Puris & Parathas.



High-quality wheat flour.



Free from dust, chemicals, stones & germs.



Golden wheat with all the essential vitamins, iron & minerals.



Aromatic flour for the softest roti for more than six hours.

Ghiza Fortified Riwayati Atta

Ghiza Fortified Riwayati Atta with High Fiber stands as a testament to our commitment to providing wholesome, nutritious, and delectable flour options. Meticulously crafted, this unique blend is designed to cater to the evolving preferences of health-conscious individuals. Enriched with high fiber content, our Riwayati Atta not only promises a delightful culinary experience but also contributes to improved digestion and overall well-being. We take pride in offering a product that seamlessly integrates tradition with modern health aspirations, ensuring that every meal prepared with Ghiza Riwayati Atta is a nourishing journey. From the fields to your kitchen, Ghiza Riwayati Atta is a symbol of quality, taste, and a dedication to promoting healthier lifestyles. Ghiza Riwayati Atta is available in 5kg & 10kg Packages



Ghiza SUJI Semolina

At Ghiza, we firmly believe in upholding the highest standards of purity and nutrition in every ingredient. Ghiza Suji stands as the culinary cornerstone for creating an exquisite array of delightful delicacies such as halwa, gulab-jamun, panjeeri, malpura and gol-gappay. Each grain of Ghiza Suji embodies our unwavering dedication to excellence, ensuring not just a superior taste but a consistent promise of exceptional quality—a trusted ingredient that enriches the essence of your culinary creations. Catering to all South Asian nationalities.



Ghiza Khalis Atta

Our 10kg & 50kg Khalis Atta from Ghiza Flour Mills embodies purity and nutrition in every grain. Carefully processed to retain the natural goodness of wheat, this atta serves as an indispensable ingredient for households and small-scale culinary endeavors. Renowned for its fine texture and exquisite taste, Ghiza's Khalis Atta is the preferred choice for creating a variety of traditional and contemporary dishes. From soft, aromatic rotis to flavourful parathas, its superior quality ensures an authentic taste that enriches every meal, offering wholesome nourishment in convenient packaging



Ghiza Premium Bran

Wheat bran, the protective outer layer of the wheat kernel, serves as a valuable component in animal feed. Packed with essential nutrients like fiber, vitamins, and minerals, it stands as a crucial dietary inclusion, contributing to the well-being and nutritional needs of livestock. Widely recognized for its nutritional richness, wheat bran is a sought-after ingredient in animal feed formulations, aiding in the overall health and nourishment of animals





Astro Films

Established in 2003, Astro Films is the flexible packaging division of Ismail Industries Limited, manufacturing BOPET, CPP and BOPP films with facilities in two locations; Hub and Port Qasim Industries Zones, located in Karachi, Pakistan. Astro Films is one of the leading packaging film manufacturers in the country with a combined installed film production capacity of 63,000 tons/annum and metallization capacity of 19,000 tons/annum. State of the art facilities, high quality films and the most consistent services have earned Astro Films a position as one of the best recognized regional and international film suppliers as well as one of the fastest growing flexible packaging film exporters with a prestigious clientele spread across 5 continents.

We have 2 CPP film lines of the renowned Italian company Gruppo Colines. The first 3.0-meter line was set up in 2003 with an annual capacity of 6000 tons. The CPP capabilities were enhanced in 2014 with an addition of the second 2.6-meter line with an annual capacity of 9000 tons, increasing overall annual CPP films capacity to 15,000 tons.

Astro Films set up a 4.0-meter BOPP line from Bruckner (Germany) in 2011, strategically added to facilitate packaging solutions for Ismail Industries Limited's in-house food brands. This line has an annual production capacity of 4500 tons.

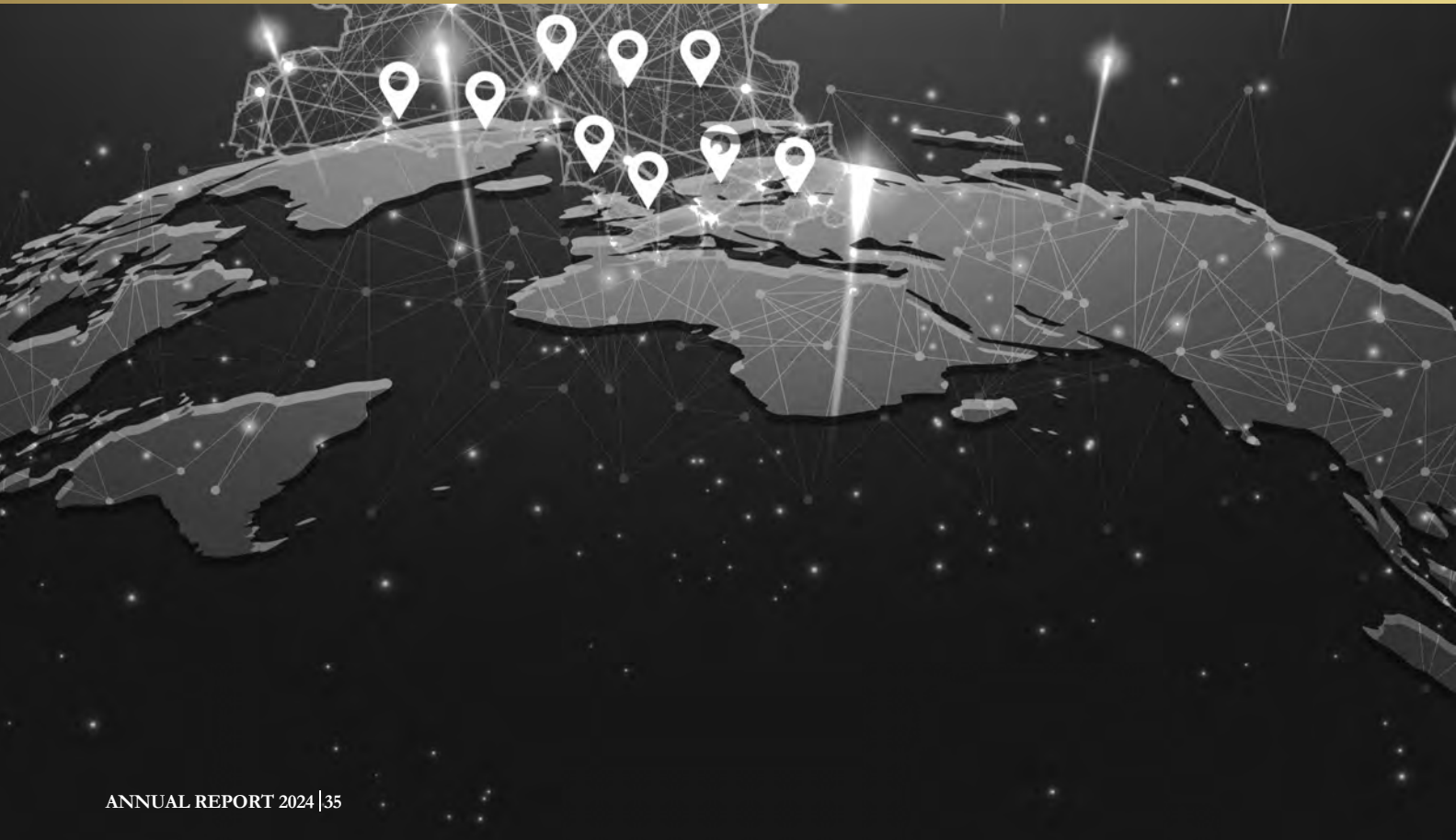
The first of the two BOPET production lines was set up in 2012; it is a 6.7-meter Bruckner (Germany); the first Bruckner BOPET line imported into Pakistan. Adding another milestone to its illustrious history, Astro added a second BOPET line at the end of 2020; an 8.7-meter Bruckner (Germany) with a capacity of 30,000 tons per annum; taking the total BOPET output tally to 48,000 tons/annum. Our BOPET lines are capable of producing thicknesses of 10u to 100u and we have additionally worked on functional proficiency, giving the specialized abilities to measure up to the client's needs and expectations.

In addition to our film making capabilities, we have metallization capacities up to 19,000 tons per annum. Astro Films has three metallizers from 'General Vacuum' (UK), of which, two are installed at the Hub factory, while the third one is at Port Qasim facility.

Complying to the highest quality, process, and food safety standards, Astro Films possesses certifications including ISO 9001:2015 and FSSC 22000 (version 5). We are proud of our accomplishments and manufacturing capabilities which have enabled us to become one of the most competitive suppliers of BOPET and CPP films in the international market as well as the fastest growing exporters of Flexible Packaging films in Pakistan. Our international customer base, spanning in more than 26 countries across 5 continents is a testament to our truly global footprint as a packaging film supplier. Our competitive advantage in international markets has been the ability to supply the best quality film in the fastest lead times; creating sustainable business and a strongly established image of reliability.



III Export Businesses



International Business

Our International Business teams in Karachi and Dubai have made significant progress in the previous fiscal year. Total business has grown significantly despite inflation, recession and economic uncertainty in most countries, we have seen growth in all our sales regions – Middle East, Africa, Asia, Oceania, Europe and North America. We participated in regional and global food exhibitions (ISM Middle East, Gulfood, and SIAL Shanghai), and have successfully entered new markets such as China and the Philippines. We have made an entry into major US retailers, marking the beginning of our work in mainstream American markets. The team conducted thorough market research, identified potential opportunities, and executed market entry plans which were made in line with different cultural and business environments.

To build on our past success and meet the rapidly evolving needs of our global customers, we are committed to an Exports future that is more agile, productive, and customer-centric. Top priorities for this fiscal are maximizing Modern Trade presence and activating new markets. There are some big projects in the pipeline in Southeast Asia, Europe, and the US.

LOCAL PRESENCE

2000+ Sales Force Personnel
400+ Towns
1400+ Vans
1200+ Distributors

5 Regional Sales Office
135,000 Outlets
6 Warehouses
400,000 Weekly Sales Calls

GLOBAL FOOTPRINT

6 Continents
40+ Countries
64+ Clients



**HUDSON
PHARMA** (Private) Limited

(A Subsidiary of IIL)



Hudson Pharma

MISSION

Hudson Pharma is a licensed pharmaceutical division of Ismail Industries Limited. Our manufacturing facility is located at Port Qasim Industrial Area Karachi, Pakistan. Our mission is simple. We are making game-changing drugs attainable and safer for the populations we serve. We have a well-established track record of executing our vision based on a repeatable and reliable process that we have developed and refined over many years. We identify unavailable or under-penetrated treatments, often with innovative delivery methods or manufacturing processes that vastly improve safety and attainability.

INNOVATION

Hudson Pharma, since its inception, has successfully launched innovative molecules in Pakistan that are considered as an effective treatment all across the world. The products include Inhalation Solutions, Eye Drop, Injection for IV infusion, Derma Creams / Gels and the only vitamin D3 injection/oral solution in a BFS ampoule with a convenient twist-off cap.

OPERATIONS

Hudson Pharma manufacturing operations consist of:

- Injectable, respules and unit dose eye drops manufactured in medical grade polyethylene containers using the innovative Blow-Fill- Seal (BFS) process.
- Ophthalmology products are manufactured under barrier isolation, ensuring safer and superior products. DPI (Dry Powder Inhalation) capsules are manufactured using a microencapsulation process to ensure accurate dosing.
- Pharmaceutical creams, ointments and gels are manufactured in lacquer-free plastic laminated tubes. Moreover, our endeavors encompass contract manufacturing and the promotion of branded generics and specialized medications. Additionally, we collaborate with global partners to bring health advantages to the nation.



Introducing Revolutionary Cosmetology Portfolio

This year, Hudson Pharma proudly introduced a comprehensive cosmetology portfolio, marking a significant expansion in our product offerings. Our new range is designed to cater to diverse skincare and haircare needs, aligning with our commitment to innovation and excellence. The portfolio encompasses five key segments:

1. Anti-Acne: Targeted solutions to effectively combat acne and promote clear, healthy skin.
2. Anti-Ageing & Anti-Discoloration: Advanced formulations to reduce the appearance of fine lines, wrinkles, and skin discoloration, helping users achieve a youthful and even complexion.
3. Hydration & Moisturization: Products designed to deeply hydrate and nourish the skin, ensuring long-lasting moisture and a radiant glow.
4. Sun Protection: Broad-spectrum sunscreens that provide robust protection against harmful UV rays, preventing sunburn and long-term skin damage.
5. Anti-Hair Fall: Specialized treatments to reduce hair fall, strengthen hair follicles, and promote healthy hair growth.

Our new cosmetology portfolio is a testament to Hudson Pharma's dedication to meeting the evolving needs of our customers with cutting-edge and effective products.



Introducing Revolutionary Cosmetology Portfolio

Hudson Pharma has made a significant advancement in respiratory care by launching Pakistan's first ever preservative-free budesonide nebulization suspension. This innovative product aims to provide patients with a safer and more effective treatment option for respiratory conditions like asthma & croup, enhancing the quality of care and ensuring better health outcomes.



CDMO BUSINESS

Hudson Pharma has undergone a remarkable transformation in its contract manufacturing operations, marked by its pioneering approval as Abbott's first third-party injectable manufacturing facility in the country. This milestone underscores Hudson Pharma's reputation for excellence and reliability in the industry.

Our strategic partnerships encompass both national and international companies, enabling us to manufacture their flagship brands with a commitment to exceptional patient care and operational excellence.

RESPONSIBILITY

Our utmost concern is ensuring safety. Throughout every stage, we base our choices and shape our procedures with the well-being of patients as our primary consideration. This approach guarantees that the final product we introduce to the market is both secure and effective, adeptly meeting the requirements of patients and providers.

EMPLOYEES

The well-being and enthusiasm of our staff play crucial roles in maintaining a team dedicated exclusively to the safety of patients and fellow Hudson colleagues. We put in continuous effort to foster an environment that values creativity, innovation, teamwork, integrity, and efficiency, irrespective of age, race, gender, experience, ethnicity, background, or any inappropriate criteria.

BUSINESS PARTNERS

We are dedicated to safeguarding the interests and reputation of our partners with the same level of seriousness as if they were our very own.

COMMUNITY & ENVIRONMENT

We are committed to making business decisions that protect and preserve the Earth's natural resources and environment. Our procurement and business development teams seek suppliers and partners respectively that share Hudson's commitment to environmental responsibility.

WAY FORWARD

Hudson Pharma aims to stay committed to identify molecules that address local patients' unmet needs across the globe. In the coming year, we aim to expand our production capacity in steroidal nebulization suspension, oral capsules, nutraceutical and over-the-counter products.



**Ismail Resin
(Private) Limited**

(A Subsidiary of IIL)



Ismail Resin

A newly established PET resin manufacturing business in 2023, is the latest investment in the illustrious portfolio of businesses of Ismail Industries Limited. Located in Port Qasim industrial zone in Karachi, Pakistan, the state-of-the-art facility is equipped with a 300 tons/day SSP line from Buhler (Germany) and a 300 tons/day CP line from Oerlikon Barmag (Germany). Ismail Resin started its commercial production in April 2024 and produces Film-Grade (IV 0.64), as well as Bottle-Grade PET Resin at IV values of 0.76, 0.80 and 0.84.

Ismail Resin has been set up with the vision to not only expand Ismail Industries Limited's plastic portfolio but also provide a backwards integration for PET film manufacturing operations at its film manufacturing business unit; Astro Films.

Ismail Resin has already executed the audit processes to acquire the best-in-class certifications of ISO 9001, ISO 14001, HACCP, FSSC 22000, and Halal certification.

The company is also planning to set a **PET** plant by the end of 2026.





**CORPORATE
SOCIAL
RESPONSIBILITY**



Company's strategic objectives on ESG (Environmental, Social and Governance) / Sustainability reporting.

At Ismail Foundation, we recognize the growing significance of environmental, social, and governance (ESG) factors in today's business landscape. We are committed to integrating sustainability into our operations and decision-making processes. Our strategic objectives on ESG / Sustainability reporting aim to transparently communicate our performance, progress, and impact in these areas. We understand that ESG / Sustainability reporting is not only a tool for transparency but also a means of identifying areas for improvement. By monitoring our performance and engaging with relevant stakeholders, we aim to continually enhance our ecological practices and contribute to a more sustainable future.

An overview of how the company's sustainable practices can affect its financial performance.

Implementing sustainable practices can have a significant impact on a company's financial performance. While the specific outcomes can vary depending on the project, market conditions, and other factors; embracing sustainability as a core business strategy can reap financial benefits via reduced operational costs through resource efficiency, mitigating risks associated with regulatory changes, attracting eco-conscious consumers for increased market share, and appealing to companies and individuals focused on ESG factors. Most importantly, it drives innovation, adds to supply chain resilience, fosters employee loyalty, all contributing to long-term value creation.

Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR as per best business practices including:

Company progress towards ESG initiatives during the year;

Bisconni Candyland Astro and other divisions can answer this. Facilities department can help highlight how we have reduced electricity and maintenance costs over the year.





SOCIAL WELLBEING & HEALTHCARE

Ismail Industries Limited has launched an initiative to provide free health insurance to over 2,000 field force to ensure the well-being of the staff and their families. The group also donates generously to leading healthcare institutions such as Indus Hospital to help them deliver quality healthcare to the underprivileged.



EDUCATION FOR ALL

At Ismail Industries Limited, we are committed more than ever to make quality education accessible for everyone in Pakistan. A storytelling activity project has been initiated that will cover government schools in underserved areas of Karachi. This activity aimed to engage students and attract them to a learning culture. So far, we have carried out this activity in more than 20 schools and this long-term project continues to target many other schools in the city.

In addition to these initiatives, we continue to sponsor Ismail Academy and Khadija Girls College, where approximately 1,000 underprivileged students are receiving education through smart learning techniques and extracurricular activities. With qualified faculty, these institutes are places for students from low-income families to learn and grow into productive members of society.



TAHAFFUZ PROGRAM

The COVID pandemic undeniably affected a major chunk of the population in Pakistan, and one major consequence was unemployment. Ismail Industries Limited resorted to contributing over Rs. 1 million to support its employees in need during this difficult time. We provided health insurance to around 1,500 people – protecting approximately 5,000 lives. We are the only local company which has taken such an initiative.



SUSTAINABLE ENVIRONMENT

After exploring various alternate sources of energy, we have installed solar panels at our factories. This new energy source combined with the existing one enables us to generate about 4.48MW of electrical power for our production units. Right now we are further planning to increase our solar capacity keeping in view the additional power requirements.



WASL

WASL (Water and Sanitation Logistics) is a project of Ismail Group, launched with the aim of providing clean drinking water to underdeveloped areas in Pakistan. The RO plant installed in Landhi area has the capacity to provide 20,000 liters of clean drinking water every day, which can be bought at a minimal price. The profits from the WASL project are to be used for the betterment of the community.



ISMAIL FOUNDATION AND IT'S COLLABORATIONS

Ismail Family formed a not-for-profit organization named "Ismail Foundation" with a noble mission of serving the nation and making this society a better place for everyone. Ismail Foundation also allows various organizations to join together and make even bigger strides in bettering the community and improving the society.



Sustainability

iPLUS

is our premier summer internship program, eagerly anticipated by students throughout the year. It represents the pinnacle of our internship offerings, providing an exceptional platform for learning and growth through dynamic and immersive experiences across various disciplines. Interns from Karachi, Islamabad, and Lahore had the opportunity to explore Candyland and Bisconni factories, gaining behind-the-scenes insights into production processes. By combining cutting-edge technology, mentorship from industry leaders, and real-world projects, the program prepares interns for future career success, fostering talent and innovation in today's competitive job market.

Shan Park

As part of our ambitious sustainability initiatives, we undertook the remarkable transformation of a 200-square-meter landfill dump site into a lush green oasis, now known as Shan Park, in the heart of Landhi. Originally, our goal was to provide free drinking water to the local community through WASL, which expanded into converting the garbage dump into a vibrant park. This significant project aims to create a vastly improved environment for the 60,000 residents of the area, enhancing their quality of life and promoting a healthier, more sustainable community.

INSIGHT: Blind Internship Program

Our groundbreaking internship program, the first of its kind in the industry, provided a transformative experience specifically designed for visually impaired individuals. We hired three talented interns from NED University, equipping them with accessible tools and adaptive technologies to fully engage in meaningful projects. These interns made significant contributions to the company at various levels and hierarchies. The program also featured numerous engagement activities, equipping participants with valuable skills while promoting inclusivity, diversity and equal opportunity in the workplace.

INSPIRE: Deaf Internship Program

A groundbreaking internship program designed to empower deaf individuals by recognizing and nurturing their talents. The program featured collaborative activities, team-building exercises, and brain games, which helped interns form cohesive teams, build connections, and encourage personal growth. The training sessions, engagement activities, and mentorship provided were exceptional, no less than any standard internship program. Additionally, the IIL team conducted a series of in-house sign language training workshops to better support the program's success. A total of nine interns participated in this innovative initiative that we labelled INSPIRE.

INSEAD

In partnership with PSTD, Ismail Industries Limited has successfully launched INSEAD's prestigious Advanced Leadership Program in Pakistan. This program, known for its exceptional executive education courses, is aimed at enhancing the global competencies of the country's top management. Our senior leadership recently completed a five-day course in Singapore, as part of the inaugural cohort of Pakistani C-suite executives to participate in this cutting-edge global program. This accomplishment underscores our commitment to providing world-class training and resources, ensuring that Pakistani leaders excel on platforms across the world.

Academic Partnerships for Sustainability Innovation

Our company is proud to partner with leading universities such as IoBM, IBA, University of Karachi, SZABIST, NED, Greenwich University, and DHA Suffa to drive powerful sustainability initiatives. These partnerships focus on implementing plastic recycling programs, engaging in sustainability conferences, planting trees, and supporting green activities. Through these joint efforts, we are committed to advancing sustainability goals and fostering a positive environmental impact.

Corporate Briefing Sessions

ILL continues to maintain a healthy relationship with investor community by holding Corporate Briefing sessions annually, whereby the company apprises the local and foreign investor base about the entity's business environment as well as the economic indicators of the country. The company also takes this as an opportunity to brief analysts regarding its performance and investment decisions.

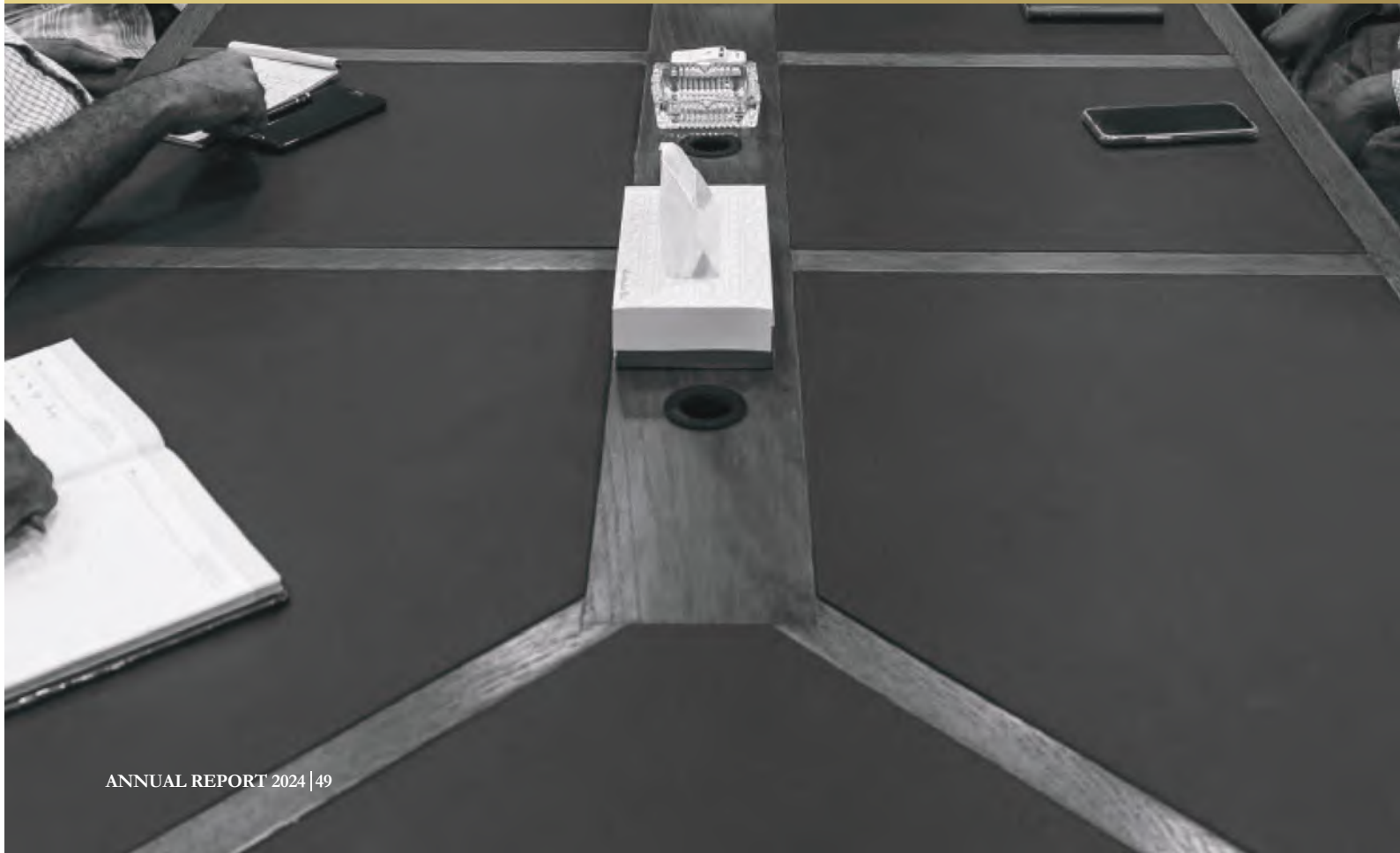
ILL held its Corporate Briefing Session for the year ended June 30, 2023 at the DHA Beach View Club on November 21, 2023.

Concerning PSX criteria, to understand the views of stakeholders & and support investor's relation policy. The CFO of the Company Mr. Ahmed Raza Parekh provided a brief on the Company's financial performance, risk management framework, and strategic objectives for the future.





Sales Conference



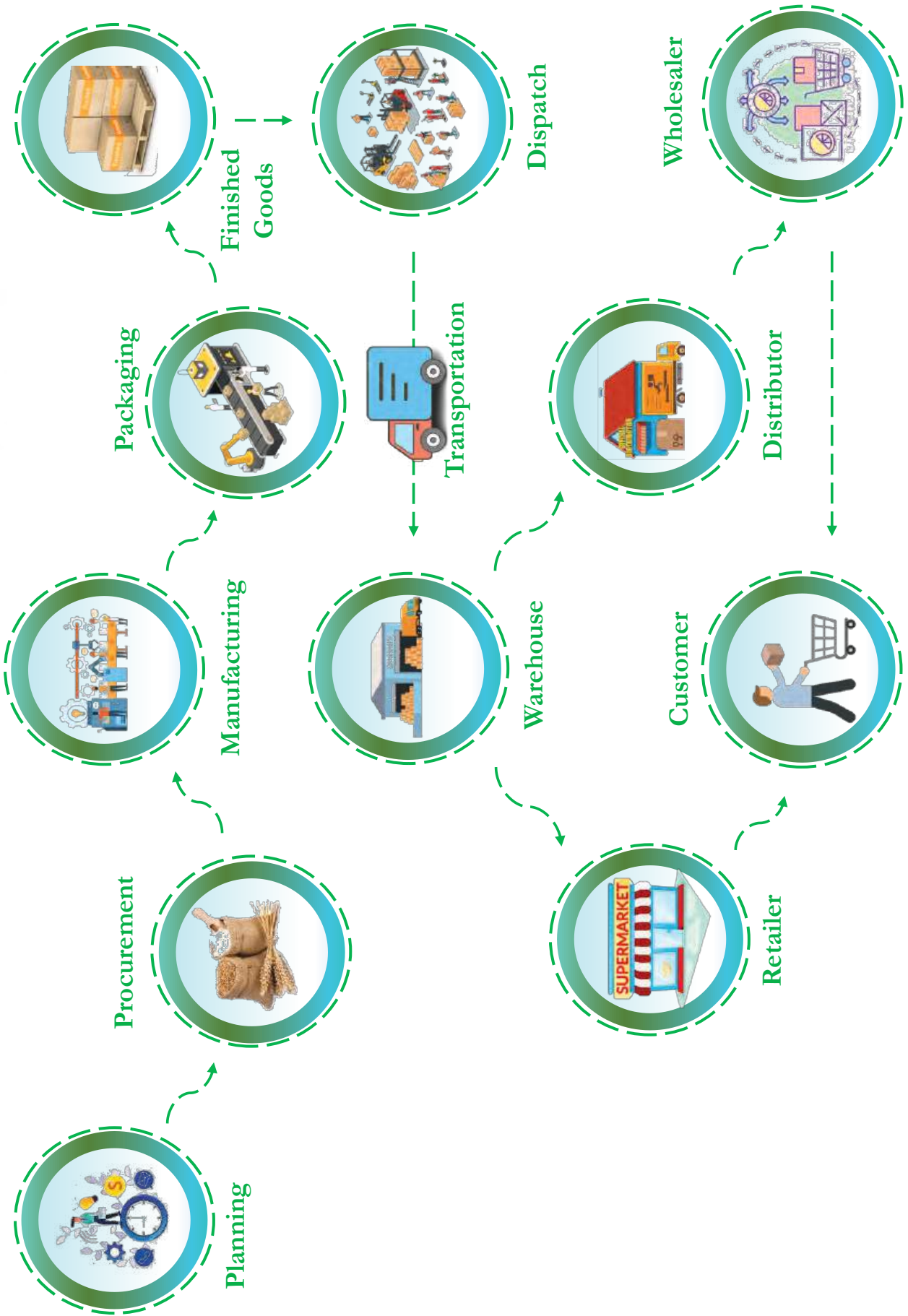
Candyland



Bisconni



POSITION IN THE VALUE CHAIN



Weaknesses

- Market is often saturated with numerous similar products.
- Dependency on global supply chain for imported raw materials.
- Labour intensive operations.

S

Strengths

- Diverse range of products caters to various demographics market needs.
- Continuous advancements in production technology.
- Premium quality and reliability in the food & plastic business.
- Solid brand recognition resulting in high customer loyalty.
- Well organised massive distribution system ensures product availability.

Threats

- Raising fuel & power prices effect
- High financial cost eroding ROI
- Country's geopolitical situation

O

Opportunities

- Strengthening & expanding digital sales channels.
- Related diversification in food and plastic Segments.
- Health trends boost demand for hygiene and quality products.
- Tech innovations enhance efficiency and engagement.

T

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 36th Annual General Meeting of **Ismail Industries Limited** (the “Company”) will be held at Hotel One Bushra Hall, 164, B.C.H.S. Shahrah-e-Faisal, Karachi on Wednesday, October 09, 2024 at 12:00 noon to transact the following businesses:

Ordinary Businesses:

1. To confirm the minutes of 35th Annual General Meeting of the Company held on October 23, 2023.
2. To receive, consider, approve, and adopt the standalone and consolidated Audited Financial Statements of the Company for the year ended June 30, 2024, together with the Chairman’s Review Report, Directors’ Report, and Auditors’ Reports thereon.

In accordance with section 223 of the Companies Act, 2017, and pursuant to S.R.O. 389(1)/2023 dated March 21, 2023, the financial statements of the Company have been uploaded on the website of the Company which can be accessed through the following weblink and QR enabled code:

| Weblink | QR Enabled Code |
|---|--|
| https://ismailindustries.com.pk/financial-reports |  |

3. To declare and approve, as recommended by the Board of Directors, the payment of the final cash dividend on the ordinary shares of the Company @ 100% (Rs. 10 per share) for the year ending June 30, 2024.
4. To appoint Auditors of the Company and fix their remuneration for the year ending June 30, 2025. The Board Audit Committee and the Board of Directors have recommended the name of retiring auditors M/s. Grant Thornton Anjum Rahman, Chartered Accountants, for their re-appointment.

Special Businesses:

5. To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2024 by passing the following special resolutions with or without modification:

"RESOLVED THAT transaction carried out in normal course of business with Related Parties during the year ended June 30, 2024 as disclosed in the note no. 45 of the unconsolidated financial statements be and are hereby ratified and approved."

6. To authorize the Board of Directors of the Company to approve transactions with Related Parties for the financial year ending June 30, 2025, by passing the following special resolutions with or without modification:

"RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to approve transactions to be conducted with Related Parties on case-to-case basis for the financial year ending June 30, 2025."

"FURTHER RESOLVED THAT these transactions as approved by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting of the Company for their formal ratification/approval."

7. To consider and if deemed fit, to pass with or without modification(s), addition(s) or deletion(s), the following Special Resolution(s) under Section 199 of the Companies Act, 2017 read with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (as may be amended), as recommended by the Board of Directors of the Company:

“RESOLVED THAT, approval of the members of the Company is hereby accorded by way of special resolution (in accordance with Section 199 of the Companies Act, 2017 read with Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017) for the following acts by the Company:

- A. Approval for the Company to enhance the quantum of long-term equity investment in its subsidiary company M/s Ismail Resin (Private) Limited as approved by the shareholders in Annual General Meeting of the Company held on October 26, 2022 from Rs. 3,000,000,000/- (Rupees: Three billion) to Rs. 3,937,500,000/- (Rupees: Three billion nine hundred thirty-seven million five hundred thousand). The enhancement of Rs. 937,500,000/- (Rupees: Nine hundred thirty-seven million five hundred thousand) is being proposed specifically for setting-up a Recycle Polyester Resin (rPET Resin) manufacturing facility.
- B. Approval for the Company to renew an intercompany loan extended to its subsidiary, M/s Ismail Resin (Private) Limited, as approved by the shareholders in Annual General Meeting of the Company held on October 23, 2023 aggregate amount of Rs. 8,000,000,000 (Rupees: Eight billion), for a period of further one year as per approved terms and conditions.
- C. Approval for the Company to provide further amount of financial assistance and Cross Corporate Guarantee up to Rs.16,500,000,000 (Rupees: Sixteen billion five hundred million) to the lenders of its subsidiary M/s. Ismail Resin (Private) Limited.
- D. Approval for the Company to renew an intercompany loan extended to its subsidiary, M/s. Hudson Pharma (Private) Limited, as approved by the shareholders in Annual General Meeting of the Company held on October 23, 2023 aggregate amount of Rs. 1,500,000,000 (Rupees: One billion five hundred million), for a period of further one year as per approved terms and conditions.
- E. Approval for the Company to renew an intercompany loan extended to its associate, M/s. Innovita Nutrition (Private) Limited, as approved by the shareholders in Annual General Meeting of the Company held on October 23, 2023 aggregate amount of Rs. 1,000,000,000 (Rupees: One billion), for a period of further one year as per approved terms and conditions.
- F. Approval for the long-term equity investment by the Company to establish / set-up a subsidiary of the Company M/s. Bisconni Middle East Manufacturing LLC (the LLC) in Abu Dhabi, UAE, with an aggregate amount up to PKR equivalent to US \$ 10,000,000 (USD: Ten million), with shareholding up to 100% based on approval from competent authorities. The LLC shall be involved in the activities of “Chocolate, Sugar Confectionery & Dry Bakery Products Manufacturing” or similar activities approved by the Abu Dhabi Economic Department. The investment is proposed to expand the business footprints of the Company outside Pakistan.

“FURTHER RESOLVED THAT the Chief Executive Officer / Company Secretary of the Company be and are hereby singly authorized to execute and deliver all necessary deeds, agreements, declarations, undertakings, documents and take any and/or all actions to implement and give effect to above resolutions and to complete any or all required corporate and necessary legal formalities for the purpose of implementation of above resolutions.”

Any other Businesses:

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

"Statement under Section 134(3) of the Companies Act, 2017, concerning the Special Resolutions, is attached along with the Notice circulated to the members of the Company, and is deemed to be an integral part hereof."

By order of the Board

Karachi: September 16, 2024

Ghulam Farooq
Company Secretary

Notes:

1. Closure of Shares Transfer Book

The shares transfer book of the Company shall remain closed with effect from October 02, 2024, to October 09, 2024 (both days inclusive). Transfers received in order at the office of Share Registrar M/s. THK Associates (Pvt.) Ltd, Plot # 32-C, Jami Commercial Street 2, D.H.A. Phase VII, Karachi, Phone # 021-111-000-322 (the Share Registrar) at the close of business on October 01, 2024, will be considered in time to attend and vote at the meeting.

2. Participation in Annual General Meeting

A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her, and a proxy so appointed shall have all such rights as are available to a member. Proxy, to be effective, must reach the Company Share Registrar Office not less than 48 hours before the time of the meeting during working hours.

An individual beneficial owner of shares must bring his/her original CNIC or Passport, Account and Participant I.D. numbers to prove his/her identity. A representative of corporate members must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of nominee. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated: January 26, 2000, issued by the Securities and Exchange Commission of Pakistan.

3. Submission of the CNIC (Mandatory)

As per SECP directives, the dividend of shareholders, who's valid CNICs are not available with the Share Registrar, may be withheld. All shareholders having a physical shareholding are therefore advised to submit a photocopy of their valid CNICs immediately, if not provided, to the Share Registrar, without any further delay.

4. Withholding Tax on Dividend

Pursuant to the provisions of section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001 as amended by the Finance Act, 2024, prescribes rates for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- a. Rate of tax deduction for filer of income tax return 15%
 - b. Rate of tax deduction for non-filer of income tax return 30%
- I) All the shareholders whose names are not entered into the Active Tax-Payers List (ATL) provided on the website of FBR, even though they are filers, are advised to make sure that their names are entered into ATL before the start of book closure date, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.
 - II) A valid Tax Exemption Certificate under Section 159 of the Income Tax Ordinance, 2001 is mandatory to claim exemption of withholding tax under Clause 47-B of Part-IV of Second Schedule

to the Income Tax Ordinance, 2001. Those who wish to seek an exemption must provide a copy of their valid tax exemption certificate to the Share Registrar prior to the date of commencement of Book Closure otherwise tax will be deducted according to the applicable Law.

- III) According to clarification received from FBR, withholding tax in case of joint accounts will be determined separately on 'Filer/Non-Filer' status of Principal Shareholder as well as Joint holder(s) based on their shareholding proportions. In this regard, all Members/Shareholders of the Company either holding shares in physical form or in CDC, who hold shares jointly are requested to provide shareholding proportions of Principal Shareholder and joint holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing and in the following manner:

| Folio/ CDS Account No. | Total Shares | Principal Shareholder | | Joint Shareholder(s) | |
|---------------------------------|-----------------|-----------------------|--|-----------------------|---|
| | | Name & CNIC No. | Shareholding proportion (No. of Shares) | Name & CNIC No. | Shareholding proportion (No. of Shares) |
| | | | | | |

The required information must reach the Company's Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

5. Payment of Cash Dividend Electronically (Mandatory Requirement)

The provisions of section 242 of the Companies Act, 2017, and Companies (Distribution of Dividends), Regulation 2017, a listed company, is required to pay cash dividend to the Shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the following information to the Company's Share Registrar at the address given herein above. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company.

| | |
|--|--|
| (i) Shareholder's details: | |
| Name of the Shareholder | |
| CDC Participant ID & Sub-Account No. /CDC IAS | |
| CNIC/NICOP/Passport/NTN No. (please attach copy) | |
| Contact Number (Landline & Cell Nos.) | |
| Shareholder's Address | |
| (ii) Shareholder's Bank account details: | |
| Title of Bank Account | |
| IBAN | |
| Bank's Name | |
| Branch Name & Code No. | |
| Branch Address | |

6. Transmission of Annual Report through Email

Pursuant to the SRO No. 787(I)/2014 dated: September 08, 2014, issued by the Securities and Exchange Commission of Pakistan, permitted the Company to circulate its Annual Balance Sheet, Profit and Loss Account, Auditor's Report and Directors' Report etc., ("Annual Report") along with the notice of Annual General Meeting ("Notice"), to its shareholders by email. Shareholders of the Company, who wish to receive the Company's Annual Report and Notice by email, are requested to provide complete Electronic Communication details to the Share Registrar of the Company. However, the Company may provide a hard

copy of the Annual Report and Notice to such members on their request, free of cost, within seven days of receipt of such request.

7. Unclaimed / Unpaid Entitlements

Shareholders who by any reason could not collect their dividends/bonus shares/other entitlements are advised to contact our Share Registrar to collect/enquire about their unclaimed dividends/bonus shares/other entitlements, if any.

8. Deposit of Physical Shares into CDC Account

As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Securities & Exchange Commission of Pakistan. The shareholders having physical shares are encouraged to open CDC sub-account with any of the broker or investor account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including save custody and sale of shares any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange. The shareholders of the Company may contact the Share Registrar of the Company for the conversion of physical shares into book-entry form.

9. Postal Ballot

Pursuant to the Companies (Postal Ballot) Regulations 2018 and with Sections 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations. Ballot paper is annexed to the report.

10. Access and Transmission of Annual Report

In accordance with the provision of section 223 of the Companies Act, 2017, and pursuant to S.R.O. 389(1)/2023 dated March 21, 2023, the Company has circulated the notice of AGM along with QR enabled code and weblink to view and download the audited financial statements of the Company for the year ended June 30, 2024.

11. Request for Video Conference Facility

In accordance with section 134 of the Companies Act, 2017, if the Company receives consent from members holding in aggregate of 10% or more shareholding residing in a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city, subject to the availability of such facility in that city. To avail this facility, shareholders are requested to fill in the request form reproduced below and submit it to the registered address of the Company.

REQUEST FOR VIDEO CONFERENCE FACILITY

I/We/Messrs. _____ of _____, being Member(s) of Ismail Industries Limited, holder of _____ ordinary share(s) as per Folio # _____ and/or CDC Participant ID & Sub-Account No. _____, hereby opt for video conference facility at _____ city.

Signature of Member(s)

(Please affix Company stamp in case of corporate entity)

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement is annexed as an integral part of the Notice of the Annual General Meeting of Ismail Industries Limited to be held on Wednesday, October 09, 2024, at 12:00 noon at Hotel One Bushra Hall, 164, B.C.H.S. Shahrah-e-Faisal, Karachi, Pakistan, and set out the material facts concerning the Special Businesses to be transacted at the Meeting.

1. Item number 5 of the notice – Ratification and approval of the related party transactions carried out during the year ended June 30, 2024

The Company carries out transactions with its related parties during the year ended June 30, 2024, on an arm's length basis as per the approved policy in the normal course of business. All transactions entered with related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on a quarterly basis pursuant to Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019.

Many of the Company's Directors were interested in certain transactions with related parties due to their common directorships in associated/subsidiary companies. During the 35th Annual General Meeting of the Company, shareholders had authorized the Board of Directors to approve the transactions with related parties from time-to-time on case-to-case basis for the year ended June 30, 2024 and such transactions were deemed to be placed before the shareholders in upcoming Annual General Meeting for their formal approval/ratification.

In view of the above, transactions conducted with related parties as shown in note no. 45 of the unconsolidated financial statements for the year ended June 30, 2024, are being placed before the shareholders for their consideration and approval/ratification.

2. Item number 6 of the notice – Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2025

The Company shall be conducting transactions with its related parties during the year ending June 30, 2025, on an arm's length basis as per the approved policy in the normal course of business. Many of the Company's Directors will be interested in these transactions due to their common directorship in the subsidiary/associated companies. To promote transparent business practices, shareholders desire to authorize the Board of Directors to approve transactions with related parties from time-to-time on case-to-case basis for the year ending June 30, 2025, which shall be deemed to be approved by the Shareholders. These transactions shall be placed before the shareholders in the next Annual General Meeting of the Company for their formal ratification/approval.

3. Item number 7 of the notice – Investment in subsidiary and associated company u/s. 199 of the Companies Act, 2017

a. M/s. Ismail Resin (Private) Limited

(A) Regarding associated company or associated undertaking:

| | | |
|------|--|---|
| (i) | Name of the associated company or associated undertaking | M/s. Ismail Resin (Private) Limited |
| (ii) | Basis of relationship | Subsidiary company with 75% shareholding and common directorship of following directors: 1) Mr. Muhammad M. Ismail 2) Mr. Maqsood Ismail Ahmed 3) Mr. Munsarim Saifullah 4) Mr. Ahmed Muhammad 5) Mr. Hamid Maqsood Ismail |

| (iii) | Earnings per share for the last three years; | Loss per share: Financial Year 2023-2024 Rs. 1/81 Financial Year 2022-2023 Rs. 0/04 Financial Year 2021-2022 Rs. 0/20 | | | | | | | | | | | | | | | | |
|---|---|--|---|--|---------------------------------|------------|--------------------|----------------|--------------|----------------|--------------|---------------|-------------------------|---------------|-------------------|----------------|-------------------|-------------|
| (iv) | Break-up value per share, based on latest audited financial statements. | Rs. 8/10 per share | | | | | | | | | | | | | | | | |
| (v) | Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements. | <table border="1"> <thead> <tr> <th colspan="2">Financial Position and Profit / Loss for the</th> </tr> <tr> <th>Year ended June 30, 2024</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Non-Current Assets</td> <td>11,355,624,710</td> </tr> <tr> <td>Total Assets</td> <td>26,861,171,749</td> </tr> <tr> <td>Equity – net</td> <td>3,241,698,245</td> </tr> <tr> <td>Non-Current Liabilities</td> <td>4,067,809,634</td> </tr> <tr> <td>Total Liabilities</td> <td>23,619,473,504</td> </tr> <tr> <td>Loss for the Year</td> <td>723,080,251</td> </tr> </tbody> </table> | Financial Position and Profit / Loss for the | | Year ended June 30, 2024 | Rs. | Non-Current Assets | 11,355,624,710 | Total Assets | 26,861,171,749 | Equity – net | 3,241,698,245 | Non-Current Liabilities | 4,067,809,634 | Total Liabilities | 23,619,473,504 | Loss for the Year | 723,080,251 |
| Financial Position and Profit / Loss for the | | | | | | | | | | | | | | | | | | |
| Year ended June 30, 2024 | Rs. | | | | | | | | | | | | | | | | | |
| Non-Current Assets | 11,355,624,710 | | | | | | | | | | | | | | | | | |
| Total Assets | 26,861,171,749 | | | | | | | | | | | | | | | | | |
| Equity – net | 3,241,698,245 | | | | | | | | | | | | | | | | | |
| Non-Current Liabilities | 4,067,809,634 | | | | | | | | | | | | | | | | | |
| Total Liabilities | 23,619,473,504 | | | | | | | | | | | | | | | | | |
| Loss for the Year | 723,080,251 | | | | | | | | | | | | | | | | | |
| (vi) | <p>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely;</p> <p>(i) Description of the project and its history since conceptualization;</p> <p>(ii) Starting date and expected date of completion of work;</p> <p>(iii) Time by which such project shall become commercially operational;</p> <p>(iv) Expected time by which the project shall start paying return on investment; and</p> <p>(v) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</p> | <p>Recycled Polyester Resin (rPET Resin) manufacturing plant with capacity of 24,000 tons per annum.</p> <p>Almost all plant & machineries and equipment's of the project have been finalized and prices of them have been negotiated with suppliers, now letter of credits are to be established. The factory building is under construction phase which is expected to be completed by September 2025.</p> <p>Tentatively, by September/October 2026 work will be completed.</p> <p>From the financial year 2026-27 the project will be commercially operational.</p> <p>Funds to be invested by the sponsors are in the form of cash.</p> | | | | | | | | | | | | | | | | |

(B) General disclosures:

| | | |
|-----|---|---|
| (i) | Maximum amount of investment to be made | <p>To enhance the quantum of long-term equity investment as approved by the shareholders in Annual General Meeting of the Company held on October 26, 2022 from Rs. 3,000,000,000 (Rupees: Three billion) to Rs. 3,937,500,000 (Rupees: Three billion nine hundred thirty-seven million five hundred thousand).</p> <p>To renew an intercompany loan, as approved by the shareholders in the Annual General Meeting of the Company held on October 23, 2023, the aggregate amount of Rs. 8,000,000,000 (Rupees: Eight billion) comprising of, inter alia loans, advances and/or security in any form (including</p> |
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| | | <p>without limitation guarantees, government securities, cash, listed/unlisted securities etc.), for a period of further one year as per approved terms and conditions.</p> <p>To provide a further amount of financial assistance and Cross Corporate Guarantee up to Rs. 16,500,000,000 (Rupees: Sixteen billion five hundred million) to facilitate the subsidiary company to securitize its lenders against banking facilities extended to them for setting-up the rPET Resin project.</p> |
| (ii) | <p>Purpose, benefits likely accrue to the investing company and its members from such investment and period of investment.</p> | <p>Purpose: To make the equity investment with the intention of setting up a Recycle Polyester Resin (rPET Resin) manufacturing facility. The purpose of issuance of Cross Corporate Guarantee and financial assistance is to facilitate the subsidiary company to securitize their lenders against project financing facilities they are going to obtain.</p> <p>Benefits:</p> <ol style="list-style-type: none"> 1. To earn higher returns on the equity investments in the longer run. 2. To earn interest income which ultimately maximizes the shareholder value of the investing company. <p>3. Period of Investment: Effective from the date of members' approval, long term equity investment would be made in piecemeal as and when needed till the completion of the project.</p> <p>The period of intercompany loan is renewed for one (1) year, its further renewable for four (4) consecutive periods of one (1) year each.</p> |
| (iii) | <p>Sources of fund to be utilized for investment and where the investment is intended to be made using borrowed funds:</p> <ol style="list-style-type: none"> (i) Justification for investment through borrowings: (ii) Detail of collateral, guarantees provided and assets pledged for obtaining such funds: and (iii) Cost benefit analysis: | <p>Equity investment is to be made from the surplus funds of the Company.</p> <p>The Company will lend to its subsidiary company when/if it has access to excess funds/banking lines/security, and the subsidiary company requires the same. Each facility will be provided on an arm's length basis and will be done in a way which benefits the Company's shareholders.</p> <p>The Company secures financing from banks by providing a charge over the assets.</p> <p>The subsidiary company will pay a mark-up at a rate as per the agreement which is not lower than the average borrowing cost of the Company, which will improve the profitability of the Company.</p> |
| (iv) | <p>Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;</p> | <p>The agreement has already been signed as approved by the Members in the Annual General Meeting of the Company held on October 23, 2023. Other significant terms and conditions are as under:</p> <ol style="list-style-type: none"> 1. Intercompany loan comprising of, inter alia loans, advances and/or security in any form (including without |

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| | | <p>limitation guarantees, government securities, cash, listed/unlisted securities etc.,) will be renewed to the extent of Rs. 8,000,000,000 (Rupees: Eight billion).</p> <p>2. The subsidiary company will pay a mark-up at a rate as per the agreement which is not lower than the average borrowing cost of the Company, which will improve the profitability of the Company.</p> <p>3. The period of intercompany loan is renewed for one (1) year, its further renewable for four (4) consecutive periods of one (1) year each.</p> |
| (v) | Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration. | Mr. Muhammad M. Ismail, Mr. Maqsood Ismail Ahmed, Mr. Munsarim Saifullah, Mr. Hamid Maqsood Ismail and Mr. Ahmed Muhammad, are Directors of Ismail Industries Limited (the investing company), they are also Directors of Ismail Resin (Private) Limited (the investee company). However, they have no direct or indirect interest except to the extent of their shareholding in the investee company. Whereas the investing company is the major shareholder of the investee company. |
| (vi) | In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs: | Ismail Industries Limited has made an equity investment of Rs. 3,000,000,000 (Rupees: Three billion) for acquisition of land and construction of building and ancillary work. The Company has also issued a Cross Corporate Guarantee & financial assistance amounting to Rs. 10,505,000,000 (Rupees: Ten billion five hundred and five million) to facilitate the subsidiary company to securitize its lenders against banking facilities extended to them. Furthermore, the Company also extended intercompany loan amounting to Rs. 7,962,000,000 (Rupees: Seven billion nine hundred sixty-two million) to meet the working capital requirements. Subsidiary company has started its commercial operation from April 2024. There are no impairment and write off relating to the investment made so far. |
| (vii) | Any other important details necessary for the members to understand the transaction | Not significant |

(C) Additional information for equity investment:

| | | |
|-------|---|---|
| (i) | Maximum price at which securities will be acquired. | At the face value of Rs. 10/- per share |
| (ii) | In case the purchase price is higher than its market value in case of listed securities and fair value in case of unlisted securities, justification thereof; | Not Applicable |
| (iii) | Maximum number of securities to be acquired. | 93,750,000 Ordinary shares of Rs. 10/- each. |
| (iv) | Number of securities and percentage thereof held before and after the proposed investment | Currently, the Company holds 300,000,000 ordinary shares of Rs. 10/- constituting 75.00% equity shareholding in the subsidiary company. The Company's shareholding after the proposed equity investment would be 393,750,000 ordinary |

| | | |
|------|--|--|
| | | shares of Rs. 10/- amounting to Rs. 3,937,500,000, constituting the same proportion as before. |
| (v) | Current and preceding twelve weeks weighted average market price where investment is proposed to be made in listed securities; | Not Applicable |
| (vi) | Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities; | The fair value of equity has been worked out at Rs. 14/- per share, as determined by M/s. Munaf Yusuf & Co., Chartered Accountants. The valuation has been carried out using the discounted cash flow method. The underlying five (5) years projections were prepared by the management. |

(D) Additional information for Loans, Advances and Guarantees:

| | | |
|-------|---|---|
| (i) | Category-wise amount of investment | Intercompany loan comprising of, inter alia loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.) will be renewed to the extent of Rs. 8,000,000,000/- (Rupees: Eight billion) to meet the operational and working capital requirements. |
| (ii) | Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period. | Average borrowing cost of the investing company comprises the Karachi Interbank Offered Rate (KIBOR) for the relevant period plus average spread of the Bank, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period. Average markup rates charged by holding company during the year ranges from 22.17% to 23%. |
| (iii) | Rate of interest, markup, profit, fees or commission etc. to be charged by investing company | The subsidiary company will pay a mark-up at a rate as per the agreement which is not lower than the average borrowing cost of the Company. |
| (iv) | Particulars of collateral or security to be obtained in relation to the proposed investment. | No security obtained from the subsidiary company as collateral. |
| (v) | If the investment carries conversion features i.e., it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable | Not Applicable |
| (vi) | Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking | The period of intercompany loan is renewed for one (1) year, its further renewable for four (4) consecutive periods of one (1) year each, other terms and conditions are applicable as per the agreement. |

b. M/s. Hudson Pharma (Private) Limited

(A) Regarding associated company or associated undertaking:

| (i) | Name of the associated company or associated undertaking | M/s. Hudson Pharma (Private) Limited | | | | | | | | | | | | | | | | |
|---|--|--|---|--|---------------------------------|------------|--------------------|---------------|--------------|---------------|--------------|-------------|-------------------------|-------------|-------------------|---------------|-------------------|-------------|
| (ii) | Basis of relationship | Subsidiary Company with 78.53% shareholding and common directorship of following directors: 1) Mr. Munsarim Saifullah 2) Mr. Ahmed Muhammad 3) Mr. Hamid Maqsood Ismail | | | | | | | | | | | | | | | | |
| (iii) | Earnings per share for the last three years; | Loss per share: Financial Year 2023-2024, Rs. 1/56 Financial Year 2022-2023, Rs. 1/75 Financial Year 2021-2022, Rs. 1/11 | | | | | | | | | | | | | | | | |
| (iv) | Break-up value per share, based on latest audited financial statements | Rs. 2/25 per share | | | | | | | | | | | | | | | | |
| (v) | Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements. | <table border="1"> <thead> <tr> <th colspan="2">Financial Position and Profit / Loss for the</th> </tr> <tr> <th>Year ended June 30, 2024</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Non-Current Assets</td> <td>1,421,434,468</td> </tr> <tr> <td>Total Assets</td> <td>2,126,225,728</td> </tr> <tr> <td>Equity – net</td> <td>724,649,083</td> </tr> <tr> <td>Non-Current Liabilities</td> <td>353,098,843</td> </tr> <tr> <td>Total Liabilities</td> <td>1,401,576,645</td> </tr> <tr> <td>Loss for the Year</td> <td>501,767,194</td> </tr> </tbody> </table> | Financial Position and Profit / Loss for the | | Year ended June 30, 2024 | Rs. | Non-Current Assets | 1,421,434,468 | Total Assets | 2,126,225,728 | Equity – net | 724,649,083 | Non-Current Liabilities | 353,098,843 | Total Liabilities | 1,401,576,645 | Loss for the Year | 501,767,194 |
| Financial Position and Profit / Loss for the | | | | | | | | | | | | | | | | | | |
| Year ended June 30, 2024 | Rs. | | | | | | | | | | | | | | | | | |
| Non-Current Assets | 1,421,434,468 | | | | | | | | | | | | | | | | | |
| Total Assets | 2,126,225,728 | | | | | | | | | | | | | | | | | |
| Equity – net | 724,649,083 | | | | | | | | | | | | | | | | | |
| Non-Current Liabilities | 353,098,843 | | | | | | | | | | | | | | | | | |
| Total Liabilities | 1,401,576,645 | | | | | | | | | | | | | | | | | |
| Loss for the Year | 501,767,194 | | | | | | | | | | | | | | | | | |
| (vi) | In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely; (i) Description of the project and its history since conceptualization; (ii) Starting date and expected date of completion of work; (iii) Time by which such project shall become commercially operational; (iv) Expected time by which the project shall start paying return on investment; and (v) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts; | Not Applicable | | | | | | | | | | | | | | | | |

(B) General disclosures:

| | | |
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| (i) | Maximum amount of investment to be made | To renew an intercompany loan, as approved by shareholders in Annual General Meeting of the Company held on October 23, 2023 the aggregate amount of Rs. 1,500,000,000 (Rupees: One billion five hundred million) to, comprising of, inter alia loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.), for a period of further one year as per approved terms and conditions. |
| (ii) | Purpose, benefits likely accrue to the investing company and its members from such investment and period of investment | Purpose: An intercompany loan provided to meet the operational and working capital requirements. Benefits: To earn interest income which ultimately maximizes the shareholder value of the investing company. Period of Investment: The period of intercompany loan is renewed for one (1) year, its further renewable for four (4) consecutive periods of one (1) year each. |
| (iii) | Sources of fund to be utilized for investment and where the investment is intended to be made using borrowed funds: (i) Justification for investment through borrowings: (ii) Detail of collateral, guarantees provided and assets pledged for obtaining such funds: and (iii) Cost benefit analysis: | The Company will lend to its subsidiary company when/if it has access to excess funds/banking lines/security, and the subsidiary company requires the same. Each facility will be provided on an arm's length basis and will be done in a way which benefits the Company's shareholders. The Company secures financing from banks by providing a charge over the assets. The subsidiary company will pay a mark-up at a rate as per the agreement which is not lower than the average borrowing cost of the Company, which will improve the profitability of the Company. |
| (iv) | Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment; | The agreement has already been signed as approved by the Members in the Annual General Meeting of the Company held on October 23, 2023. Other significant terms and conditions are as under: 1. Intercompany loan comprising of, inter alia loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.) will be renewed to the extent of Rs. 1,500,000,000 (Rupees: One billion five hundred million). 2. The subsidiary company will pay a mark-up at a rate as per the agreement which is not lower than the average borrowing cost of the Company, which will improve the profitability of the Company. |

| | | |
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| | | 3. The period of intercompany loan is renewed for one (1) year, its further renewable for four (4) consecutive periods of one (1) year each. |
| (v) | Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration. | Mr. Munsarim Saifullah, Mr. Hamid Maqsood Ismail, and Mr. Ahmed Muhammad are Directors of Ismail Industries Limited (the investing company), they are also Directors of Hudson Pharma (Private) Limited (the investee company). However, they have no direct or indirect interest except to the extent of their shareholding in the investee company. Whereas the investing company is a major shareholder of the investee company. |
| (vi) | In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs: | <p>Ismail Industries Limited has made an equity investment of Rs. 2,525,984,000/- (Rupees: Two billion five hundred twenty-five million nine hundred eighty-four thousand).</p> <p>The Company has also issued a Cross Corporate Guarantee of Rs. 830,907,534/- (Rupees: Eight hundred thirty million nine hundred seven thousand five hundred thirty-four) in favor of the lenders of Hudson Pharma for securitizing them against banking facilities extended.</p> <p>Furthermore, the Company also extended intercompany loan amounting to Rs. 691,900,000/- (Rupees: Six hundred ninety-one million nine hundred thousand) to meet the working capital requirements.</p> <p>Hudson Pharma having the state of art and most modern manufacturing facility anywhere in Pakistan. It has a well-established track record of executing their vision based on repeatable and reliable processes that they have developed and refined over many years. It has an aim to provide health institutions with more sterile injectable materials which are easier to administer as compared to other forms of dosage.</p> <p>There are no impairment and write off relating to the investment made so far.</p> |
| (vii) | Any other important details necessary for the members to understand the transaction | Not significant |

(C) Additional information for Loans, Advances and Guarantees:

| | | |
|------|--|---|
| (i) | Category-wise amount of investment | Intercompany loan comprising of, inter alia loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.) will be renewed to the extent of Rs. 1,500,000,000 (Rupees: One billion five hundred million) to meet the operational and working capital requirements. |
| (ii) | Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate | Average borrowing cost of the investing company comprises the Karachi Interbank Offered Rate (KIBOR) for the relevant period plus average spread of the Bank, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be for the relevant |

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| | of return for unfunded facilities, as the case may be, for the relevant period. | period. Average markup rates charged by holding company during the year ranges from 22.55% to 23%. |
| (iii) | Rate of interest, markup, fees or commission etc. to be charged by investing company | The subsidiary company will pay a mark-up at a rate as per the agreement which is not lower than the average borrowing cost of the Company. |
| (iv) | Particulars of collateral or security to be obtained in relation to the proposed investment | No security obtained from the subsidiary company as collateral. |
| (v) | If the investment carries conversion features i.e., it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable. | Not Applicable |
| (vi) | Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking | The period of intercompany loan is renewed for one (1) year, its further renewable for four (4) consecutive periods of one (1) year each, other terms and conditions are applicable as per the agreement. |

c. M/s. Innovita Nutrition (Private) Limited

(A) Regarding associated company or associated undertaking:

| (i) | Name of the associated company or associated undertaking | M/s. Innovita Nutrition (Private) Limited | | | | | | | | | | | | | | | | |
|---|--|---|---|--|---------------------------------|------------|--------------------|-----------|--------------|-------------|--------------|-------------|-------------------------|------------|-------------------|-------------|---------------------|-------------|
| (ii) | Basis of relationship | Associated Company based on common directorship of following directors: 1) Mr. Munsarim Saifullah 2) Mr. Ahmed Muhammad 3) Mr. Hamid Maqsood Ismail | | | | | | | | | | | | | | | | |
| (iii) | Earnings per share for the last three years; | Earnings / (Loss) per share: Financial Year 2023-2024, Rs. 21/38 Financial Year 2022-2023, Rs. (0/06) Financial Year 2021-2022, Rs. (0/40) | | | | | | | | | | | | | | | | |
| (iv) | Break-up value per share, based on latest audited financial statements | Rs. 30/92 per share | | | | | | | | | | | | | | | | |
| (v) | Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements. | <table border="1"> <thead> <tr> <th colspan="2">Financial Position and Profit / Loss for the</th> </tr> <tr> <th>Year ended June 30, 2024</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Non-Current Assets</td> <td>9,107,428</td> </tr> <tr> <td>Total Assets</td> <td>527,853,266</td> </tr> <tr> <td>Equity – net</td> <td>216,450,248</td> </tr> <tr> <td>Non-Current Liabilities</td> <td>11,087,497</td> </tr> <tr> <td>Total Liabilities</td> <td>311,403,018</td> </tr> <tr> <td>Profit for the Year</td> <td>149,628,549</td> </tr> </tbody> </table> | Financial Position and Profit / Loss for the | | Year ended June 30, 2024 | Rs. | Non-Current Assets | 9,107,428 | Total Assets | 527,853,266 | Equity – net | 216,450,248 | Non-Current Liabilities | 11,087,497 | Total Liabilities | 311,403,018 | Profit for the Year | 149,628,549 |
| Financial Position and Profit / Loss for the | | | | | | | | | | | | | | | | | | |
| Year ended June 30, 2024 | Rs. | | | | | | | | | | | | | | | | | |
| Non-Current Assets | 9,107,428 | | | | | | | | | | | | | | | | | |
| Total Assets | 527,853,266 | | | | | | | | | | | | | | | | | |
| Equity – net | 216,450,248 | | | | | | | | | | | | | | | | | |
| Non-Current Liabilities | 11,087,497 | | | | | | | | | | | | | | | | | |
| Total Liabilities | 311,403,018 | | | | | | | | | | | | | | | | | |
| Profit for the Year | 149,628,549 | | | | | | | | | | | | | | | | | |

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| (vi) | <p>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely;</p> <p>(vi) Description of the project and its history since conceptualization;</p> <p>(vii) Starting date and expected date of completion of work;</p> <p>(viii) Time by which such project shall become commercially operational;</p> <p>(ix) Expected time by which the project shall start paying return on investment; and</p> <p>(x) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</p> | <p>Not Applicable</p> |
|------|--|-----------------------|

(B) General disclosures:

| | | |
|-------|--|--|
| (i) | <p>Maximum amount of investment to be made</p> | <p>To renew an intercompany loan, as approved by shareholders in Annual General Meeting of the Company held on October 23, 2023 the aggregate amount of Rs. 1,000,000,000 (Rupees: One billion), comprising of, inter alia loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.), for a period of further one year as per approved terms and conditions.</p> |
| (ii) | <p>Purpose, benefits likely accrue to the investing company and its members from such investment and period of investment</p> | <p>Purpose: An intercompany loan provided to meet the operational and working capital requirements.</p> <p>Benefits: To earn interest income which ultimately maximizes the shareholder value of the investing company.</p> <p>Period of Investment: The period of intercompany loan is renewed for one (1) year, its further renewable for four (4) consecutive periods of one (1) year each.</p> |
| (iii) | <p>Sources of fund to be utilized for investment and where the investment is intended to be made using borrowed funds:</p> <p>(i) Justification for investment through borrowings:</p> | <p>The Company will lend to its associated company when/if it has access to excess funds/banking lines/security, and the associated company requires the same. Each facility will be provided on an arm's length basis and will be done in a way which benefits the Company's shareholders.</p> |

| | | |
|-------|--|---|
| | (ii) Detail of collateral, guarantees provided and assets pledged for obtaining such funds: and (iii) Cost benefit analysis: | The Company secures financing from banks by providing a charge over the assets. The associated company will pay a mark-up at a rate as per the agreement which is not lower than the average borrowing cost of the Company, which will improve the profitability of the Company. |
| (iv) | Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment; | The agreement has already been signed as approved by the Members in the Annual General Meeting of the Company held on October 23, 2023. Other significant terms and conditions are as under: Intercompany loan comprising of, inter alia loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.) will be renewed to the extent of Rs. 1,000,000,000 (Rupees: One billion). The associate company will pay a mark-up at a rate as per the agreement which is not lower than the average borrowing cost of the Company, which will improve the profitability of the Company. The period of intercompany loan is renewed for one (1) year, its further renewable for four (4) consecutive periods of one (1) year each. |
| (v) | Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration. | Mr. Munsarim Saifullah, Mr. Hamid Maqsood Ismail, and Mr. Ahmed Muhammad are Directors of Ismail Industries Limited (the investing company), they are also Directors of Innovita Nutrition (Private) Limited (the investee company). However, they have no direct or indirect interest except to the extent of their shareholding in the investee company. |
| (vi) | In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs: | The Company extended intercompany loan amounting to Rs. 217,900,000 (Rupees: Two hundred and seventeen million nine hundred thousand only) to meet the operational and working capital requirements. |
| (vii) | Any other important details necessary for the members to understand the transaction | Not significant |

(C) Additional information for Loans, Advances and Guarantees:

| | | |
|------|--|--|
| (i) | Category-wise amount of investment | Intercompany loan comprising of, inter alia loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.) will be renewed to the extent of Rs. 1,000,000,000 (Rupees: One billion) to meet the operational and working capital requirements. |
| (ii) | Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for | Average borrowing cost of the investing company comprises the Karachi Interbank Offered Rate (KIBOR) for the relevant period plus average spread of the Bank, rate of return for Shariah compliant products and rate of return for |

| | | |
|-------|---|---|
| | Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period. | unfunded facilities, as the case may be for the relevant period. Average markup rates charged by holding company during the year ranges from 22.55% to 23%. |
| (iii) | Rate of interest, markup, fees or commission etc. to be charged by investing company | The associated company will pay a mark-up at a rate as per the agreement which is not lower than the average borrowing cost of the Company. |
| (iv) | Particulars of collateral or security to be obtained in relation to the proposed investment | No security obtained from the associated company as collateral. |
| (v) | If the investment carries conversion features i.e., it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable | Not Applicable |
| (vi) | Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking | The period of intercompany loan is renewed for one (1) year, its further renewable for four (4) consecutive periods of one (1) year each, other terms and conditions are applicable as per the agreement. |

d. M/s. Bisconni Middle East Manufacturing LLC

(A) Regarding associated company or associated undertaking:

| | | |
|-------|--|---|
| (i) | Name of the associated company or associated undertaking | M/s. Bisconni Middle East Manufacturing LLC |
| (ii) | Basis of relationship | Subsidiary Company with shareholding up to 100% based on approval from competent authorities and common directorship of following directors: 1. Mr. Maqsood Ismail Ahmed 2. Mr. Ahmed Muhammad |
| (iii) | Earnings per share for the last three years; | Not Applicable |
| (iv) | Break-up value per share, based on latest audited financial statements. | Not Applicable |
| (v) | Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements. | Not Applicable |
| (vi) | In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely; (vi) Description of the project and its history since conceptualization; | Chocolate, Sugar Confectionery & Dry Bakery Products manufacturing plant with capacity of 29,127 tons per annum. Almost all plant & machineries and equipment's of the project have been finalized and prices of them have been negotiated with suppliers, now letter of credits will be established once financials will close. Factory building |

| | | |
|--|--|--|
| | <p>(vii) Starting date and expected date of completion of work;</p> <p>(viii) Time by which such project shall become commercially operational;</p> <p>(ix) Expected time by which the project shall start paying return on investment; and</p> <p>(x) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</p> | <p>construction contract is under final negotiation phase.</p> <p>By July 2026 the project will be commercially operational.</p> <p>From financial year 2026-27</p> <p>Funds to be invested by the sponsors are in the form of cash.</p> |
|--|--|--|

(B) General disclosures:

| | | |
|-------|--|--|
| (i) | Maximum amount of investment to be made | Long-term equity investment in the aggregate amount up to PKR equivalent to US \$ 10,000,000 (USD: Ten million). |
| (ii) | Purpose, benefits likely accrue to the investing company and its members from such investment and period of investment. | <p>Purpose: Long-term equity investment is to be made to establish / set-up a subsidiary of the Company in Abu Dhabi, UAE.</p> <p>Benefits:</p> <ol style="list-style-type: none"> 1. To expand the business operations outside Pakistan, to ultimately maximize the wealth of shareholders. 2. To access foreign markets directly, to reach new customers and expand our business footprints globally. 3. To mitigate the risks associated with unpredictable economic condition of the country. <p>Period of Investment: Effective from the date of members' approval, long term equity investment would be made in piecemeal as and when needed till the completion of the project.</p> |
| (iii) | <p>Sources of fund to be utilized for investment and where the investment is intended to be made using borrowed funds:</p> <p>(iv) Justification for investment through borrowings:</p> <p>(v) Detail of collateral, guarantees provided and assets pledged for obtaining such funds: and</p> <p>(vi) Cost benefit analysis:</p> | <p>From surplus funds of the Company</p> <p>Not Applicable</p> <p>Not Applicable</p> |
| (iv) | Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment; | Not Applicable |

| | | |
|-------|--|---|
| (v) | Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration. | Mr. Maqsood Ismail Ahmed, and Mr. Ahmed Muhammad, are the Directors of Ismail Industries Limited (the investing company), they are also the proposed Directors of Bisconni Middle East Manufacturing LLC (the investee company). However, they have no direct or indirect interest except to the extent of their shareholding in the investing company. |
| (vi) | In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs: | Not Applicable (the investee company is in the process of incorporation) |
| (vii) | Any other important details necessary for the members to understand the transaction | Not significant |

(C) Additional information for equity investment:

| | | |
|-------|---|---|
| (i) | Maximum price at which securities will be acquired. | At face value of AED 100/- per share |
| (ii) | In case the purchase price is higher than its market value in case of listed securities and fair value in case of unlisted securities, justification thereof; | Not Applicable |
| (iii) | Maximum number of securities to be acquired. | 367,500 Ordinary shares of AED 100/- each. |
| (iv) | Number of securities and percentage thereof held before and after the proposed investment | At present, the Company does not hold any share of Bisconni Middle East Manufacturing LLC. However, the Company proposing to acquire up to 100% of the paid-up share capital of Bisconni Middle East Manufacturing LLC subject to approval from competent authorities. |
| (v) | Current and preceding twelve weeks weighted average market price where investment is proposed to be made in listed securities; | Not Applicable |
| (vi) | Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities; | Pursuant to Regulation 5(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 that in case of investment in unlisted equity securities of an associated company or associated undertaking, the fair value of such securities shall be determined based on the generally accepted valuation techniques and latest audited financial statements of the associated company. Bisconni Middle East Manufacturing LLC is in the process of incorporation. The fair value per share has been determined at AED 832/92 by M/s. Munaf Yusuf & Chartered Accountant, on dated: August 23, 2024, based on projected financial statements. |

Information under Rule 4(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

As mentioned above and as per the disclosure requirement of Regulation 4(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, it is informed that following Directors of the Company are also the Directors of Investee companies.

| Subsidiary Companies | | | Associated Company |
|--------------------------------|---------------------------------|--|--------------------------------------|
| Ismail Resin (Private) Limited | Hudson Pharma (Private) Limited | Bisconni Middle East Manufacturing LLC | Innovita Nutrition (Private) Limited |
| Mr. Munsarim Saifullah | Mr. Munsarim Saifullah | ----- | Mr. Munsarim Saifullah |
| Mr. Ahmed Muhammad | Mr. Ahmed Muhammad | Mr. Ahmed Muhammad | Mr. Ahmed Muhammad |
| Mr. Hamid Maqsood Ismail | Mr. Hamid Maqsood Ismail | ----- | Mr. Hamid Maqsood Ismail |
| Mr. Muhammad M. Ismail | ----- | ----- | ----- |
| Mr. Maqsood Ismail Ahmed | ----- | Mr. Maqsood Ismail Ahmed | ----- |

Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

| Name of the Investee Company | Ismail Resin (Private) Limited | Hudson Pharma (Private) Limited | Innovita Nutrition (Private) Limited |
|---|---|---------------------------------|--------------------------------------|
| Total Amount approved | | | |
| a. Equity | Rs. 3,000,000,000 | Rs. 2,805,000,000 | ----- |
| b. Corporate Cross Guarantee | Rs. 4,700,000,000 | Rs. 1,000,000,000 | Rs. 300,000,000 |
| c. Financial Assistance | Rs. 7,000,000,000 | ----- | ----- |
| d. Intercompany Loan | Rs. 8,000,000,000 | Rs. 1,500,000,000 | Rs. 700,000,000 |
| Amount of investment made to date | | | |
| a. Equity | Rs. 3,000,000,000 | Rs. 2,525,984,000 | ----- |
| b. Cross Corporate Guarantee | Rs. 4,700,000,000 | Rs. 830,907,534 | Rs. 240,000,000 |
| c. Financial Assistance | Rs. 5,805,000,000 | ----- | ----- |
| d. Intercompany Loan | Rs. 7,962,000,000 | Rs. 691,900,000 | Rs. 217,900,000 |
| Reason for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time | There is no deviation in timeline of Investment. | | |
| Material changes in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment | There is no material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment. | | |

KEY OPERATING AND FINANCIAL DATA

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|------------------------------------|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| | ----- (Rs. in millions) ----- | | | | | |
| Assets employed | | | | | | |
| Operating fixed assets | 31,640 | 24,468 | 21,364 | 19,903 | 13,731 | 12,121 |
| Capital work - in - progress | 999 | 4,370 | 3,762 | 976 | 5,843 | 638 |
| Intangible assets | 0.17 | 2 | 6 | 34 | 55 | 86 |
| Long term investment | 9,556 | 8,751 | 7,145 | 5,278 | 5,276 | 3,212 |
| Long term deposits | 27 | 26 | 24 | 27 | 37 | 44 |
| Net current assets / (liabilities) | 5,182 | 5,765 | 2,328 | 258 | 632 | 97 |
| Total Assets Employed | 47,404 | 43,382 | 34,629 | 26,476 | 25,574 | 16,198 |
| Financed by | | | | | | |
| Shareholders equity | 24,209 | 17,716 | 12,579 | 11,275 | 9,900 | 7,374 |
| Long term financing | 20,026 | 23,192 | 19,691 | 12,910 | 13,605 | 7,191 |
| Deferred liabilities | 3,169 | 2,474 | 2,359 | 2,291 | 2,069 | 1,633 |
| | 47,404 | 43,382 | 34,629 | 26,476 | 25,574 | 16,198 |
| Sales & profit | | | | | | |
| Gross sales | 121,490 | 99,733 | 65,256 | 44,949 | 40,807 | 37,011 |
| Net sales | 108,887 | 88,906 | 55,261 | 37,308 | 33,218 | 30,091 |
| Gross profit | 24,022 | 18,432 | 9,845 | 7,194 | 6,878 | 6,354 |
| Profit before levies and taxation | 7,676 | 7,531 | 3,387 | 2,213 | 1,323 | 1,404 |
| Profit after levies and taxation | 6,132 | 6,382 | 2,551 | 1,777 | 932 | 967 |
| Dividend (%age) | 100 | 120 | 40 | 150 | 35 | 45 |
| Reserves | 23,545 | 17,052 | 11,916 | 10,611 | 9,236 | 6,736 |

SUMMARY OF PROFIT OR LOSS

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|------------------------------|----------|----------|----------|----------|----------|
| | ------(Rs. in millions)----- | | | | | |
| Profit or Loss Account | | | | | | |
| Sales - gross | 121,490 | 99,733 | 65,256 | 44,949 | 40,807 | 37,011 |
| Sales - net | 108,887 | 88,906 | 55,261 | 37,308 | 33,218 | 30,091 |
| Cost of Sale | (84,865) | (70,474) | (45,415) | (30,114) | (26,340) | (23,737) |
| Gross profit | 24,022 | 18,432 | 9,845 | 7,194 | 6,878 | 6,354 |
| Selling & Distribution expenses | (8,282) | (7,054) | (4,785) | (4,236) | (4,469) | (3,590) |
| Administrative expenses | (1,760) | (1,048) | (817) | (652) | (594) | (541) |
| Other operating expenses | (855) | (823) | (423) | (394) | (181) | (172) |
| Other operating income | 1,309 | 1,995 | 763 | 393 | 353 | 213 |
| Profit from operation | 14,434 | 11,502 | 4,584 | 2,306 | 1,988 | 2,264 |
| Finance cost | (7,384) | (4,399) | (1,414) | (694) | (1,156) | (905) |
| Share of profit from associated company | 626 | 429 | 217 | 601 | 492 | 45 |
| Profit before levies and taxation | 7,676 | 7,532 | 3,387 | 2,214 | 1,324 | 1,404 |
| Levies and taxation expense | (1,544) | (1,150) | (836) | (437) | (391) | (437) |
| Profit after levies and taxation | 6,132 | 6,382 | 2,551 | 1,777 | 933 | 967 |
| Balance Sheet | | | | | | |
| Total equity | 24,209 | 17,716 | 12,580 | 11,275 | 9,900 | 7,374 |
| Total non-current liabilities | 23,195 | 25,666 | 22,051 | 15,201 | 15,674 | 8,824 |
| Total current liabilities | 43,513 | 29,674 | 16,714 | 14,514 | 11,934 | 10,766 |
| Total equity and liabilities | 90,917 | 73,056 | 51,344 | 40,990 | 37,508 | 26,964 |
| Total non-current assets | 42,222 | 37,618 | 32,302 | 26,218 | 24,942 | 16,100 |
| Total current assets | 48,695 | 35,438 | 19,042 | 14,772 | 12,566 | 10,864 |
| | 90,917 | 73,056 | 51,344 | 40,990 | 37,508 | 26,964 |

Comments on Statement of Financial Position

Non-current assets

Fixed assets of the Company grew by 162.86% over past six years, with major additions in the last two years on account of addition of Nutrition, Flour and Cereal Plants.

Current assets

The company entered into short term financing agreement with its Subsidiaries / Associate for extending revolving line of credit for meeting their working capital requirements. Further sales tax refunds have shown both increasing / decreasing trend over the years and its recovery depend on multiple factors including but not limited to funds available at the Government treasury, pending verification of sales tax claim by the sales tax department on the basis of the sales tax audit.

Current liabilities

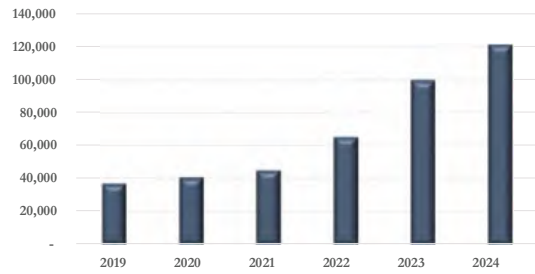
The Company has always taken measures to maintain its current liability at a manageable level. During the year, the Company has raised short term financing in the form of privately placed Islamic Redeemable Sukuk to meet the working capital requirements which results a increase in current liabilities.

Non-Current liabilities

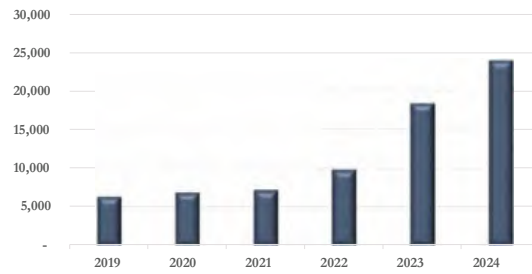
The decrease in long-term financing during the year is mainly attributable to the repayment of long term loans.

GRAPHICAL PRESENTATION

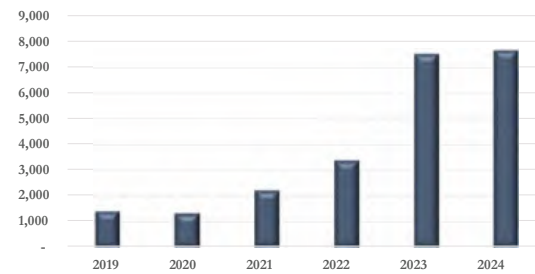
Gross Sales (In Million)



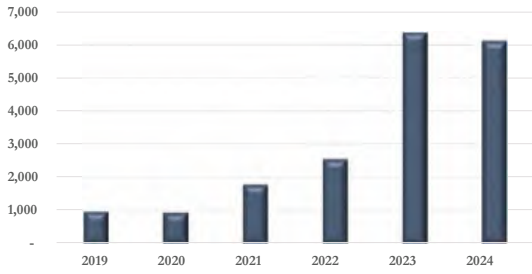
Gross Profit (In Million)



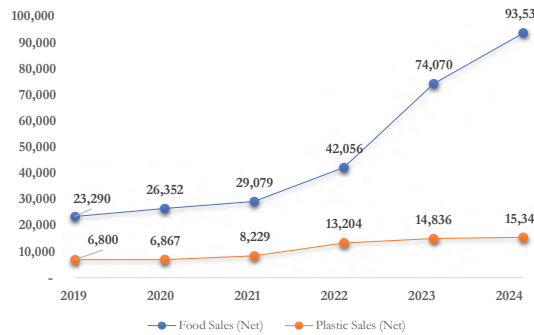
Profit Before Levies & Taxation (In Million)



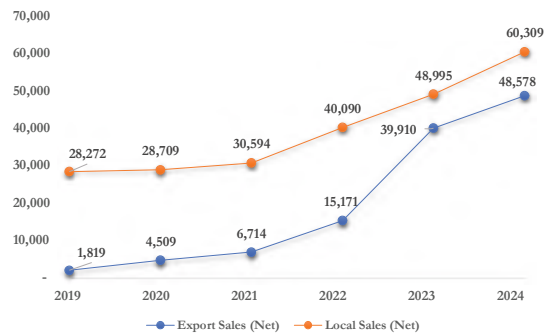
Profit After Levies & Taxation (In Million)



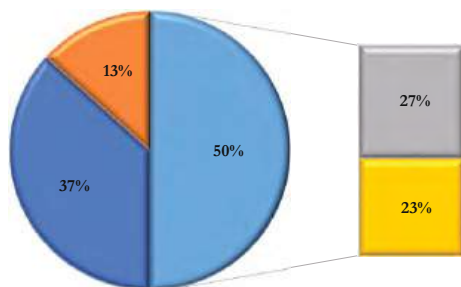
Segment wise net-sales (In Million)



Category wise net sale (In Million)

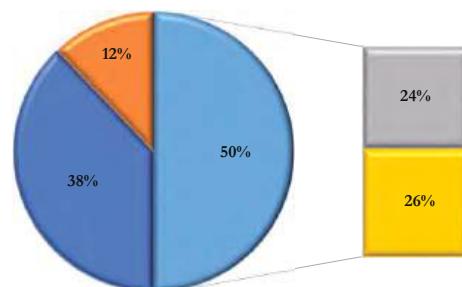


Financial Position 2024



■ Total Liabilities ■ Total Equity
■ Current Assets ■ Non- Current Assets

Financial Position 2023



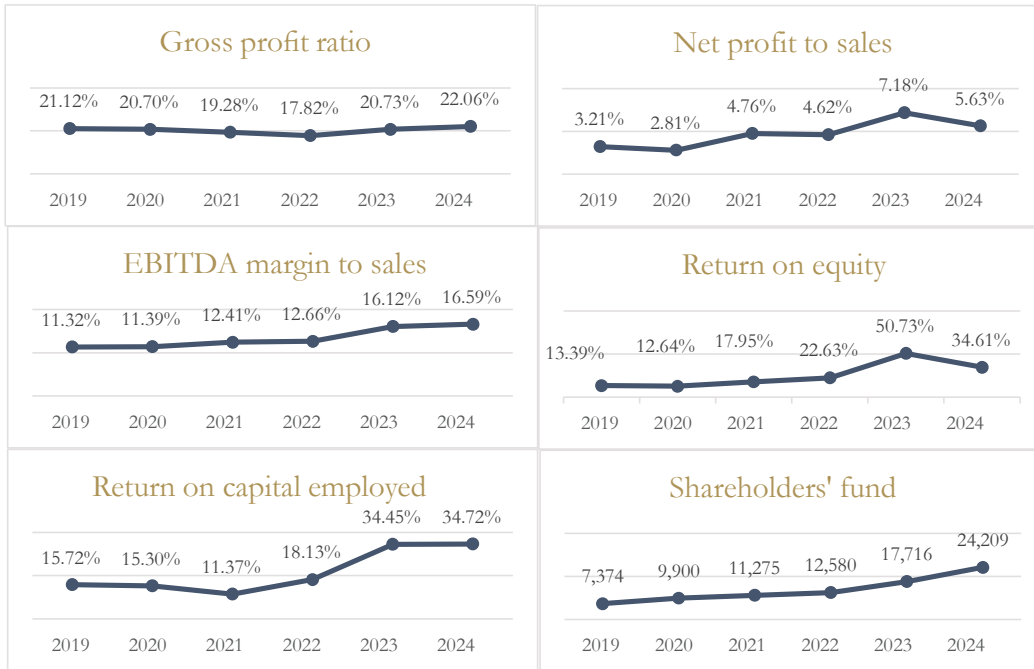
■ Total Liabilities ■ Total Equity
■ Current Assets ■ Non- Current Assets

SUMMARY OF CASH FLOW STATEMENT

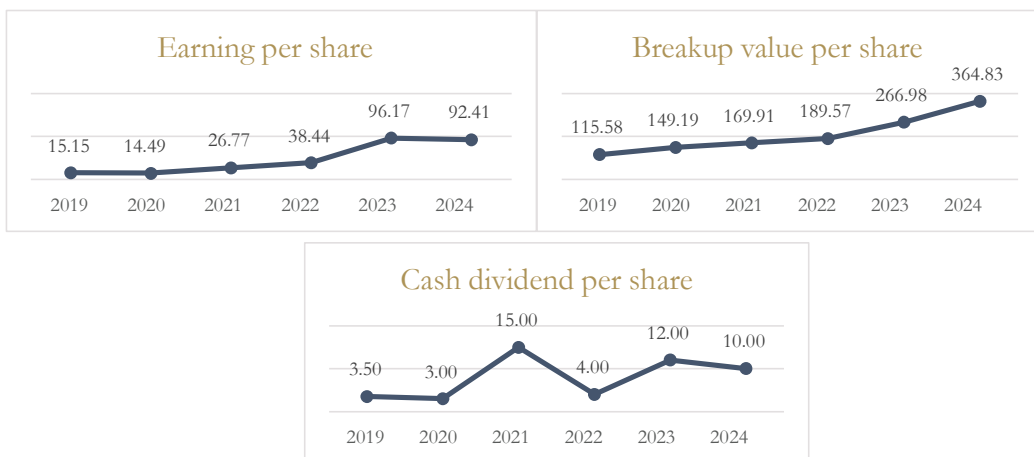
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|------------------------------|---------|---------|---------|---------|---------|
| | ------(Rs. in millions)----- | | | | | |
| Cash generated from operations | 6,974 | 4,396 | 2,251 | 2,653 | 3,882 | 1,842 |
| Gratuity paid | (112) | (69) | (44) | (69) | (32) | (20) |
| Income tax paid-net | (1,591) | (988) | (704) | (178) | (534) | (340) |
| Long term deposits - net | (1) | (3) | 3 | 10 | 7 | (5) |
| Net cash generated from operating activities | 5,270 | 3,336 | 1,507 | 2,416 | 3,323 | 1,477 |
| Capital expenditure (including CWIP) | (6,945) | (6,231) | (6,618) | (3,355) | (8,127) | (3,161) |
| Intangible assets | - | - | (1) | (10) | - | (47) |
| Long term investment in subsidiaries | - | (1,525) | (1,903) | - | (624) | (376) |
| Investment in associated undertakings | - | - | - | (492) | (16) | - |
| Receipts from associate against dividend - net | 404 | - | - | - | - | - |
| Proceed from dissolution of associated company | - | - | - | 188 | - | - |
| Proceed from sale of long term investment | - | - | - | - | - | 196 |
| Dividend received | - | - | - | 629 | 122 | - |
| Short-term investments made - net | (371) | (190) | (652) | (124) | (200) | - |
| Proceeds from disposal of property, plant and equipment | 220 | 177 | 552 | 585 | 58 | 231 |
| Net cash used in investing activities | (6,692) | (7,769) | (8,621) | (2,579) | (8,787) | (3,157) |
| Receipts / (repayment) from long term financing-net | (948) | 4,320 | 6,439 | 2,014 | 6,433 | 902 |
| Receipts from islamic redeemable sukuk | 10,000 | - | - | - | - | - |
| Sponsor's loan | - | - | - | - | 17 | - |
| Lease repayments - net | - | (8) | (55) | (106) | (68) | (263) |
| Short term finances - secured | 816 | 1,737 | 3,077 | (221) | 2,075 | 777 |
| Interest / mark-up paid | (7,045) | (3,682) | (1,202) | (727) | (1,166) | (801) |
| Dividend paid | (133) | (928) | (994) | (199) | (223) | (287) |
| Net cash generated from/ (used in) financing activities | 2,690 | 1,439 | 7,265 | 761 | 7,068 | 328 |
| Net increase/ (decrease) in cash and cash equivalents | 1,268 | (2,994) | 150 | 598 | 1,604 | (1,352) |
| Cash and cash equivalents at beginning of the year | (3,910) | (916) | (1,066) | (1,664) | (3,268) | (1,916) |
| Cash and cash equivalents at end of the year | (2,642) | (3,910) | (916) | (1,066) | (1,664) | (3,268) |

FINANCIAL RATIOS

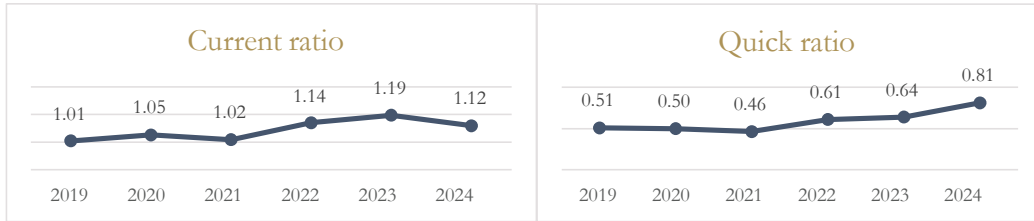
| Profitability Ratios | UOM | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------------|------------|--------|--------|--------|--------|--------|--------|
| Gross profit ratio | Percentage | 21.12% | 20.70% | 19.28% | 17.82% | 20.73% | 22.06% |
| Net profit to sales | Percentage | 3.21% | 2.81% | 4.76% | 4.62% | 7.18% | 5.63% |
| EBITDA margin to sales | Percentage | 11.32% | 11.39% | 12.41% | 12.66% | 16.12% | 16.59% |
| Return on equity | Percentage | 13.39% | 12.64% | 17.95% | 22.63% | 50.73% | 34.61% |
| Return on capital employed | Percentage | 15.72% | 15.30% | 11.37% | 18.13% | 34.45% | 34.72% |
| Shareholders' fund | Rupees | 7,374 | 9,900 | 11,275 | 12,580 | 17,716 | 24,209 |



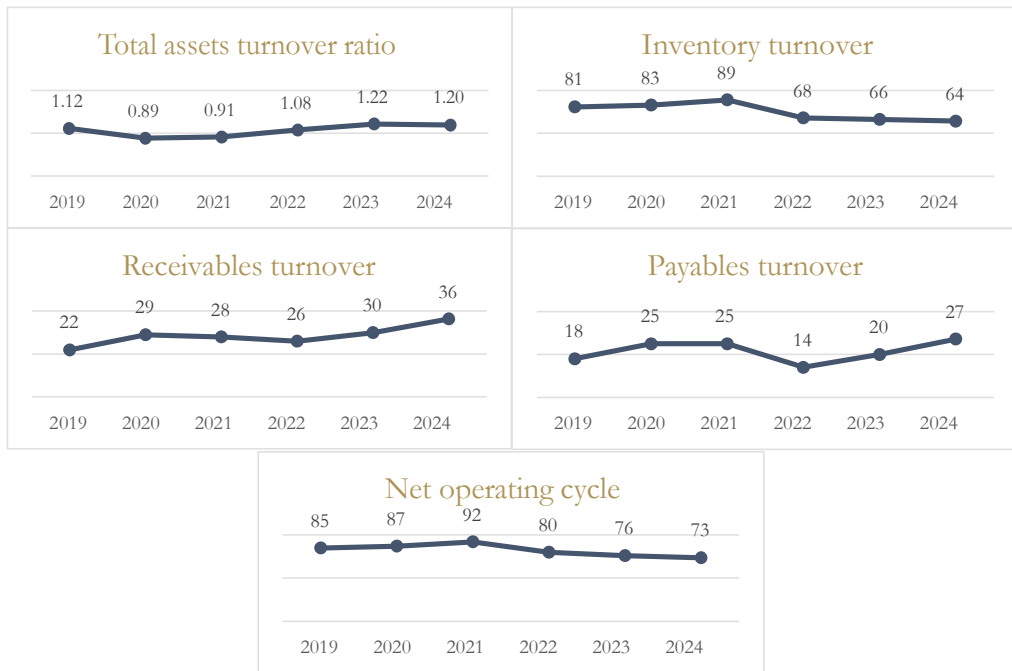
| Investment /Market Ratios | UOM | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|
| Earning per share | Rupees | 15.15 | 14.49 | 26.77 | 38.44 | 96.17 | 92.41 |
| Breakup value per share | Rupees | 115.58 | 149.19 | 169.91 | 189.57 | 266.98 | 364.83 |
| Cash Dividend per share | Rupees | 3.50 | 3.00 | 15.00 | 4.00 | 12.00 | 10.00 |



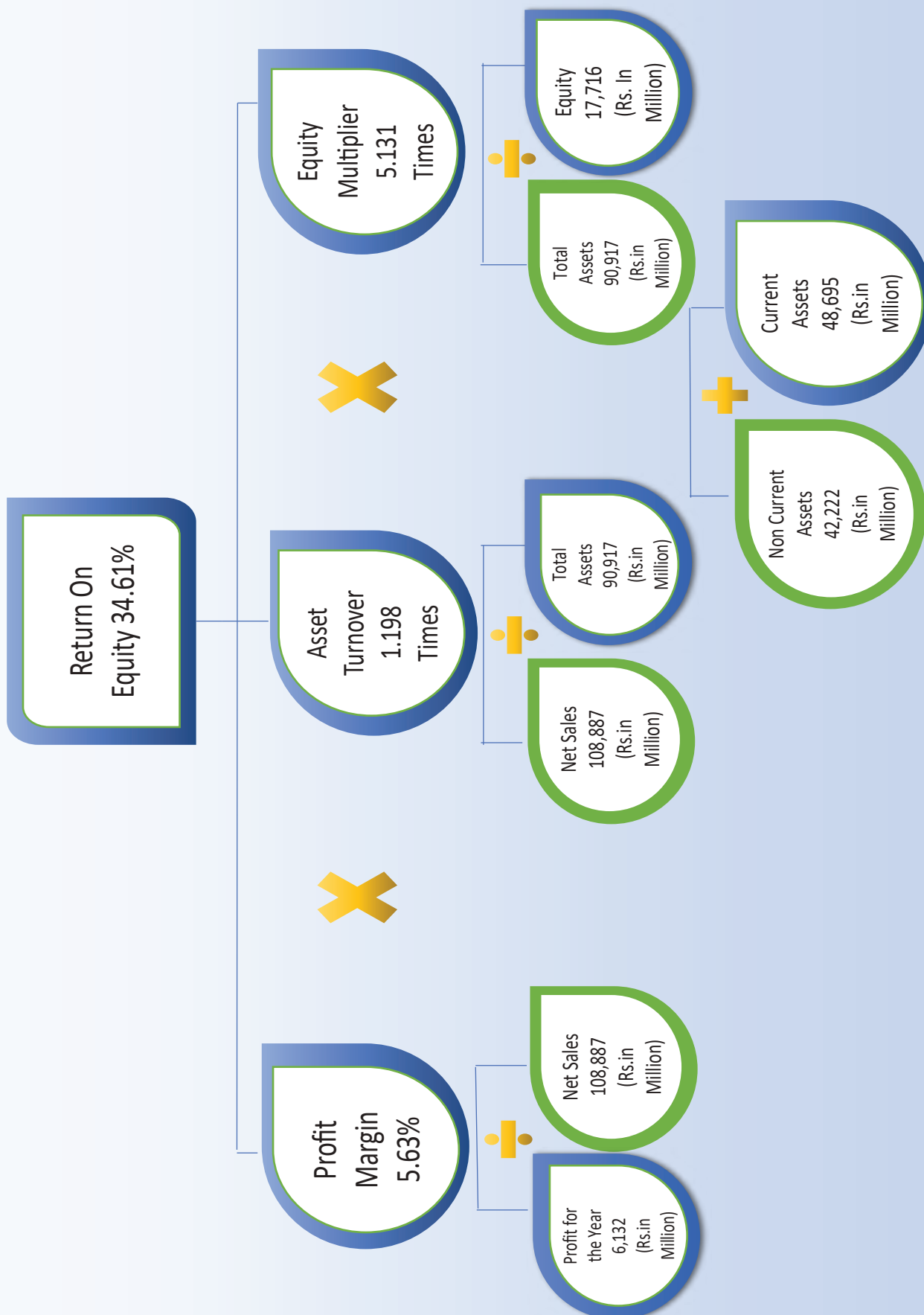
| Liquidity Ratios | UOM | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------|-------|------|------|------|------|------|------|
| Current ratio | Times | 1.01 | 1.05 | 1.02 | 1.14 | 1.19 | 1.12 |
| Quick ratio | Times | 0.51 | 0.50 | 0.46 | 0.61 | 0.64 | 0.81 |



| Activity / Turnover Ratios | UOM | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------------|-------|------|------|------|------|------|------|
| Total Assets turnover ratio | Times | 1.12 | 0.89 | 0.91 | 1.08 | 1.22 | 1.20 |
| Inventory turnover | Days | 81 | 83 | 89 | 68 | 66 | 64 |
| Receivables turnover | Days | 22 | 29 | 28 | 26 | 30 | 36 |
| Payables turnover | Days | 18 | 25 | 25 | 14 | 20 | 27 |
| Net operating cycle | Days | 85 | 87 | 92 | 80 | 76 | 73 |



DUPONT ANALYSIS



CHAIRMAN'S REVIEW

On behalf of the Board of Directors, it gives me immense pleasure to present the review report to our shareholders pertaining to the overall performance of the Company, its Board and effectiveness of its role in attaining the Company's goals and objectives for the year ended June 30, 2024.

Country's economic and political environment remained extremely challenging during the year under review. Record high inflation and interest rates which negatively impacted consumer sentiment and their purchasing power and have been forced to make difficult choices because of ensuing financial distress, downsizing their intake of food products and opting instead for cheaper substitutes. Despite these formidable challenges, the Company displayed resilience, emerging as a market leader across its diverse business ventures and continued its growth momentum and delivered remarkable strong performance in 2024 with 22 % increase in gross revenue and 34 % surge in operating profit.

The Board performed its duties and responsibilities diligently and contributed effectively to guiding the Company in strategic and governance matters. It also played a key role in monitoring management performance and assessing major risk areas. The Board was fully engaged in the strategic planning process and supporting the vision of the Company. The Board Committees continued to work with a great measure of proficiency. The Board recognizes that well defined corporate governance processes are vital to enhancing corporate accountability and is committed to ensuring high standards of corporate governance to preserve and maintain stakeholders' value. All Board members, including independent directors, fully participated in, and contributed towards the decision-making process of the Board.

The Board carries out a review of its effectiveness and performance each year on a self-assessment basis. The Board Performance assessment for the year was based on an evaluation of the integral components i.e., Strategic Planning, its Composition, Committees, Procedures, Interactions, Effectiveness, etc. The Board meets frequently enough to adequately discharge its responsibilities.

The Company's Board has seven Directors, including two Independent Directors, possesses extensive expertise spanning various domains, including business, finance, information technology, and regulations. We are resolute in our commitment to charting the Company's course, promoting its success, and guiding senior management to execute operations efficiently and diligently, all while upholding the principles of sound corporate governance. Additionally, our Audit Committee and Human Resource & Remuneration Committee, staffed by qualified individuals with relevant experience, operate in accordance with their assigned Terms of Reference.

On behalf of the Board of Directors, I would like to express gratitude to our lenders, partners, suppliers, distributors and the public at large for their all support throughout our journey. I also acknowledge the commitment and diligence of fellow directors, senior management, and employees during the year 2024 and thank them for their valuable contributions for the continued growth of the Company.




Muhammad M. Ismail

Chairman

Dated: August 28, 2024

کمپنی کے بورڈ میں سات ڈائریکٹران ہیں جس میں دو آزاد ڈائریکٹران ہیں جو کہ مختلف شعبوں بشمول کاروبار، مالیات، انفارمیشن ٹیکنالوجی اور روابط میں وسیع مہارت کے حامل ہیں۔ ہم مضبوط ادارتی نظم و ضبط کو برقرار رکھتے ہوئے کمپنی کے طریق عمل میں بہتری، اس کی کامیابی کو فروغ دینے اور اعلیٰ انتظامیہ کو مستعدی اور شائستگی سے افعال انجام دینے میں رہنمائی فراہم کرنے کے لئے کوشاں ہیں۔ اس کے علاوہ ہماری آڈٹ کمیٹی اور انسانی وسائل و معاوضہ کمیٹی میں متعلقہ تجربے کا حامل تجربہ کار عملہ شامل ہے جو کہ سوچنے گئے فرائض کے مطابق کام کرتا ہے۔

بورڈ آف ڈائریکٹران کی جانب سے میں مکمل سفر کے دوران قرض دہندگان، شراکت داران، سپلائرز، ڈسٹری بیوٹرز اور وسیع پیمانے پر عوام کے مکمل تعاون پر ان کے لئے اظہار تشکر کرتا ہوں۔ میں اپنے ساتھی ڈائریکٹران، اعلیٰ انتظامیہ اور ملازمین کی سال 2024 کے دوران عزم اور شائستگی کا اعتراف کرتا ہوں اور کمپنی کی مسلسل نمو میں ان کی قابل قدر معاونت پر ان کا مشکور ہوں۔


محمد ایم اسماعیل
چیئر مین

کراچی، 28 اگست 2024

بورڈ آف ڈائریکٹران کی جانب سے میں حصص یافتگان کو کمپنی کے مقاصد اور اہداف کے حصول میں کمپنی اور اس کے بورڈ کی مجموعی کارکردگی اور اس کے موثر کردار پر جائزہ رپورٹ برائے سال مختتمہ 30 جون 2024 پیش کرتے ہوئے انتہائی مسرت محسوس کرتا ہوں۔

زیر جائزہ سال کے دوران ملکی معاشی اور سیاسی صورتحال انتہائی دشوار گزار رہی۔ بلند افراط زر اور شرح سود نے صارفین کے رجحانات اور ان کی قوت خرید پر منفی اثرات مرتب کئے اور مالیاتی دباؤ کی وجہ سے انہیں مشکل چیزوں کو اختیار کرنا پڑا، غذائی مصنوعات کی خریداری میں کمی ہوئی اور سستی متبادل اشیاء خریدنی پڑیں۔ ان تمام ناگزیر چیلنجز کے باوجود کمپنی شائستگی کا مظاہرہ کرتے ہوئے مارکیٹ میں اپنے تمام متنوع کاروباروں کے ساتھ ایک قائد کے طور پر ابھری اور مسلسل اپنی نمو کے معیار حرکت کو برقرار رکھا اور 2024 میں مضبوط قابل ذکر کارکردگی دکھائی جس سے مجموعی آمدنی میں 22 فیصد اور آپریٹنگ منافع میں 34 فیصد اضافہ ہوا۔

کمپنی نے اپنی ذمہ داریاں اور فرائض احسن طریقے سے انجام دیئے اور کلیدی اور نظم و ضبط کے معاملات میں کمپنی کو موثر رہنمائی فراہم کی۔ اس نے انتظامیہ کی کارکردگی کی نگرانی میں بنیادی کردار ادا کیا اور بڑے خطرات کے شعبوں کی تشخیص کی۔ بورڈ مکمل طور پر کلیدی منصوبہ بندی کے عمل میں مصروف ہے اور کمپنی کے نصب العین کی تائید کرتا ہے۔ بورڈ کی کمیٹیوں نے تسلسل کے ساتھ اعلیٰ معیاری کارکردگی دکھائی۔ بورڈ تسلیم کرتا ہے کہ بہتر مرتب شدہ ادارتی نظم و ضبط کے طور طریقے ادارتی جوابدہی میں اضافہ کرتے ہیں اور ادارتی نظم و ضبط کے اعلیٰ معیارات کو یقینی بنانے اور مستفیدان کی قدر کو برقرار رکھنے میں معاون ہیں۔ بورڈ کے تمام ممبران بشمول آزاد ڈائریکٹران نے بورڈ کی فیصلہ سازی کے عمل میں مکمل شرکت کی اور معاونت فراہم کی۔

بورڈ خود تشخیصی بنیاد پر ہر سال اپنی اثر پذیری اور کارکردگی کا جائزہ لیتا ہے۔ سال کے لئے بورڈ کی کارکردگی کی تشخیص انفرادی اجزاء جیسے کلیدی منصوبہ بندی، اس کی تشکیل بندی، کمیٹیوں، طریقہ کار، باہمی تعامل، اثر پذیری وغیرہ کی بنیاد پر ہوتی ہے۔ بورڈ کے اجلاس اتنی تعداد میں منعقد ہوئے جو کہ اس کی ذمہ داریوں سے عہدہ برآں ہونے کے لئے کافی ہیں۔

DIRECTOR'S REVIEW REPORT

The Directors of the Company take pleasure in presenting the Annual Report of Ismail Industries Limited together with the annual audited financial statements both stand-alone and consolidated for the year ended June 30, 2024.

MACRO ECONOMIC PROSPECTS

This year under review was continued to grapple with inflationary pressure, which was the result of rising energy costs and supply chain disruptions. Predominant global trends impacted Pakistan's economy, and the current political uncertainty deteriorated it further.

Sustained high levels of inflation and interest rates continue to impact the cost of doing business while simultaneously eroding purchasing power of consumers. This, together with political uncertainty and geo-political situation, may lead to a further slowdown in the economy and negative impact on consumer demand. Moreover, despite the improving FX liquidity situation in the country the structural challenges persist. Significant debt repayments over the coming years are expected to keep the country's FX reserves under pressure. This may lead to currency devaluation and supply disruptions as import of critical raw materials might be difficult in periods ahead.

Nevertheless, The Company's management is proactively implementing various strategies and plans to mitigate the aforesaid economic headwinds impacting the Company's financial position. The management is committed to increasing operational efficiencies through cost optimization, risk management, and employing innovations to deliver value to our stakeholders. While adopting all these proactive measures the main idea is to remain optimistic about the company's long-term prospects for the business and adaptable to the evolving market conditions.



BUSINESS PERFORMANCE

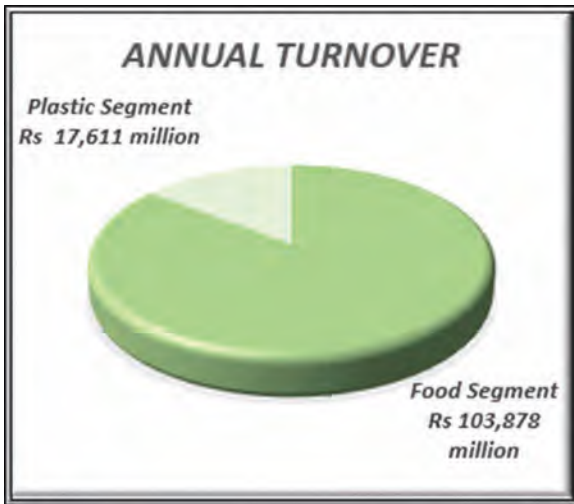
The Company proudly retains its status in the industry as the fastest growing player among the top-line competitors with their strong presence in the confectionery, biscuits, nutrition, and plastic films industry. Topline sales Rs. 121 billion witnessed a hefty growth of 22% compared to Rs. 99 billion last year and the operating profit rose to Rs 13.98 billion with a growth of 35%. However, profit after tax declined slightly by 3.83% and EPS by 3.84% compared to the corresponding year mainly due to high rates of financing prevailed in the country throughout the year. All this was achieved through rationalized resource utilization, tremendous marketing initiatives and product diversifications.

| Description | FY 23-24 | FY 22-23 | Change in % |
|------------------|---------------|----------|-------------|
| | Rs in million | | |
| Gross Sales | 121,490 | 99,733 | 21.82% |
| Net Sales | 108,887 | 88,906 | 22.47% |
| Gross Profit | 24,022 | 18,432 | 30.33% |
| GP in % | 22.06% | 20.73% | 6.41% |
| Operating Profit | 13,980 | 10,330 | 35.33% |
| Finance Cost | 7,384 | 4,399 | 67.81% |
| Profit after tax | 6,132 | 6,381 | -3.83% |
| Net Profit in % | 5.64% | 7.18% | -21.48% |
| EPS | 92.41 | 96.17 | -3.84% |

With all the challenges mentioned earlier, the business has successfully managed to identify and analyze market conditions, changes in consumer behaviors and tough procurement encounters, and thus served these challenges with impressive and promising efforts investing in such a way that resources are utilized

rationality, and the end-consumer is satisfied to its maximum.

Below is the segment-wise breakup of annual turnover:



FOOD SEGMENT OPERATIONS

Food segment comprises of impressive series of confectionary, biscuits, nutrition, cereal, and flour division with a wide range of products including jellies, marshmallows, toffees, candies, lollipops, coated chews, bubbles, chocolates, biscuits, cakes, nutritional food supplements and flour. The best-selling patents that fall under this segment are Candyland, Bisconni, Ismail Nutrition and Ghiza.

CandyLand, a cornerstone of Ismail Industries Limited's confectionary segment in Pakistan, commenced operations on June 21, 1988, with its inaugural production plant. Since launching our first brand in 1990, we have consistently achieved significant milestones, expanding our production facilities to over 8 acres. As pioneers in the jelly category, CandyLand has ventured into technically challenging segments such as lollipops and marshmallows, priding ourselves on delivering top-quality products that continuously delight consumers. Our commitment to excellence has facilitated the export of our products to more than 40 countries worldwide.

Guided by a consumer-centric and innovation-driven philosophy, CandyLand has introduced new product categories leveraging our state-of-the-art facilities to emerge as one of the industry's most technologically advanced companies. Noteworthy among these was the launch of Bisca, alongside new brands such as Orangy, Sour Bites, Jellies Premium Range, Biggy Lollipop and Sweet Bear. These initiatives underscore our steadfast dedication to long-term growth and innovation. Central to our operations is a dedication to providing the best customer value proposition, ensuring unparalleled consumer satisfaction with each purchase. Our dedicated teams of technical and marketing professionals collaborate to achieve consumer delight, supported by an extensive sales force that effectively reaches customers nationwide, including remote areas. All CandyLand products are certified ISO 22000 and hold Halal certification from SANHA.

At CandyLand, we pledge to uphold our core values, nurture our established brands, and drive category growth through continuous innovation. We are dedicated to developing new brands that resonate with consumers, meet their evolving needs, and consistently deliver delight for years to come.



Bisconni has now become a household brand ambitious to deliver unparalleled quality every time and with every new product. Over the past two decades, Bisconni has spread its footprint in the industry day by day with an unbelievable and impressive pace and unmatched loyalty of its customers despite the competition this industry possesses.

This year it unveils premium range with elevated branding and diverse offering. Its consumers are served with the tantalizing, tempting brands under the category of cakes and cookies. The flagship premium brands include Mi Amor, Divine, DayDream, ChipHop, Perfetto, Digestive etc. Bisconni has always been on the path of expanding products portfolio through innovation and quality.

Being reliable to provide quality products to the customers, all the products meet the requirements of ISO 22000 and are Halal certified by SANHA. Thus, Bisconni is dedicated to delivering its promises and convert the consumers' brand loyalty into brand love.



Since its commencement in 2010, Ismail Nutrition has been dedicated to serving the population affected by the universal outbreak of Malnutrition. The key drivers to this outbreak are overpopulation and scarcity of adequate resources, particularly in the area belonging to lower socioeconomic backgrounds. The Company, being a sensible and experienced food manufacturing entity, started producing nutritional supplies to fill this gap. An overwhelming response from the local markets, encouraged the Company to supply these nutritional aids to the international social welfare institutions of the neighboring countries and has been authorized to provide nutritional food supplements to the United Nations World Food Program (WFP), UNICEF, Aga Khan University, Action Against Hunger, International Rescue Committee, IRMNCH etc.

The Company has also expanded its operations with manufacturing of Super Cereal which has been certified and approved by the WFP as a global supplier. The state-of-the-art Nutrition manufacturing facilities have been approved by the WFP audit for food safety, compliance and GMP requirements. This has also been approved by SANHA, FSSC and is on a path to continuous advancement.



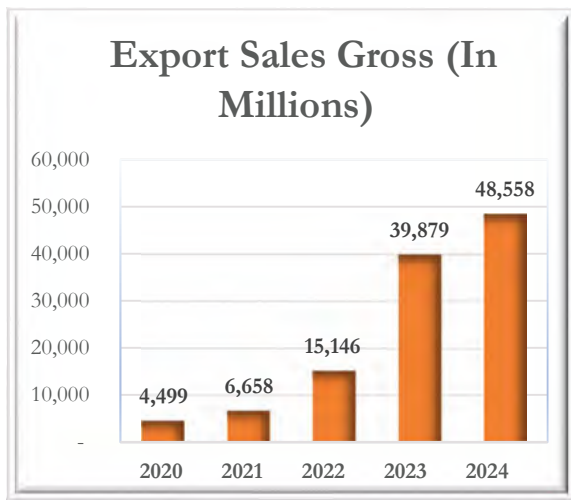
Ismail Industries commissioned state of the art 240 TPD Buhler roller mill having annual production capacity of 68,640 tons with the objective of

- Backward integration by ensuring top-quality all-purpose flour (Maida) to Bisconni
- Adding value to the food industry by offering best quality flour to the vast Industrial and HoReCa (Hotels/Restaurants/Canteens) segment across Pakistan.
- Ensuring proper nutrition across Pakistan by introducing fortified super fine flour in 5 and 10 kg packing in the consumer segment.

The flour is milled with extreme care by selecting high quality wheat at time of purchase with careful sorting through a sortex machine at time of production. Major product variants are Ghiza Maida, Ghiza Special Fine Atta, Ghiza Fortified Super Fine Atta, Ghiza Fortified Riwayatati Ata, Ghiza Khalis Atta, Ghiza Suji Semolina, and Ghiza Premium Bran.

EXPORT MARKET

With the help of untiring efforts of the management and especially the export team, the Company is constantly growing its export business every year and this year has also been a remarkable one. Our export customers are from more than 50 countries and 5 continents in the globe. Despite inflation, recession and economic uncertainty on the global level, the Company managed to deliver enormous growth in all the sales regions Middle East, Africa, Asia, Oceania, Europe, and North America.



Through enormous marketing research to identify global market demands, culture and environments, product diversification to meet those demands, and delivery of the identified product to the globe, the Company was able to increase its export sales by 22% compared to the last year. Participations in regional and global food exhibitions (ISM Middle East, Gulf Food, PLMA Amsterdam, Big 7 South Africa) also helped the Company to increase the global footprint, tap new markets and activate new Key Accounts.

To maintain this cycle of expansions in exports, we are very much committed to delivering more agile and productive export operations for the coming years with some very good opportunities and projects of South-East Asia, Central Asia and USA in the pipeline.

PLASTIC SEGMENT OPERATIONS



Astro Films, being one of the leading packaging film manufacturers in the country has proven itself as one of the best recognized regional as well as international supplier and one of the fastest growing flexible packaging exporters having its clients in more than 26 countries across 5 continents of the world.

The Company is committed to expanding its local business as well as export market share by capturing more untapped regions of the globe and growing business there. All this is motivated with the help of vertical integration, a solution to the procurement of our major raw material through subsidiary Company Ismail Resin (Private) Limited. Thus, both businesses are believed to grow simultaneously and achieve remarkable success in their respective endeavors.



SUBSIDIARY

Hudson Pharma (Private) Limited (HPPL), a subsidiary of the Company, has been on the path of growth since its inception and has introduced new and advanced innovations each year in the market. With the help of innovative launches of the molecules that are considered as an effective treatment across the globe, HPPL is expected to become one of them among big players in the industry very soon. This year also has been a remarkable one for HPPL with an increase of nearly 24% at the top line. Cosmetology products including cleansing moisturizers, manufactured without harmful and allergic chemicals are the new entrants and are expected to drive the business into new horizons as a part of product diversification thus helping the company to grow and turn the bottom-line into green.



SUBSIDIARY

Ismail Resin (Private) Limited (IRPL) is believed to be a major venture for the expansion of plastic business of the Company helping it as a backward integration of its raw materials' procurement and is also set with

the vision to expand its own operations and become an industry leader considering the current growing PET Resin demand around the globe.

The state-of-the-art manufacturing facility located at western zone of Port Qasim, equipped with a 300 tons/day SSP line from Buhler (Germany) and a 300 tons/day CP line from Oerlikon Barmag (Germany). IRPL started its commercial production in April 2024 and produces Film-Grade (IV 0.64), as well as Bottle-Grade PET Resin at IV values of 0.76, 0.80 and 0.84.

IRPL has already obtained the best-in-class certifications of ISO 9001, ISO 14001, HACCP, FSSC 22000, and Halal certification.

IRPL further looks to establish a complete 100% Recycle Polyester Resin (rPET Resin) Bottle-to-Bottle line that will take PET bales and convert them into PET Resin to be used in packaging solutions. The estimated cost of the project is around Rs. 5 billion. The project will be established at Port Qasim Authority for which five (5) acres of land has already been acquired adjacent to the existing manufacturing facility. This manufacturing facility has an annual capacity of producing 24,000 tons of rPET Resin.

The Board of Directors of Ismail Industries Limited has approved in its meeting held on August 28, 2024 for further equity investment of Rs. 937,500,000/- (Rupees: Nine hundred thirty-seven million five hundred thousand) in its subsidiary IRPL, specifically for setting-up a rPET Resin manufacturing facility. In addition to this, the Board has also approved to provide further amount of financial assistance and Cross Corporate Guarantee up to Rs.16,500,000,000 (Rupees: Sixteen billion five hundred million) to the lenders of IRPL.



THE ASSOCIATED COMPANY

During the year under review, the Bank of Khyber posted an increase in its revenue and earnings, which ultimately increases the profit share of the Company to Rs. 626 million compared to Rs. 428 million in the corresponding year.



THE ASSOCIATED COMPANY

Innovita Nutrition (Private) Limited (INPL) owing to common directorship become the Ismail Industries associated company. The principal activities of INPL are manufacturing all kinds of nutritional products, vitamins, premix, minerals, infant nutrition, clinical nutrition, performance nutrition, cereals, food supplements, allied consumer, and other food products. This project is basically the backward integration for the supply of premix material (key ingredient of nutritional products) which was imported previously by Ismail Industries for its division Ismail Nutrition.

GLOBAL EXPANSION



As part of future growth plans, the Company has decided to establish / set-up a subsidiary of the Company M/s. Bisconni Middle East Manufacturing LLC (the LLC) in Abu Dhabi, UAE, with an aggregate amount up to PKR equivalent to US \$ 10,000,000 (USD: Ten million), with shareholding up to 100% based on approval from competent authorities. The LLC shall be involved in the activities of “Chocolate, Sugar Confectionery & Dry Bakery Products Manufacturing” or similar activities approved by the Abu Dhabi Economic Department. It is a greenfield manufacturing setup focused on producing high-quality Chocolates, Sugar Confectionery & Dry Bakery Products. Using cutting-edge food processing technology and equipment, the LLC is planning to establish a new 37,473 square foot production facility in the Khalifa Economic Zone. The location provides

reliable utilities, materials sourcing, and distribution logistics to support scaling up manufacturing. The major benefits that the Board expects from this new venture are:

1. To expand the business operations outside Pakistan, to ultimately maximize the wealth of shareholders.
2. To access foreign markets directly, to reach new customers and expand our business footprints globally.
3. To mitigate the risks associated with unpredictable economic condition of the country.

CORPORATE BRIEFING SESSION



Ismail Industries Limited conducted its Corporate Briefing Session for the fiscal year 2022-2023 at Beach View Club on November 21, 2023. The session, in accordance with PSX criteria, aimed to gather valuable insights from stakeholders and strengthen our commitment to robust investor relations.

The Company’s CFO led the session, providing a thorough overview of the company's financial performance, key milestones, and strategic objectives for the future. The presentation delved into the risk management framework, offering a transparent view of our approach to mitigating challenges.

This event served as a platform for open dialogue, fostering transparent communication with the stakeholders.

CREDIT RATING



Ismail Industries Limited has successfully maintained its Credit Rating in the Long Run i.e. **“A+”** and in the Short Run (**“A1”**) as per the rating report issued by Pakistan Credit Rating Agency (PACRA). This rating shows the creditworthiness of the Company having high credit quality and low expectation of credit risk. Thus, the capacity for timely payment of financial commitments is considered strong, both in the long run and short run.

ESG STANDARDS



The Company is committed to maintaining the highest standards of corporate governance, including adherence to Environmental, Social, and Governance (ESG) principles. We have implemented policies and practices that ensure our compliance with all applicable ESG regulations, as required by the Securities and Exchange Commission of Pakistan (SECP).

Our environmental initiatives focus on reducing our carbon footprint, optimizing resource usage, and managing waste responsibly. Socially, we prioritize employee welfare, diversity, and community engagement, while our governance framework is designed to uphold transparency, accountability, and ethical business conduct. We continually review and

enhance our ESG strategies to align with international best practices and stakeholder expectations.

Our strategic move aligns closely with the United Nations Sustainable Development Goals as they guide our efforts to create positive, lasting impacts on society and the environment. Through initiatives like Hub school Program, Girls, College, Free Clean drinking water, Tree plantation drive etc. we channel our resources towards meaningful change aligned with our ESG goals. Collaborations with organizations like Al – Mustafa Welfare Pakistan, SHED Foundation, LRBT, Miran Shah Cricket Academy etc. highlight our dedication to inclusivity, health, and reduced inequalities, while amplifying these values within our corporate landscape. Our composting project at the Head Office reflects our commitment to environmental sustainability.

INTERNAL CONTROL FRAMEWORK



Internal Control plays a vital role in operating a business. The Board understands the importance of the responsibility it carries as far as rules, regulations and transparency of the transactions are concerned. The internal control structure of the Company makes sure that the policies, procedures, and processes are accordingly implemented as directed by the concerned governing bodies.

Management, external auditor, and internal auditor provide a report to the audit committee regarding risk management and overall internal controls. The audit committee then recommends the Board regarding strengthening measures of this framework. This procedure allows the Company to operate its business

efficiently, effectively, and with transparency and the financial statements issued are reliable, gaining the trust of shareholders.

INTERNAL AUDIT



To ensure the transparency and accuracy of all the business transactions the Company has a very vigilant internal audit department reportable to the Board Audit Committee. Its main objective is to cover all business aspects to minimize the risk of any potential harm to the Company and its stakeholders.

RISK MANAGEMENT



Risk Management makes it possible for the business to identify possible risks so that the business is equipped with the adequate tools and strategies to deal with them.

The Company has implemented the Enterprise Risk Management methodology through which it seizes any upcoming possibilities and suppresses the chances of risks. The Enterprise Risk Management is under the Supervision of Board Audit Committee whereas it is the responsibility of the Board of Directors to look after for any potential risks.

The Company identifies any possible risks and then evaluates them. If they notice any risk which has a potential to harm the Business, then steps are taken to

mitigate its effects. After taking the necessary actions, the Company keeps a close watch on the outcomes of their actions and later conducts a review about the effectiveness of their steps in controlling risks.

Identification of potential hazards is the responsibility of the Board of Directors. As a result, they provide the senior management team with the task of risk detection, who are under its supervision. The Board Audit Committee has the duty to oversee the organization-wide application of the enterprise risk management methodology that the Board has adopted. The significant risks for the department are noted, evaluated, and assigned to each functional area. The most effective way to reduce these risks is to upgrade SOPs, restructure, and revamp the procedure for that pertinent function.

CORPORATE GOVERNANCE



The development and application of the highest standards of corporate governance at all levels of the organization are essential to the Company's survival and long-term performance. Our governance structure specifies the organizational culture, behavior, and conduct with an emphasis on facilitating efficient, entrepreneurial, and responsible management that can ensure the Company's long-term success.

Along with the Code of Conduct and Control Framework, the Company assures that it adheres to all applicable statutory and regulatory requirements. This governance structure's guiding principles of accountability and integrity enable the Board to steer the Company in the right direction.

GENDER DIVERSITY



The demanding significance of Gender diversity in the organizations arises from the deficiency of it. It helps in bringing variety of views and perspectives necessary to grow the business in this evolving environment. An equality-based culture is a very influential tool to drive innovation and growth. A diverse and inclusive workforce with a range of perspectives and approaches is more competitive in a globalized economy. Gender diversification is vital in organizations as it helps to bring in various viewpoints, creates inclusive and safer workplaces and increases employee satisfaction. For this reason, the Company provides equal opportunities to both the genders and thus enjoys fruitful results through that.

HUMAN RESOURCE



We have been very blessed to have such a dedicated, enthusiastic, and efficient enough human capital that leads the Company towards these successful results every year. Our employees are aware of the Company's objective and vision and are always thrilled to carry the operations in the right and smart direction to achieve those objectives in a tremendous manner. For these efforts, the board and senior management owe them

quality training, development, growth, and opportunities to prove themselves trustworthy for the higher position.

As a purpose-led, future-fit organization, we firmly believe that people with purpose thrive. We believe meaningful work is everyone's right and we promote a growth mindset so that employee wellbeing can take center-stage in all we do. Our people are the ambassadors of our values of respect, dignity and fair treatment and we take great pride in empowering them with better livelihoods, meaningful roles, and equipping them for the future of work.

The Company's HR department works very cautiously and vigilantly to recruit, retain, and develop productive human capital. It continuously screens employees' performance, growth pattern, engagement in assigned tasks, effective contributions, and other performance indicators with the help of respective supervisors and makes sure that every performing employee is provided a competitive edge over others for his efforts. This motivates every employee to work hard and achieve this opportunity and the Company gets a comprehensive competency table to identify the best available talent in the Company and train them further to hold important strategic positions in future. On the other hand, employees are also given freedom to express their evaluation regarding the Company's work environment and policies through an anonymous evaluation survey that gauges their degree of satisfaction of working with the Company. Moreover, the Company's pay plans, medical facilities, attractive compensation packages, and a healthy working environment increases the productivity of human capital.

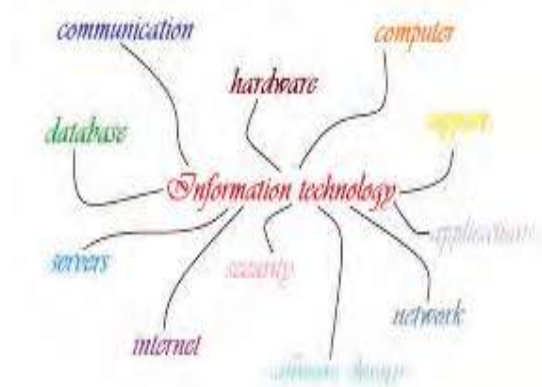
Our employees feel a strong sense of responsibility towards the communities we operate in and strive to uplift the lives of underserved communities through active support for education, livelihoods, and health and wellbeing through fundraising and volunteering activities.

HEALTH & SAFETY



Safety lies at the core of all IIL operations with zero tolerance for any compromise on safety which is a priority aligned with our goal of vision. We remain committed to imparting a safety mindset through reinforced leadership messaging, responsible employee behavior, safety focused plant designs, facilities and products in addition to the implementation of safe procedures and systems throughout the year. We have now expanded the scope beyond our employees to our partners and service providers and we hold them to our high safety standards.

INFORMATION TECHNOLOGY



In this era, the importance of information technology in business is nurturing innovation. Innovation is to present output in smarter layouts, improve data storage and faster processing of data and instructions for steady and accurate information. Moreover, innovation helps make businesses operate more efficiently. Thus, information technology plays a critical role in today's business and helps in streamlining operations, cutting costs, boosting sales, spreading footprints in the potential target markets and maintaining competitive edge.

To accomplish the Company's long-term and short-term goals, we have placed a strong emphasis on the alignment of IT strategy with long-term business

strategy. The improvement of value delivery, risk avoidance, resource optimization, and effective information flowing across the Company are the goals of investments in IT infrastructure.

The presence of IT in the Company makes the work less tiring and reduces the chances of errors. Information Systems also make it easier for us to keep a record of our purchases, payments, and other monetary transactions. These records assist in data management, enabling the Company to make better and more accurate decisions in the long run.

Benefits from IT infrastructure include timely compliance with legal and regulatory requirements, effective and efficient decision-making, stronger internal controls, and a proper governance mechanism. The inclusion of SAP S/4 Hana has had a remarkable impact on our day-to-day operations, especially data management and presentation and helped us to have more control over the business operations and expand our long-term initiatives.

TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties during the year were carried out at arm's length and were placed before the Board Audit Committee and the Board, for review and approval. All the transactions with related parties are disclosed in note 45 of these Unconsolidated financial statements for the year ended June 30, 2024.

COMPOSITION OF THE BOARD

The Board of Directors of the Company consists of:

| Total Number of Directors | |
|---------------------------|---|
| Male | 6 |
| Female | 1 |

| Categories | Name |
|---------------|------------------------------|
| CEO | Mr. Munsarim Saifullah |
| Executive | Mr. Ahmed Muhammad |
| Independent | Mr. Muhammad Zubair Motiwala |
| | Ms. Tasneem Yusuf |
| Non-Executive | Mr. Muhammad M. Ismail |
| | Mr. Maqsood Ismail |
| | Mr. Hamid Maqsood Ismail |
| Female | Ms. Tasneem Yusuf |

MEMBERS OF THE BOARD & ATTENDANCE

During the year, there was no change in Board Members whose names are given here under along with the number of meetings they have attended:

| Name of Directors | Meetings Attended |
|-------------------------------|-------------------|
| Mr. Muhammad M. Ismail* | 10/13 |
| Mr. Maqsood Ismail Ahmed* | 12/13 |
| Mr. Munsarim Saifullah | 13/13 |
| Mr. Hamid Maqsood Ismail* | 10/13 |
| Mr. Ahmed Muhammad* | 12/13 |
| Mr. Muhammad Zubair Motiwala* | 10/13 |
| Ms. Tasneem Yusuf* | 11/13 |

* Leave of absences were granted to those Directors who could not attend some of the Board Meetings.

AUDIT COMMITTEE

| Board Audit Committee | |
|------------------------|-------------|
| Ms. Tasneem Yusuf | Chairperson |
| Mr. Muhammad M. Ismail | Member |
| Mr. Maqsood Ismail | Member |

HUMAN RESOURCE & REMUNERATION COMMITTEE

| Board Human Resource and Remuneration Committee | |
|---|----------|
| Mr. Muhammad Zubair Motiwala | Chairman |
| Mr. Maqsood Ismail | Member |
| Mr. Hamid Maqsood Ismail | Member |

PERFORMANCE EVALUATION OF DIRECTORS AND THEIR REMUNERATION

Complying with the Listed Companies (Code of Corporate Governance) Regulations, 2019 the Board has adopted a comprehensive mechanism for conducting evaluation of its performance. The Company has introduced a questionnaire on the Board's composition, leadership, effectiveness, planning, and overall, Company's strategy, performance, and monitoring. The Board evaluates all factors based on input received from every director annually. Details of remuneration and other benefits paid to Directors are disclosed in note 37 to the financial statements. These remunerations are duly approved by the Board of Directors. Non-Executive Directors are not paid any remuneration in accordance with the remuneration policy of the Company.

PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding as at June 30, 2024, required under Section 227 (2) (f) of the Companies Act, 2017 is annexed to this report.

COMPLIANCE WITH CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Company complies with financial reporting and corporate governance framework under the Listed Companies (Code of Corporate Governance) Regulations 2019 and the Companies Act, 2017. It states:

- The financial statements prepared by the management of the Company are presented according to the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Consistent accounting policies following IFRS are applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The system of internal control is efficient and has been effectively implemented and monitored.
- There are no doubts with Company continuing on the principle of going concern.
- There has been no material departure from the best practices of corporate governance.

EARNINGS PER SHARE

The earnings per share for the year ended June 30, 2024 is Rs. 92/41 compared to corresponding year of Rs. 96/17.

DIVIDEND

The Company remains committed to increasing its shareholders wealth and keeping in view of the results, the Board of Directors are pleased to propose a final cash dividend @ 100% (Rs. 10 per share) for the year ended June 30, 2024, which will be paid to the shareholders whose names appear on the shareholders register at the start of "Closed Period" for the forth coming Annual General Meeting.

STATUTORY AUDITORS

The retiring auditors M/s. Grant Thornton Anjum Rahman, Chartered Accountants offered themselves for reappointment. The Board Audit Committee and

the Board of Directors have recommended their reappointment as auditors of the Company for the financial year ending on June 30, 2025, on such terms and conditions and remuneration to be mutually decided.

FUTURE OUTLOOK

The country's economic activity is expected to remain subdued, with real GDP growth estimated at the lower side, reflecting continued tight macroeconomic policy, import controls, and persistent high food and energy inflation. The Government continues to face a challenging macroeconomic environment while maintaining progress towards its stabilization and critical structural reforms.

The management is hopeful to counter the economic and competitive challenges and continue the success line with all the new zeal and ever-growing motivation in the years ahead. The Company will continue to rely on its strategy of cost optimization, product diversification, and increased focus on export sales to deliver impressive financial results. The Company has an optimistic and aggressive view on its growth prospects. With our strong capabilities through established brands in food and plastic films coupled with timely capacity enhancements, we are committed to significant growth in revenues and profitability of the Company in periods ahead.

ACKNOWLEDGEMENT

The Board of Directors takes this opportunity to acknowledge and would like to express their deepest appreciation to our stakeholders, who have always shown confidence in the Company. We would like to place on record our sincere appreciation for the commitment and dedication put in by each staff member of the Company. The Board Confident that they will continue to do so in future.



Munsarim Saifullah
Chief Executive



Maqsood Ismail
Director

Karachi: August 28, 2024

دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ کی آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے باہمی طے شدہ معاوضہ اور شرائط و ضوابط پر ان کی سال 30 جون 2025 کے لئے کمپنی کے آئینی آڈیٹرز کی حیثیت سے تقرری کی سفارش کی ہے۔


مستقبل کی پیش بینی

توقع ہے ملک کی اقتصادی سرگرمی کے پست رہنے کی جس میں حقیقی جی ڈی پی کی نمو خلی سطح پر رہنے کے ساتھ ساتھ مسلسل سخت معاشی پالیسی، درآمدی کنٹرول اور خوراک اور توانائی کے بلند افراط زر کی عکاسی ہوگی۔ حکومت کو اپنے استحکام اور اہم ڈھانچہ جاتی اصلاحات کی جانب پیش رفت کو برقرار رکھتے ہوئے ایک دشوار گزار معاشی ماحول کا سامنا ہے۔

انتظامیہ معاشی اور مسابقتی چیلنجوں کا مقابلہ کرنے اور آنے والے سالوں میں نئے جوش اور تسلسل کے ساتھ کامیابی کی سمت میں آگے بڑھنے کے لئے پر امید ہے۔ کمپنی متاثر کن مالی نتائج کی فراہمی کے لیے لاگت میں کمی، مصنوعات کے تنوع اور برآمدی فروخت پر توجہ مرکوز کرنے کی اپنی حکمت عملی پر قائم رہے گی۔ کمپنی اپنی ترقی کے امکانات پر حوصلہ افزا اور متحرک نہ نقطہ نظر رکھتی ہے۔ غذا اور پلاسٹک فلموں میں موجود برانڈز کی مضبوط صلاحیتوں کے علاوہ بروقت پیداواری گنجائش میں اضافے کے ساتھ آنے والے ادوار میں ہم کمپنی کی آمدنی اور منافع میں نمایاں اضافہ کے لئے پرعزم ہیں۔

اعتراف

بورڈ اس موقع پر تمام مستفیدان کے اعتماد پر ان کا دل کی گہرائی سے مشکور ہے۔ ہم کمپنی کے ہر ملازم کے عزم اور خلوص کا مخلصانہ اعتراف کرتے ہیں۔ بورڈ پر اعتماد ہے کہ یہ مستقبل میں بھی جاری رہے گا۔


مقصود اسماعیل

ڈائریکٹر


منصرم سیف اللہ

چیف ایگزیکٹو آفیسر

کراچی: 28 اگست 2024

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی کے نتائج کے مطابق ہیں۔

- کمپنی میں حسابات کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔

- مالیاتی گوشواروں کی تیاری کے دوران IFRS کو ملحوظ خاطر رکھتے ہوئے یکساں حساباتی پالیسیاں لاگو کی گئی ہیں اور تخمینوں کی بنیاد معقول اور محتاط فیصلوں پر ہے۔

- اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔

- کمپنی کے چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔

- ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی بھی قابل ذکر انحراف نہیں کیا گیا ہے۔

فی حصص آمدن

سال منقطعہ 30 جون 2024 کو اسماعیل انڈسٹریز لمیٹڈ کی فی حصص آمدن 92/41 روپے رہی جو کہ گزشتہ سال 96/17 روپے تھی۔

منافع منقسمہ

کمپنی اپنے حصص یافتگان کی آمدنی میں اضافہ کے لئے کوشاں ہے اور نتائج کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے مسرت کے ساتھ منافع منقسمہ بشرح 100 فیصد (10 روپے فی حصص) برائے سال 30 جون 2024 کے حساب سے ادائیگی کی تجویز دی ہے جسے ان حصص یافتگان کو ادا کیا جائے گا جن کے نام سالانہ اجلاس عام کے لئے ”بندش کی مدت“ کے آغاز میں رجسٹر میں موجود ہوں گے۔

آئینی آڈیٹرز

موجودہ آڈیٹرز میسرز گرانٹ تھورنٹن انجمن رحمان چارٹرڈ اکاؤنٹنٹس نے اپنی

| اقسام | نام | آڈٹ کمیٹی |
|--------------|--------------------------|--|
| سی ای او | جناب منصرم سیف اللہ | محترمہ تسنیم یوسف چیئر پرسن |
| ایگزیکٹو | جناب احمد محمد | جناب محمد ایم اسماعیل ممبر |
| آزاد | جناب محمد زبیر موتی والا | جناب مقصود اسماعیل ممبر |
| | محترمہ تسنیم یوسف | انسانی وسائل و معاوضہ کمیٹی |
| نان ایگزیکٹو | جناب محمد ایم اسماعیل | جناب ایم زبیر موتی والا چیئر مین |
| | جناب مقصود اسماعیل | جناب مقصود اسماعیل ممبر |
| | جناب حامد مقصود اسماعیل | جناب حامد مقصود اسماعیل ممبر |
| خاتون | محترمہ تسنیم یوسف | ڈائریکٹران کی کارکردگی کی تشخیص اور ان کا معاوضہ |

بورڈ کے ممبران اور ان کی حاضری

سال کے دوران بورڈ کے ممبران میں کوئی تبدیلی نہیں ہوئی جن کے نام حاضر اجلاسوں کی تعداد کے ساتھ دیئے گئے ہیں:

| ڈائریکٹران کے نام | حاضر اجلاس |
|----------------------------|------------|
| جناب محمد ایم اسماعیل * | 10/13 |
| جناب مقصود اسماعیل احمد * | 12/13 |
| جناب منصرم سیف اللہ | 13/13 |
| جناب حامد مقصود اسماعیل * | 10/13 |
| جناب احمد محمد | 12/13 |
| جناب محمد زبیر موتی والا * | 10/13 |
| محترمہ تسنیم یوسف * | 11/13 |

* جو ڈائریکٹران بورڈ کے کچھ اجلاسوں میں حاضر نہ ہو سکے ان کی رخصت منظور کر لی گئی۔

ادارتی نظم و ضبط اور مالیاتی رپورٹنگ کے ضابطہ کی پاسداری

لٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 اور کمپنیز ایکٹ 2017 کے تحت کمپنی ادارتی نظم و ضبط اور مالیاتی رپورٹنگ کی پاسداری کرتی ہے۔ یہ بیان کیا جاتا ہے کہ:

کمپنی کے طویل مدتی اور قلیل مدتی اہداف کو پورا کرنے کے لیے ہم نے طویل مدتی کاروباری حکمت عملی کے ساتھ IT حکمت عملی پر زور دیا ہے۔ IT ڈھانچے میں سرمایہ کاری کے مقاصد میں ترسیل میں بہتری، خطرات سے بچاؤ، وسائل کا درست استعمال اور پوری کمپنی میں موثر معلومات کا بہاؤ شامل ہیں۔



کمپنی میں آئی ٹی کی موجودگی کام کے دوران کم تھکاتی ہے اور غلطیوں کے امکانات کو کم کرتی ہے۔ انفارمیشن سسٹم ہمارے لئے خریداریوں، ادائیگیوں اور دیگر مالیاتی لین دین کا ریکارڈ رکھنا بھی آسان بناتے ہیں۔ یہ ریکارڈ ڈیٹا مینجمنٹ میں مدد کرتے ہیں، کمپنی کو طویل مدتی بہتر اور زیادہ درست فیصلے کرنے کے قابل بناتے ہیں۔

تحفظ کو III کے تمام آپریشنز میں بنیادی حیثیت حاصل ہے جس پر کوئی سمجھوتہ نہیں ہوتا جسے ہمارے نصب العین میں ایک ترجیح حاصل ہے۔ ہم سال بھر محفوظ طریقہ کار اور نظاموں کے نفاذ کے علاوہ مضبوط قیادت کو پیغام رسانی، ملازمین ذمہ دارانہ رویے، تحفظ پر مبنی پلائٹس کے ڈیزائن، سہولیات اور مصنوعات کے ذریعے تحفظ کے لئے پرعزم ہیں۔ اب ہم نے اپنے ملازمین کے علاوہ اپنے شراکت داروں اور خدمات فراہم کرنے والوں تک دائرہ کار بڑھا دیا ہے اور ہم انہیں اپنے اعلیٰ حفاظتی معیارات پر پرکھتے ہیں۔

آئی ٹی کے بنیادی ڈھانچے سے حاصل ہونے والے فوائد میں قانونی اور انضباطی تقاضوں کی بروقت تعمیل، موثر اور مستعد فیصلہ سازی، مضبوط اندرونی گرفت اور ایک مناسب نظم و ضبط کا نظام شامل ہیں۔ HanaS/4SAP کی شمولیت نے ہمارے روزمرہ کے کاموں، خاص طور پر ڈیٹا مینجمنٹ اور پریزنٹیشن پر ایک قابل ذکر اثر ڈالا ہے اور ہمیں کاروباری کارروائیوں پر زیادہ کنٹرول رکھنے اور اپنے طویل مدتی اقدامات کو وسعت دینے میں مدد فراہم کی ہے۔

انفارمیشن ٹیکنالوجی

ملحقہ فریقین کے ساتھ سودے



سال کے دوران ملحقہ پارٹیوں کے ساتھ سودے عمومی طریقہ کار کے مطابق انجام پائے اور بورڈ کی آڈٹ کمیٹی کے روبرو اور بورڈ کے جائزے اور منظوری کیلئے پیش کئے گئے۔ ملحقہ فریقین کے ساتھ سودوں کو ”غیر مجموعی مالیاتی سال برائے تختہ 30 جون 2024 کے نوٹ 45 میں منکشف کیا گیا ہے۔“

بورڈ کی تشکیل

بورڈ آف ڈائریکٹران مندرجہ ذیل پر مشتمل ہے:

ڈائریکٹران کی کل تعداد:

6 مرد

1 خاتون

اس دور میں انفارمیشن ٹیکنالوجی کی اہمیت کاروبار میں جدت کو فروغ دے رہی ہے۔ اختراع کا مطلب ہے آؤٹ پٹ کو بہتر ترتیب میں پیش کرنا، ڈیٹا اسٹوریج کو بہتر بنانا اور ڈیٹا کی تیز تر پروسیسنگ اور مستقل اور درست معلومات فراہم کرنا ہے۔ مزید برآں، جدت طرازی کاروبار کو زیادہ موثر طریقے سے چلانے میں مدد کرتی ہے۔ اس طرح انفارمیشن ٹیکنالوجی آج کے کاروبار میں ایک اہم کردار ادا کرتی ہے اور آپریشن کو ہموار بنانے، لاگت میں کمی، فروخت کو بڑھانے، ممکنہ ہدف والی مارکیٹوں میں قدموں کو جمانے اور مسابقتی برتری کو برقرار رکھنے میں مدد فراہم کرتی ہے۔

قيادت کرنے کے مقصد کے طور پر مستقبل کے موزوں ادارے کے لئے ہم پختہ یقین رکھتے ہیں کہ مقصد رکھنے والے لوگ ترقی کریں۔ ہمارا یقین ہے کہ با معنی کام ہر ایک کا حق ہے اور ہم ترقی پزیر ذہنیت کو فروغ دیتے ہیں تاکہ ملازمین کی فلاح و بہبود ہمارے تمام کاموں میں مرکزی حیثیت حاصل کر سکے۔ ہمارے لوگ عزت، وقار اور منصفانہ سلوک کی ہماری اقدار کے سفیر ہیں اور ہم انہیں بہتر معاش، با معنی کردار اور مستقبل میں با اختیار بنانے میں انتہائی فخر محسوس کرتے ہیں۔



اداروں میں صنفي تنوع کی اہمیت اس کی کمی سے پیدا ہوتی ہے۔ یہ اس بدلتے ہوئے ماحول میں کاروبار کو بڑھانے کے لئے ضروری مختلف آراء اور نقطہ نظر لانے میں مدد کرتا ہے۔ مساوات پر مبنی ثقافت جدت اور ترقی کو آگے بڑھانے کا ایک بہت ہی موثر ذریعہ ہے۔ ایک متنوع اور جامع افرادی قوت جس میں متعدد نقطہ نظر اور آراء موجود ہوں عالمی معیشت میں زیادہ مسابقت پذیر ہے۔ اداروں میں صنفي تنوع بہت ضروری ہے کیونکہ یہ مختلف نقطہ نظر کو سامنے لانے میں مدد کرتا ہے، جامع اور محفوظ کام کی جگہیں بناتا ہے اور ملازمین کی طمانیت میں اضافہ کرتا ہے۔ اسی وجہ سے کمپنی دونوں جنسوں کو یکساں مواقع فراہم کرتی ہے اور اس کے ذریعے نتیجہ خیز نتائج حاصل کرتی ہے۔

ہیومن ریسورس

کمپنی کا HR ڈیپارٹمنٹ بہت احتیاط اور مستعدی سے کام کرتا ہے تاکہ فائدہ مند انسانی سرمائے کی بھرتی، برقرار اور ترویج کی جاسکے۔ یہ ڈیپارٹمنٹ متعلقہ سپروائزرز کی مدد سے ملازمین کی کارکردگی، ترقی کی ساخت، تفویض کردہ کاموں میں مصروفیت، موثر شراکت، اور کارکردگی کے دیگر اشاریوں کی مسلسل جانچ پڑتال کرتا ہے اور اس بات کو یقینی بناتا ہے کہ کارکردگی دکھانے والے ہر ملازم کو اس کی کوششوں پر دوسروں پر سبقت فراہم کی جائے۔ اس سے ہر ملازم کو سخت محنت کرنے اور اس موقع کو حاصل کرنے کی ترغیب ملتی ہے اور کمپنی کو کمپنی میں دستیاب بہترین ٹیلنٹ کی نشاندہی کرنے اور مستقبل میں اہم کلیدی عہدوں پر فائز ہونے کے لئے مزید تربیت دے کر ایک جامع قابلیت فراہم کرتا ہے۔ دوسری طرف ملازمین کو ایک پوشیدہ تشخصی سروے کے ذریعے کمپنی کے کام کے ماحول اور پالیسیوں کے بارے میں اپنی رائے کے اظہار کی آزادی بھی دی جاتی ہے جس سے کمپنی کے ساتھ کام کرنے پر ان کی طمانیت کا اندازہ لگایا جاتا ہے۔ مزید برآں، کمپنی کے تنخواہ کے منصوبے، طبی سہولیات، پرکشش معاوضے کے پیکجز اور صحت مند کام کا ماحول انسانی سرمائے کی صلاحیت کو بڑھاتا ہے۔



ہمارے ملازمین جن برادریوں میں ہم کام کرتے ہیں ان کے متعلق ذمہ داری کا ایک مضبوط احساس رکھتے ہیں اور فنڈ ریزنگ اور رضا کارانہ سرگرمیوں کے ذریعے تعلیم، معاش، اور صحت اور فلاح و بہبود کے لیے متحرک تعاون کے ذریعے پسماندہ برادریوں کے معیار زندگی کو بلند کرنے کی کوشش کرتے ہیں۔

ہم پر عزم، پرجوش، اور موثر انسانی سرمائے سے مالا مال ہیں جو کمپنی کو ہر سال ان کامیاب نتائج کی طرف لے جاتی ہے۔ ہمارے ملازمین کمپنی کے مقاصد اور نصب العین سے واقف ہیں اور ان مقاصد کو شاندار طریقے سے حاصل کرنے کے لیے آپریشنز کو درست اور مستعد سمت میں لے جانے کے لیے ہمیشہ پرجوش رہتے ہیں۔ اپنی کاوشوں کے تحت بورڈ اور اعلیٰ انتظامیہ ان کو معیاری تربیت، ترقی، معاش اور اعلیٰ عہدے کے لیے خود کو قابل اعتماد بنانے کے مواقع فراہم کرتی ہے۔

اندرونی آڈٹ

کرنے میں ان کے اقدامات کی اثر پذیری کے بارے میں جائزہ لیتی ہے۔

ممکنہ خطرات کی نشاندہی بورڈ آف ڈائریکٹرز کی ذمہ داری ہے۔ جس کے نتیجے میں وہ اعلیٰ انتظامی ٹیم کو خطرے کا پتہ لگانے کا کام سونپتا ہے جو اس کی نگرانی میں کام کرتی ہے۔ بورڈ کی آڈٹ کمیٹی کا فرض ہے کہ وہ بورڈ کے اختیار کردہ انٹر پرائز رسک مینجمنٹ کے طریقہ کار کی ادارے بھر میں نفاذ کی نگرانی کرے۔ ادارے کو لاحق اہم خطرات کو نوٹ کیا جاتا ہے، ان کا جائزہ لیا جاتا ہے اور ہر فنکشنل ایریا کو تفویض کیا جاتا ہے۔ ان خطرات کو کم کرنے کا سب سے مؤثر طریقہ یہ ہے کہ SOPs کو اپ گریڈ کیا جائے اور متعلقہ کام کے طریقہ کار کو از سر نو مرتب کیا جائے۔

ادارتی نظم و ضبط



ادارے کی تمام سطحوں پر ادارتی نظم و ضبط کے اعلیٰ ترین معیارات کی ترویج اور اطلاق کمپنی کی بقا اور طویل مدتی کارکردگی کے لئے ضروری ہے۔ ہمارا نظم و ضبط کا ڈھانچہ ادارتی ثقافت، رویے، اور طرز عمل کی وضاحت کرتا ہے جس میں موثر، کاروباری اور ذمہ دارانہ انتظام پر زور دیا جاتا ہے جس سے کمپنی کی طویل مدتی کامیابی کو یقینی بنایا جاسکتا ہے۔

ضابطہ اخلاق اور کنٹرول کے نظام کے ساتھ ساتھ کمپنی یقین دلاتی ہے کہ وہ تمام قابل اطلاق قانونی اور ریگولیٹری تقاضوں کی پاسداری کرتی ہے۔ بورڈ کو کمپنی کو صحیح سمت میں لے جانے میں نظم و ضبط کے ڈھانچے میں جو ابدی اور دیانتداری کے رہنما اصول فراہم کرتے ہیں۔



تمام کاروباری لین دین میں شفافیت اور درستگی کو یقینی بنانے کے لیے کمپنی کے پاس ایک انتہائی معتبر اندرونی آڈٹ ڈیپارٹمنٹ ہے جو بورڈ کی آڈٹ کمیٹی کے لئے قابل رپورٹ ہے۔ اس کا بنیادی مقصد تمام کاروباری پہلوؤں کا احاطہ کرنا ہے تاکہ کمپنی اور اس کے اسٹیک ہولڈرز کو پہنچنے والے کسی بھی ممکنہ نقصان کے خطرے کو کم سے کم کیا جاسکے۔

خطرات کا انتظام



خطرات کا انتظام کاروبار کے لیے ممکنہ خطرات کی نشاندہی کو ممکن بناتا ہے تاکہ کاروبار ان سے نمٹنے کے لیے مناسب اوزار اور حکمت عملیوں سے لیس ہو جائے۔

کمپنی نے انٹر پرائز رسک مینجمنٹ کے طریقہ کار کو لاگو کیا ہے جس کے ذریعے وہ آنے والے کسی بھی امکانات کو پکڑتی ہے اور خطرات کے امکانات کو کم کرتی ہے۔ انٹر پرائز رسک مینجمنٹ بورڈ کی آڈٹ کمیٹی کے ماتحت ہے جبکہ کسی بھی ممکنہ خطرات کی نگرانی کرنا بورڈ آف ڈائریکٹرز کی ذمہ داری ہے۔

کمپنی کسی بھی ممکنہ خطرات کی نشاندہی کرتی ہے اور پھر ان کا جائزہ لیتی ہے۔ اگر انہیں کوئی خطرہ نظر آتا ہے جس سے کاروبار کو نقصان پہنچنے کا امکان ہے تو اس کے اثرات کو کم کرنے کے لئے اقدامات کئے جاتے ہیں۔ ضروری اقدامات کرنے کے بعد کمپنی ان اقدامات کے نتائج پر گہری نظر رکھتی ہے اور بعد میں خطرات کو قابو

پاکستان، شیڈ فائونڈیشن LRBF، میران شاہ کرکٹ اکیڈمی وغیرہ جیسے اداروں کے ساتھ تعاون ہمارے کارپوریٹ منظر نامے میں ان اقدار کو قائم کرتے ہوئے شمولیت، صحت اور عدم مساوات میں کمی کے لیے ہماری لگن کو اجاگر کرتا ہے۔ ہیڈ آفس میں ہمارا کمپوسٹنگ پروجیکٹ ماحولیاتی پائیداری کے لئے ہمارے عزم کی عکاسی کرتا ہے۔

اندرونی گرفت کا نظام



اندرونی گرفت کا نظام کاروبار کو چلانے میں اہم کردار ادا کرتا ہے۔ جہاں تک قواعد، ضوابط اور لین دین کی شفافیت کا تعلق ہے بورڈ اس ذمہ داری کی اہمیت کو سمجھتا ہے۔ کمپنی کا اندرونی گرفت کا نظام اس بات کو یقینی بناتا ہے کہ متعلقہ مجاز اداروں کی ہدایات کے تحت پالیسیاں، طریقہ کار اور طریق عمل کو نافذ کیا جائے۔ انتظامیہ، بیرونی آڈیٹر اور اندرونی آڈیٹر آڈٹ کمیٹی کو خطرات کے انتظام اور مجموعی اندرونی گرفت کے بارے میں رپورٹ فراہم کرتے ہیں۔ اس کے بعد آڈٹ کمیٹی اس نظام کو مضبوط بنانے کے حوالے سے بورڈ کو سفارشات پیش کرتی ہے۔ یہ نظام کمپنی کو اپنے کاروبار کو موثر اور مستعد انداز میں چلانے کے ساتھ ساتھ جاری کردہ مالیاتی اعداد و شمار کو شفاف اور قابل اعتماد بناتا ہے جس سے حصص یافتگان کا اعتماد حاصل ہوتا ہے۔

ایجنسی (PACRA) نے جاری کیا ہے۔ اس درجہ بندی سے اعلیٰ قرضہ جاتی معیار اور قرضے کی ادائیگی میں کم خطرے کی اہلیت کا اظہار ہوتا ہے۔ اس طرح مالیاتی وعدوں کی بروقت ادائیگی کی صلاحیت کو طویل مدتی اور مختصر مدت دونوں میں مضبوط سمجھا جاتا ہے۔

ESG معیارات



کمپنی کارپوریٹ گورننس کے اعلیٰ ترین معیارات بشمول ماحولیاتی، سماجی، اور گورننس (ESG) اصولوں کی پاسداری کو برقرار رکھنے کے لئے پرعزم ہے۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECD) کے تقاضوں کے تحت ہم نے ایسی پالیسیوں اور طریقوں کو نافذ کیا ہے جو کہ ہمارے تمام قابل اطلاق ESG ضوابط کی پاسداری کو یقینی بناتے ہیں۔

ہمارے ماحولیاتی اقدامات ہمارے کاربن کے اثرات کو کم کرنے، وسائل کے استعمال کو بہتر بنانے اور ذمہ داری کے ساتھ فضلہ کو ٹھکانے لگانے پر مرکوز ہیں۔ سماجی طور پر ہم ملازمین کی فلاح و بہبود، تنوع اور معاشرے کی شمولیت کو ترجیح دیتے ہیں جبکہ ہمارا نظم و ضبط کا فریم ورک شفافیت، جوابدہی، اور اخلاقی کاروباری طرز عمل کو برقرار رکھنے کے لئے ترتیب دیا گیا ہے۔ ہم تسلسل کے ساتھ بین الاقوامی بہترین طور طریقوں اور مستفیدان کی توقعات سے ہم آہنگ ہونے کے لئے اپنی ESG حکمت عملیوں کا مسلسل جائزہ لیتے ہیں اور بہتر بناتے ہیں۔

ہماری کلیدی پیشقدمی اقوام متحدہ کے پائیدار ترقی کے اہداف سے بالکل ہم آہنگ ہے کیونکہ یہ اہداف معاشرے اور ماحول پر مثبت اور دیرپا اثرات پیدا کرنے کی ہماری کوششوں میں رہنمائی فراہم کرتے ہیں۔ جب اسکول پروگرام، گرلز، کالج، مفت پینے کا صاف پانی، درخت لگانے کی مہم وغیرہ جیسے اقدامات کے ذریعے اپنے وسائل کو اپنے ESG اہداف سے معنی خیز تبدیلی لاتے ہیں۔ المصطفیٰ ویلفیئر

2. غیر ملکی منڈیوں تک براہ راست رسائی، نئے صارفین تک پہنچنا اور عالمی سطح پر اپنے کاروباری قدم میں وسعت کرنا
 3. ملکی غیر متوقع اقتصادی حالت سے وابستہ خطرات کو کم کرنا
- کارپوریٹ بریفنگ نشست



کارکردگی غذائیت، سیریلز، فوڈ سپلیمنٹس، متعلقہ مصنوعات اور دیگر غذائی مصنوعات تیار کرنا ہے۔ یہ پراجیکٹ بنیادی طور پر پریمکس میٹریل (جو غذائی مصنوعات کا بنیادی جزو ہے) کی فراہمی کے لئے معاون اہتمام ہے جو اس سے قبل اسماعیل انڈسٹریز نے اپنے ڈویژن اسماعیل نیوٹریشن کے لیے درآمد کیا تھا۔

عالمی توسیع



اسماعیل انڈسٹریز لمیٹڈ نے 21 نومبر 2023 کو نیچ ویولکب میں مالیاتی سال 2022-2023 کے لیے اپنی کارپوریٹ بریفنگ نشست منعقد کی۔ اس نشست کا مقصد PSX کے معیار کے مطابق مستفیدان سے قیمتی تجاویز اکٹھا کرنا اور سرمایہ کاروں کے ساتھ تعلقات قائم کرنے میں ہمارے عزم کو مضبوط کرنا تھا۔

کمپنی کے سی ایف او نے نشست کی قیادت کی، کمپنی کی مالیاتی کارکردگی، اہم سنگ میل اور مستقبل کے لیے کلیدی مقاصد کا مکمل جائزہ فراہم کیا گیا۔ پریزنٹیشن میں خطرات سے نمٹنے کے نظام پر جائزہ شامل ہے جو چیلنجوں کو کم کرنے کے لئے ہمارے ایک شفاف نقطہ نظر کو پیش کرتا ہے۔

اس تقریب نے مستفیدان کے ساتھ شفاف رابطے کو فروغ دیتے ہوئے کھلے مکالمے کے لئے ایک پلیٹ فارم فراہم کیا۔

کریڈٹ ریٹنگ



اسماعیل انڈسٹریز لمیٹڈ نے طویل مدتی میں اپنی کریڈٹ +A ریٹنگ اور قلیل مدتی (A1) کو کامیابی سے برقرار رکھا ہے جسے پاکستان کریڈٹ ریٹنگ

مستقبل کے ترقیاتی منصوبوں کے حصے کے طور پر کمپنی نے ابوظہبی، یو اے ای میں میسرز بسکونی ڈیل ایسٹ مینوفیکچرنگ (LLQ LLC) کا ایک ذیلی ادارہ بنانے/ قائم کرنے کا فیصلہ کیا ہے جس کی مجموعی رقم پاکستانی روپے میں 10,000,000 (دس ملین یو اے ای ڈالر) کے مساوی ہے جو کہ 100% تک شیئر ہولڈنگ کے ساتھ مجاز حکام کی منظوری کی بنیاد پر ہے۔ یہ LLC ”چاکلیٹ، شوگر کنفییکشنری اور ڈرائی بیکری مصنوعات کی مینوفیکچرنگ“ یا اس جیسی متعلقہ سرگرمیوں میں مصروف عمل ہوگی جس کی منظوری ابوظہبی اکنامک ڈیپارٹمنٹ سے ہوگی۔ یہ ایک گرین فیلڈ مینوفیکچرنگ سیٹ اپ ہے جس کی توجہ اعلیٰ معیاری چاکلیٹ، شوگر کنفییکشنری اور ڈرائی بیکری مصنوعات کی تیاری پر مرکوز ہے۔ یہ LLC جدید ترین فوڈ پروسیسنگ ٹیکنالوجی اور آلات کا استعمال کرتے ہوئے خلیفہ اکنامک زون میں 37,473 مربع فٹ پروڈکشن کی نئی سہولت قائم کرنے کا منصوبہ بنا رہی ہے۔ پیداوار کو بڑھانے میں مدد کے لیے یہ جگہ قابل اعتماد سہولیات، خام مال کی دستیابی اور تقسیم کے لئے نقل و حمل فراہم کرتی ہے۔ بورڈ کو اس نئے منصوبے سے جن بڑے فوائد کی توقع ہے وہ یہ ہیں:

1. پاکستان سے باہر کاروباری سرگرمیوں کو وسعت دینا جس کے نتیجے میں شیئر ہولڈرز کی دولت میں اضافہ ہو۔

اسماعیل انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز نے اپنے 28 اگست 2024 کو منعقدہ اجلاس میں اپنے ذیلی ادارے IRPI میں خاص طور پر PET ریزن مینوفیکچرنگ کی سہولت کے قیام کے لئے مزید ایکویٹی سرمایہ کاری کی منظوری دی۔ اس کے علاوہ بورڈ نے مزید رقم کی مالی امداد کے لئے 16,500,000,000 (سولہ ارب پچاس کروڑ) روپے تک کی کراس کارپوریٹ گارنٹی IRPI کے قرض دہندگان کو فراہم کی ہے۔



ذیلی کمپنی

اسماعیل ریزین (پرائیویٹ) لمیٹڈ (IRPI) کے بارے میں خیال کیا جاتا ہے کہ وہ کمپنی کے پلاسٹک کے کاروبار کو وسعت دینے کے لیے ایک بڑا منصوبہ ہے جو اس کے خام مال کی خریداری میں اس کی مدد کرتا ہے اور اس کے اپنے آپریشنز کو وسعت دینے کے نصب العین کے مطابق ہے کہ دنیا بھر میں PET ریزن کی موجودہ بڑھتی ہوئی طلب کو دیکھتے ہوئے صنعت میں قائدانہ مقام حاصل کرنا ہے۔



ملحقہ کمپنی

زیر جائزہ سال کے دوران بینک آف خیبر نے اپنے ریویو اور آمدنی میں اضافہ کیا، جس کے نتیجے میں منافع میں کمپنی کا حصہ بڑھ کر 626 ملین روپے ہو گیا جو کہ گزشتہ سال 428 ملین روپے تھا۔

پورٹ قاسم کے ویٹرن زون میں واقع جدید ترین پیداواری سہولت بوبلر جرمنی کی 300 ٹن یومیہ کی SSP لائن اور اورلیکون بگ (جرمنی) کے 300 ٹن یومیہ CP لائن سے لیس ہے۔ IRPI نے اپریل 2024 کو اپنی تجارتی پیداوار کا آغاز کیا اور فلم-گریڈ (IV 0.64) کے ساتھ ساتھ 0.76، 0.80 اور 0.84 کی IV قدروں پر بوتل-گریڈ PET ریزن تیار کرتی ہے۔



ملحقہ کمپنی

انووینا نیوٹریشن (پرائیویٹ) لمیٹڈ (INPL) مشترکہ ڈائریکٹر شپ کی وجہ سے اسماعیل انڈسٹریز کی ملحقہ کمپنی بن گئی۔ INPL کی بنیادی سرگرمیوں میں ہر قسم کی غذائی مصنوعات، وٹامنز، پریبیوس، معدنیات، بچوں کی غذائیت، طبی غذائیت،

IRPL پہلے ہی اعلیٰ درجے کی سرٹیفیکیشن ISO 14001، ISO 9001، FSSC 22000، HACCP اور حلال سرٹیفیکیشن حاصل کر چکا ہے۔

IRPL مزید ایک مکمل 100% ری سائیکل پولیسٹر ریزن (PET ریزن) بوتل سے بوتل لائن قائم کرنے پر غور کر رہا ہے۔ PET بیلز کو لے کر انہیں PET ریزن میں تبدیل کرے گا جسے پیکیجنگ کے مقاصد میں استعمال کیا جاسکے گا۔ منصوبے کی تخمیناً لاگت تقریباً 5 بلین روپے ہے۔ یہ منصوبہ پورٹ قاسم اتھارٹی میں قائم کیا جائے گا جس کے لیے موجودہ مینوفیکچرنگ سہولت سے ملحقہ پانچ (5) ایکڑ اراضی پہلے ہی حاصل کی جا چکی ہے۔ اس مینوفیکچرنگ سہولت میں 24,000 ٹن PET ریزن پیدا کرنے کی سالانہ گنجائش ہے۔

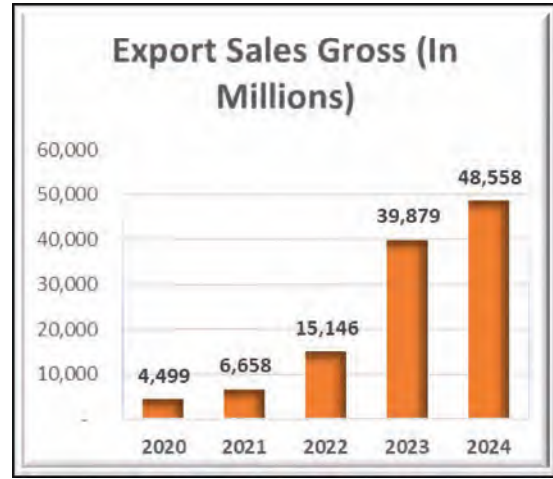
سے بڑھتے ہوئے چکدار پیکیجنگ برآمدکنندگان کی حیثیت سے دنیا کے 5 براعظموں کے 26 سے زائد ممالک میں اس کے کلائنٹس موجود ہیں۔

کمپنی دنیا کے مزید غیر تلاش شدہ خطوں پر قدم جمانے اور وہاں کاروبار کو بڑھانے کے لئے اپنے مقامی کاروبار کے ساتھ ساتھ برآمدی مارکیٹ میں اپنا حصہ بڑھانے کے لئے پرعزم ہے۔ یہ سب عمودی انضمام کی مدد سے ملی ہے جس کے ذریعے ایک بڑے خام مال کی خریداری کا حل ذیلی کمپنی اسماعیل ریزین (پرائیویٹ) لمیٹڈ کو حاصل ہوا ہے۔ لہذا توقع ہے کہ دونوں کاروبار بیک وقت ترقی کرتے ہیں اور اپنی اپنی کوششوں میں قابل ذکر کامیابی حاصل کرتے ہیں۔



ذیلی کمپنی

ہڈسن فارما (پرائیویٹ) لمیٹڈ (HPPI) جو کمپنی کی ایک ذیلی کمپنی ہے، اپنے آغاز سے ہی ترقی کی راہ پر گامزن ہے اور ہر سال مارکیٹ میں نئی اور جدید اختراعات متعارف کراتی ہے۔ ان اختراعی مالیکولز کے متعارف ہونے سے جنہیں پوری دنیا میں ایک مؤثر علاج سمجھا جاتا ہے، امید ہے کہ HPPI بہت جلد صنعت کے بڑے اداروں میں شامل ہو جائے گا۔ یہ سال HPPI کے لیے بھی شاندار رہا جس میں فروخت میں تقریباً 24% اضافہ ہوا۔ کاسمیٹولوجی مصنوعات بشمول کلیننگ، موئسچرائزرز، جو نقصان دہ اور الرجک کیمیکلز کے بغیر تیار کیے گئے ہیں، نئے متعارف ہوئے ہیں اور توقع کی جاتی ہے کہ یہ مصنوعات میں تنوع کے طور پر کاروبار کو نئے افق پر لے جائیں گے، اس طرح کمپنی کو ترقی کرنے اور چٹائی سطح کو سرسبز کرنے میں مدد ملے گی۔



وسیع بازاری تحقیق سے عالمی منڈی کی طلب، ثقافت اور ماحول کی شناخت کرنے کی طلب کو پورا کرنے کے لئے مصنوعات میں تنوع اور شناخت شدہ مصنوعات کو دنیا میں پہنچانے کی کوششوں کی وجہ سے کمپنی گزشتہ سال کے مقابلے میں اپنی برآمدی فروخت میں 22 فیصد اضافہ کرنے میں کامیاب رہی۔ علاقائی اور عالمی غذائی نمائشوں (ISM ڈل ایسٹ، گلف فوڈ، PLMA ایگسٹیم، بگ 7 ساؤتھ افریقہ) میں شرکت سے بھی کمپنی کو عالمی فروخت بڑھانے، نئی مارکیٹوں میں داخل ہونے اور نئے کلیدی کھاتوں کو متحرک کرنے میں مدد ملی ہے۔

برآمدات میں اضافے کی گردش کو برقرار رکھنے کے لئے ہم آنے والے سالوں میں مزید مستعد اور نتیجہ خیز برآمدات کرنے کے لئے بہت پرعزم ہیں اور جنوب مشرقی ایشیا، وسطی ایشیا اور امریکہ کے کچھ بہت اچھے مواقع اور منصوبے زیر تکمیل ہیں۔

پلاسٹک کے شعبے کے آپریشنز



ایسٹرو فلمز ملک میں پیکیجنگ فلم بنانے والے صف اول ہونے کے ناطے اور اپنے آپ کو ایک بہترین تسلیم شدہ علاقائی اور بین الاقوامی سپلائر اور سب سے تیزی

نیوٹریشن مینوفیکچرنگ سہولیات کو خوراک کے تحفظ اور GMP کے تقاضوں کی پاسداری پر WFP کے آڈٹ میں منظوری دی گئی ہے۔ اسے FSSGSANHA نے بھی منظور کر لیا ہے اور یہ مسلسل ترقی کی راہ پر گامزن ہے۔



☆ اسماعیل انڈسٹریز نے جدید ترین 240 TPD بوہلر رولرل کا آغاز کیا ہے جس کی سالانہ پیداواری گنجائش 68,640 ٹن ہے جس کا مقصد بسکونی کو اعلیٰ معیاری کثیر المقاصد آٹے (میدہ) کی فراہمی میں معاونت کرنا ہے۔

☆ HoReCa (ہوٹل/ریستورانٹ/کینٹین) کے طبقے کو بہترین معیار کا آٹا پیش کر کے فوڈ انڈسٹری کی قدر میں اضافہ کرنا ہے۔

☆ صارفین کے شعبے میں 5 اور 10 کلوگرام کی پیکنگ میں فورٹیفائیڈ سپر فائن آٹا متعارف کروا کر پورے پاکستان میں مناسب غذائیت کو یقینی بنانا ہے۔

آٹے کی پیداوار کے لئے گندم کی خریداری کے وقت اعلیٰ معیار کی گندم کا انتخاب کر کے سورتیکس مشین کے ذریعے انتہائی احتیاط سے چھٹائی کی جاتی ہے۔ مصنوعات کی بڑی اقسام میں غذا میدہ، غذا اسٹیشل فائن آٹا، غذا فورٹیفائیڈ سپر فائن آٹا، غذا فورٹیفائیڈ روائٹیٹی آٹا، غذا خالص آٹا، غذا سوجی سیمولینا اور غذا پریمیم بران شامل ہیں۔

برآمدی مارکیٹ

انتظامیہ اور خاص طور پر برآمدی ٹیم کی انتھک کوششوں سے کمپنی ہر سال اپنے برآمدی کاروبار میں مسلسل اضافہ کر رہی ہے اور یہ سال بھی شاندار رہا۔ ہمارے برآمدی صارفین دنیا کے 50 سے زیادہ ممالک اور 5 براعظموں میں پھیلے ہوئے ہیں۔ عالمی سطح پر افراط زر، کساد بازاری اور معاشی غیر یقینی صورتحال کے باوجود کمپنی فروخت کے تمام خطوں بشمول مشرق وسطیٰ، افریقہ، ایشیا، اوشیانا، یورپ اور شمالی امریکہ میں زبردست نمو حاصل کرنے میں کامیاب رہی ہے۔

کی بے مثال وفاداری کے ساتھ صنعت میں اپنے قدموں کے نشانات کو دن بے دن وسیع کیا ہے۔

اس سال اس نے اعلیٰ برانڈنگ اور متنوع پیشکش کے ساتھ اعلیٰ مصنوعات کی وسیع اقسام کی نقاب کشائی کی ہے۔ اس کے صارفین کو کیک اور کوکیز میں دلکش، پرکشش برانڈز پیش کیے گئے ہیں۔ اعلیٰ برانڈز میں می امور، ڈیوائن، ڈے ڈریم، چپ ہوپ، ڈائجیسٹو وغیرہ شامل ہیں۔ بسکونی ہمیشہ سے جدت اور معیار کے ذریعے مصنوعات کے پورٹ فولیو میں اضافے کی راہ پر گامزن ہے۔

صارفین کو معیاری مصنوعات کی فراہمی کے لئے قابل اعتماد بننے میں تمام مصنوعات ISO 22000 کے تقاضوں کو پورا کرتی ہیں اور SANHA کی طرف سے حلال کی سند یافتہ ہیں۔ اس طرح بسکونی اپنے وعدوں پر پورا اترنے کے لئے کوشاں ہے اور صارفین کی برانڈ سے وفاداری کو برانڈ کی محبت میں تبدیل کرنے کے لئے پرعزم ہے۔



2010 میں اپنے آغاز کے بعد سے اسماعیل نیوٹریشن غذائی قلت کی عالمگیر وباء سے متاثرہ آبادی کی خدمت کے لئے وقف ہے۔ اس وباء کے اہم محرکات میں زیادہ آبادی اور مناسب وسائل کی کمی شامل ہے خاص طور پر پست سماجی اقتصادی پس منظر رکھنے والے علاقوں میں۔ کمپنی نے غذاؤں کے ایک دانشمند اور تجربہ کار تیار کنندہ ادارہ ہونے کے ناطے اس خلا کو پُر کرنے کے لیے غذائیت کا سامان تیار کرنا شروع کر دیا۔ مقامی مارکیٹوں سے ملنے والے زبردست ردعمل سے کمپنی کو یہ غذائی امداد ہمسایہ ممالک میں موجود بین الاقوامی سماجی بہبود کے اداروں کو فراہم کرنے کی ترغیب ملی اور اسے اقوام متحدہ کے ورلڈ فوڈ پروگرام (WFP)، یونیسیف، آغا خان یونیورسٹی، ایکشن اگینسٹ ہینگر، انٹرنیشنل ریسکیو کمیٹی IRMNCH وغیرہ کو غذائیت سے متعلق فوڈ پلیمنٹس فراہم کرنے کے لئے اجازت دی گئی۔

کمپنی نے سپر سیریل کی تیاری کے ساتھ ساتھ اپنے آپریشنز کو بھی وسعت دی ہے جسے WFF نے عالمی سیلار کے طور پر سند اور منظوری دی ہے۔ جدید ترین

کینڈی لینڈ نے تکنیکی طور پر دشوار گزار شعبوں جیسے لالی پاپس اور مارشملوز میں قدم رکھا جس کے تحت صارفین کو ان کی پسندیدہ اعلیٰ معیاری مصنوعات فراہم کرنے پر ہمیں فخر ہے۔ بہترین کارکردگی کے اپنے عزم کے ساتھ ہماری مصنوعات کی برآمدات دنیا بھر کے 40 سے زیادہ ممالک تک پھیل گئی ہیں۔

صارفین پر مرکوز اور جدت پر مبنی فلسفے کی رہنمائی میں کینڈی لینڈ اپنی جدید پیداواری سہولیات کے ذریعے نئی مصنوعات کی اقسام کو متعارف کروا کر ایک تکنیکی طور پر ترقی یافتہ کمپنی کی حیثیت سے ابھری ہے۔ ان مصنوعات میں اور تینچی، سور بانٹس، جیلیز کی وسیع مصنوعات، بگی لالی پاپ اور سویٹ بیئر جیسے نئے برانڈز کے ساتھ بسکا کا آغاز قابل ذکر تھا۔ یہ اقدامات طویل مدتی ترقی اور اختراع کی جانب ہماری پیش قدمی کو اجاگر کرتے ہیں۔ ہمارے کاروبار میں کسٹمر سے متعلق بہترین قابل قدر تجاویز فراہم کرنے کی لگن کو مرکزی حیثیت حاصل ہے جس سے صارفین کو ہر خریداری پر بے مثال طمانیت کو یقینی بنایا جاتا ہے۔ تکنیکی اور مارکیٹنگ کے ماہر افراد کی ہماری پر عزم ٹیمیں صارفین کی طمانیت کے حصول میں معاون ہیں جس میں فروخت کی بڑی افرادی قوت معاونت کرتی ہے جس کے نتیجے میں ملک بھر بشمول دور دراز علاقوں میں موجود صارفین تک رسائی مؤثر طریقے سے ہوتی ہے۔ کینڈی لینڈ کی تمام مصنوعات ISO 22000 سے سند یافتہ ہیں اور SANHA سے حلال سرٹیفیکیشن بھی حاصل ہے۔

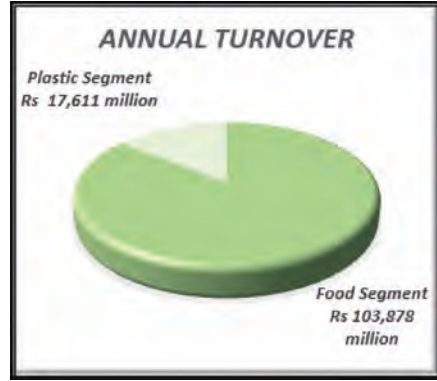
کینڈی لینڈ میں ہم اپنی بنیادی اقدار کو برقرار رکھنے، مسلسل جدت طرازی کے ذریعے اپنے قائم کردہ برانڈز کی ترقی اور نمو کے لئے کوشاں ہیں۔ ہم ایسے نئے برانڈز ترویج کرنے کے لیے کوشاں ہیں جو صارفین کی توقعات پر پورا اترتے ہوئے ان کی ابھرتی ہوئی ضروریات کو پورا کریں اور آنے والے سالوں میں تسلسل کے ساتھ انہیں طمانیت فراہم کریں۔



بسکونی اب ایک گھریلو برانڈ بن گیا ہے جو ہر مرتبہ نئی مصنوعات کے ساتھ بے مثال معیار فراہم کرتا ہے۔ کچھلی دودھائیوں کے دوران بسکونی نے اس صنعت میں مسابقت کے باوجود ناقابل یقین اور متاثر کن ترقی کی ہے اور اپنے صارفین

مذکورہ بالا تمام چیلنجوں کے باوجود کمپنی نے کامیابی سے مارکیٹ کے حالات، صارفین کے رویوں میں تبدیلیوں اور خریداری کی سخت مسابقت کی شناخت اور تجزیہ کیا اور ان چیلنجز کا مقابلہ کرنے کے لئے متاثر کن اور امید افزا کوششوں سے سرمایہ کاری اس طرح کی گئی کہ وسائل کو دانشمندانہ استعمال ہوا اور حتمی صارف کی توقعات پر زیادہ سے زیادہ حد تک پوری اتری۔

شعبہ وائز سالانہ کارکردگی درج ذیل ہے:



غذائی شعبے کے آپریشنز

غذائی شعبہ کنفیکشنری، بسکٹ، نیوٹریشن، اناج اور آٹے کے ڈویژن کی متاثر کن مصنوعات پر مشتمل ہے جس کی وسیع مصنوعات میں جیلی، مارشملو، ٹافیاں، کینڈی، لالی پاپ، کوئڈ چیوز، ببلز، چاکلیٹ بسکٹ، ایک نیوٹریشنل فوڈ سلیمنٹس اور آٹا شامل ہیں۔ اس شعبہ کے تحت بہترین فروخت ہونے والے برانڈز میں بسکونی، اسماعیل نیوٹریشن اور غذا شامل ہیں۔



کینڈی لینڈ پاکستان میں اسماعیل انڈسٹریز لمیٹڈ کے کنفیکشنری شعبہ کا بنیادی جزو ہے جس نے 21 جون 1988 کو اپنے افتتاحی پیداواری پلانٹ سے پیداوار شروع کی۔ 1990 میں اپنا پہلا برانڈ متعارف کروانے کے بعد سے ہم نے مسلسل اہم سنگ میل حاصل کئے ہیں اور اپنی پیداواری سہولیات کو 8 ایکڑ سے زیادہ رقبے تک پھیلا دیا ہے۔ جیلی کے زمرے میں صف اول ہونے کے ناطے

ڈائریکٹران کی جائزہ رپورٹ



کاروباری کارکردگی

کمپنی نے کنفییکشنری، پلاسٹک، نیوٹریشن، اور پلاسٹک فلموں کی صنعت میں اپنی مضبوط موجودگی کے ساتھ اپنے ٹاپ لائن کے حریفوں میں سب سے تیزی سے ترقی کرنے والے ادارے کے طور پر صنعت میں اپنی قابل فخر حیثیت کو برقرار رکھا ہے۔ ٹاپ لائن فروخت 121 بلین روپے رہی جو کہ گزشتہ سال 99 بلین روپے تھی جس سے 22 فیصد اضافہ کی نشاندہی ہوتی ہے اور آپریٹنگ منافع میں 13.98 بلین روپے کا اضافہ ہوا جس سے 35 فیصد اضافہ کی نشاندہی ہوتی ہے۔ تاہم گزشتہ سال کے دوران سال بھر سرمایہ کاری کی مسلسل بلند شرح کی وجہ سے منافع بعد از ٹیکس میں 3.83 فیصد کمی ہوئی اور EPS میں 3.84 فیصد کمی ہوئی۔ یہ سب کچھ وسائل کے دانشمندانہ استعمال، مارکیٹنگ کے بہترین اقدامات اور مصنوعات میں تنوع کے ذریعے حاصل کیا گیا۔

| Description | FY 23-24 | FY 22-23 | Change in % |
|------------------|---------------|----------|-------------|
| | Rs in million | | |
| Gross Sales | 121,490 | 99,733 | 21.82% |
| Net Sales | 108,887 | 88,906 | 22.47% |
| Gross Profit | 24,022 | 18,432 | 30.33% |
| GP in % | 22.06% | 20.73% | 6.41% |
| Operating Profit | 13,980 | 10,330 | 35.33% |
| Finance Cost | 7,384 | 4,399 | 67.81% |
| Profit after tax | 6,132 | 6,381 | -3.83% |
| Net Profit in % | 5.64% | 7.18% | -21.48% |
| EPS | 92.41 | 96.17 | -3.84% |

کمپنی کے ڈائریکٹران اسماعیل انڈسٹریز لمیٹڈ کی سالانہ رپورٹ کے ساتھ انفرادی اور سالانہ آڈٹ شدہ مالیاتی گوشوارے برائے سال ختمہ 30 جون 2024 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

مجموعی اقتصادی جائزہ

زیر جائزہ سال کے دوران افراط زر کے دباؤ کی وجہ سے دشوار گزار رہا جو کہ توانائی کی بڑھتی قیمتوں اور سپلائی چین میں رکاوٹوں کے نتیجے میں تھا۔ اہم عالمی رجحانات نے پاکستان کی معیشت کو متاثر کیا اور موجودہ سیاسی غیر یقینی صورتحال نے اسے مزید بگاڑ دیا۔

افراط زر اور شرح سود کی مسلسل بلند سطح نے کاروباری لاگت کو متاثر کیا اور ساتھ ساتھ صارفین کی قوت خرید کو بھی ختم کیا۔ اس سیاسی غیر یقینی اور سیاسی جغرافیائی صورتحال نے معیشت میں مزید سست روی پیدا کی اور صارفین کی طلب پر منفی اثرات مرتب کئے۔ مزید برآں ملک میں زرمبادلہ کی روانیت کی صورتحال میں بہتری آنے کے باوجود ڈھانچے کی دشواریاں برقرار ہیں۔ امکانات ہیں کہ آنے والے سالوں میں اہم قرضوں کی ادائیگیوں کی وجہ سے ملک کے زرمبادلہ کے ذخائر پر دباؤ برقرار رہے گا۔ اس سے کرنسی کی قدر میں کمی اور آنے والے ادوار میں اہم خام مال کی درآمد میں رکاوٹ سے رسد میں خلل پڑ سکتا ہے۔

تاہم، کمپنی کی مالیاتی پوزیشن پر مذکورہ بالا معاشی مسائل کے اثرات کو کم کرنے کے لئے کمپنی کی انتظامیہ مختلف حکمت عملیوں اور منصوبوں کو متحرک طور پر نافذ کر رہی ہے۔ انتظامیہ لاگت میں کمی، خطرات کے انتظام اور نئی اختراعات کو بروئے کار لاکر آپریشنل افادیت میں اضافے کے ذریعے اپنے مستفیدان کو مزید منفعت فراہم کرنے کے لئے پرعزم ہے۔ ان تمام متحرک اقدامات کے پیچھے بنیادی مقصد یہ ہے کہ کمپنی کے کاروبار کے لئے طویل مدتی امکانات روشن رہیں اور مارکیٹ کے بدلتے ہوئے رجحانات کے مطابق رہیں۔

CODE OF CONDUCT AND OPERATING STRUCTURE

Code of Conduct

Code of Conduct of Ismail Industries Limited (IIL) sets out the Company's objectives and its responsibilities to various stakeholders and the ethical standards required from its directors and employees to meet such objectives and responsibilities.

Financial Disclosure

All transactions should be accurately reflected according to accounting principles in the books of accounts. Falsification of its books, any of the recorded bank accounts and transactions are strictly prohibited.

Conflict of Interest

The directors and employees of the Company must recognize that in the course of performing their duties, they may come across a position where there is a conflict of interest in the performance of their duties with their personal interest. Conflict of interest must be avoided in all circumstances and it is necessary for all directors and employees to act in the best interest of the Company.

Compliance with Laws & Regulations

It is mandatory for all directors and employees of IIL to comply with all applicable laws, regulations, directives and rules applicable in relevant jurisdictions including instructions issued by the Board of Directors and the management.

Confidentiality

Confidentiality of the Company's internal information must be maintained and upheld by all directors and employees. This includes proprietary, technical, business, financial, customer and employee information that is not available publicly.

Conduct of Personnel in Dealings with Government Officials

The Company shall deal with the Government officials fairly and honestly and within the ambit of the applicable laws, in order to uphold the corporate image of the Company.

Time Management

The directors and employees of the Company shall ensure that they adopt efficient and productive time management schedules.

Business Integrity

The directors and employees will strive to promote honesty, integrity and fairness in all aspects of its business and its dealings with vendors, contractors, customers, joint venture partners and Government officials.

Gifts, Entertainment & Bribery

The directors and employees shall not provide or accept gifts, entertainment or any other personal benefit or privilege that could influence business dealings.

Ethics

Our Code of Conduct reflects our commitment to meet the expectations of our stakeholders and contains the fundamental principles and rules concerning ethical business conduct.

IIL is committed to conduct its business with honesty and integrity, and we expect all our employees to maintain high standards in accordance with the Code.

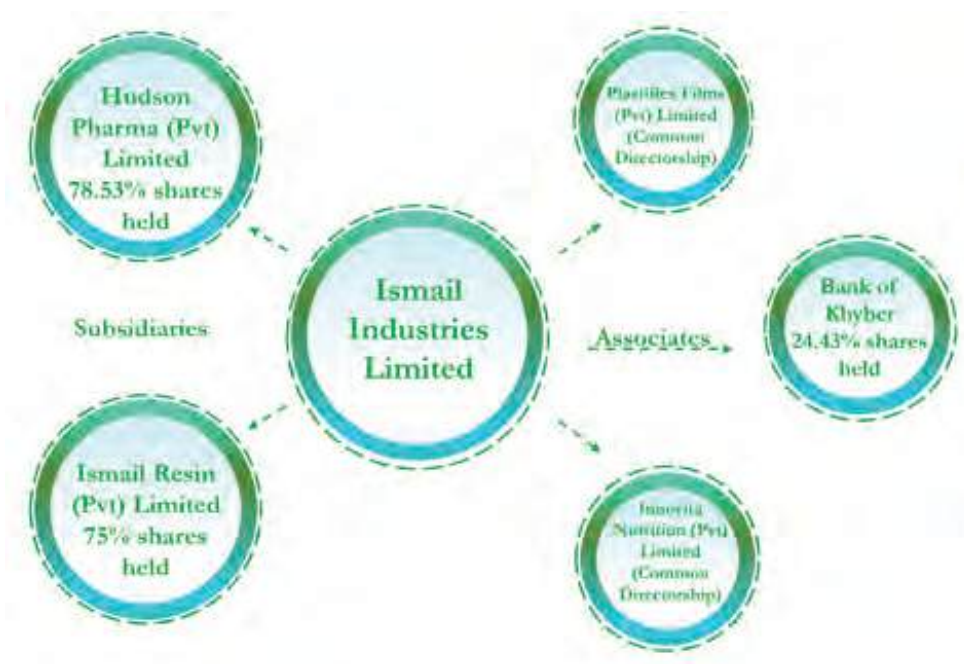
IIL's Code of Conduct forms an integral part of the terms of employment of all employees. The Company insists on full compliance and does not tolerate any misconduct and unlawful behavior. Breach of the IIL Code of Conduct may lead to disciplinary action up to and including termination of employment.

Ownership, Operating Structure and Relationship with Group Companies

IIL is a listed company categorized in the 'Food & Personal Care Products' sector by Pakistan Stock Exchange (PSX). The ownership of the Company is held by diversified market participants of PSX and directors of the Company. The market capitalization of the Company is over Rs. 98 billion as on June 30, 2024.

The Company has two subsidiaries Hudson Pharma (Private) Limited and Ismail Resin (Private) Limited and three associated companies, Plastiflex Films (Private) Limited, Innovita Nutrition (Private) Limited and The Bank of Khyber. Hudson Pharma is engaged in the pharmaceutical business. Ismail Resin has started its commercial production during the year in the month of April 2024. It is involved in the manufacturing of of PET Resin (Bottle & Films Grade) having production capacity of 300 tons per day.

Group Structure



Segment Results

Ismail Industries Limited is engaged in the business of food and plastic products and while Hudson Pharma is engaged in the business of Pharmaceutical products and Ismail Resin is engaged in the business of PET Resin which is also broadly classified under plastic segment. Segment related operating results are disclosed in Note 29 of the Unconsolidated Financial Statements and Note 31 of the Consolidated Financial Statements in this report.

Significant Factors Affecting the External Environment

| Factors | Description | Area of Focus | Organization's response |
|----------------------|--|---|---|
| Political | Political factors determine the extent to which a government may influence the economy or a certain industry. Political uncertainty trembles the business environment | <ul style="list-style-type: none"> - Political uncertainties. - Rifts among political parties. | The Company continuously analyzes and monitors the political situation of the country including changes in duty structures, taxes and other levies to mitigate any unwarranted affect. |
| Economic | Economic factors refer to the financial state of the country. A strong economy invigorates business and vice versa. | <ul style="list-style-type: none"> - Increased inflation. - High discount rates. - Exorbitant exchange rates | IIL has been on strong financial standing. The Company keeps optimal Debt: Equity ratio. Furthermore, it has negotiated competitive rates with various banks for its financing needs. Additionally, healthy relation with suppliers ensures timely supply of material at competitive rates. The Company monitors exchange rates closely. It plans its rapprochement of imported raw material keeping in view, the economic situations, international supply chain issues and outlook of exchange parity. The Company also considers hedging contract where necessary to dampen the impact of exchange difference. |
| Social | Social responsibility of a company cannot be ignored. The Company must play its role in betterment of the society in which it operates. Health issues, education problems are among the social problems. | <ul style="list-style-type: none"> - Continuous improvement in HSE department. - Natural catastrophe causing public unrest. | The Company always strive to be a part of social causes and for the betterment of society. For this purpose, the Company donates in various social causes including education programs and health & safety of society. On the business front, the Company has full-fledged HSE department which works for the betterment and welfare of workers at factories. |
| Technological | Technology plays a vital role in success of any Company. Technologically primitive companies often end-up being shutdown. | <ul style="list-style-type: none"> - Upgradation of network and security measures. | The Company is equipped with latest technology to face the challenges of a dynamic environment. Product innovation is inevitable to meet the ever-changing customer demands. |

| Factors | Description | Area of Focus | Organization's response |
|----------------------|--|--|---|
| | | | Therefore, technological upkeep of machinery is preordained. The Company continuously monitors and improves its networking infrastructure for smooth data processing and prevention from cyber threats. |
| Environmental | Almost every manufacturing company has an impact on the environment. Climate change and water shortage is the major area of concern. | <ul style="list-style-type: none"> - Special focus on saving of electricity and water - Inclusion of Renewable energy including solar and hydel power - Plantation of trees. | The Company has always strived to work for the betterment of the environment. This year, the Company has focused on the prevention of scarce natural resources like water and saving of electricity. |
| Legal | Companies are required to abide by various laws and regulations. Every responsible company must follow all rules and regulations laid by the Government. | <ul style="list-style-type: none"> - Companies Act, 2017 - Income Tax Ordinance, 2001 - Sales Tax Act, 1990 - SECP Acts, Rules and Regulations - Code of Corporate Governance - IFRS Amendments. | The Company abides by all the laws enacted by Government. The Company has employed various professionals of respective fields so that the Company would strongly and strictly follow all the laws that are applicable to the Company. |

All of the above factors may have the effect from medium to long term.

Seasonality of Business

The Company's production and sales of all products remain consistent throughout the year. There is no significant impact of seasonality in the Company's business.

Competitive Landscape and Market Positioning

IIL is a diversified conglomerate – with Food and Plastic segments. Customers of every age demands better quality products and attractive packaging. The Company's major revenue is derived from food segment. Besides confectionary, IIL is also gain sustainable share in plastic market. It gained a rich experience of thousands of man-hours during its journey of more than 36 years. With a promising outlook, the Company is focusing on expanding its market share in the years to come.

Significant Events During the Year

During the year, the Subsidiary Company Ismail Resin (Private) Limited commenced the commercial production of PET Resin (Bottle & film grade) with the production capacity of 300 tons per day.

STRATEGY AND RESOURCE ALLOCATION

| Strategic Objective | Short term | Medium-term | Long term |
|--|------------|-------------|-----------|
| Growth in local and international market shares | ✓ | | |
| Achieve efficiencies in all business process | ✓ | ✓ | |
| Organizational development and talent management | | ✓ | |
| Superior returns to investors | ✓ | ✓ | ✓ |
| Diversification into new ventures | | | ✓ |
| Upgradation of IT infrastructure and enhancement of automation | | ✓ | |
| Continue being recognized as a good corporate citizen | ✓ | ✓ | ✓ |

Strategies to achieve the above objectives

Growth in local and international market shares

Growth is the prime focus of IIL's strategy. With a premium market shares, IIL is better placed to strengthen its leading position as a producer of food and plastic products to meet the rising demand. Last year, the Company had diversified into Flour business and this year, the Company started commercial production of Super Cereal and the operations of its Subsidiary, Ismail Resin (Private) Limited, involved in the commercial production of Pet Resin which helped in vertical diversification and growth.

The Company is operating warehouses near all major cities, which ensure that the market penetration of Company's products is maximized.

Achieve efficiencies in all business process

We strive to continuously improve efficiency and to bring down our energy consumption and costs by optimally utilizing all available resources. We also upgrade our manufacturing facilities regularly by adding new and more efficient production lines which have substantially improved our production efficiency.

Organizational development and talent management

The Company has put in place processes to develop and groom professionals at various levels. The Company is an equal opportunity employer. Our systems are designed to ensure transparency and fairness at all levels by clearly defining KPIs for each position in alignment with Company's vision and core values.

Further, Health & safety remains the key component of the Company's operational excellence. Utmost importance is being given to training of employees and contractors for enhancing safety awareness and active incorporation of the industry's best practices in the overall operating setup.

Superior returns to investors

The Company has improved its revenue and operating profit for the year by 22% and 34%, thus ensuring the improvement in returns to investors.

Upgradation of IT infrastructure and enhancement of automation

The Company regularly evaluates the current IT infrastructure to identify gaps, bottlenecks, and areas for improvement. The operating and ERP system is regularly upgraded.

Regular upgradation of Network security infrastructure is carried out. Network infrastructure is regularly subjected to various audits and reviews by internal auditors.

Continue being recognized as a good corporate citizen

The Company, as a good corporate citizen, shall continue to promote social development of the communities where it operates and shall extend financial and in-kind support for the welfare and development organizations working across the Country. The Company also cares deeply about the environment and will continue to exercise due care in environmental protection.

Resource Allocation Plan

Every element of our business model is unique to our Company and has a role to play in our future long-term success. Following are the resources and relationships we depend on to create value:

| Capital | Resource allocation plan |
|--------------|---|
| Financial | <p>Our business activities require financial capital, which includes shareholders' equity and loans obtained from financial institutions.</p> <p>The Management of the Company has extensive experience and knowledge of best practices in liquidity management pertaining to policies, processes, regulatory requirements and tax considerations. Capital structure mainly consists of shareholders' equity and long term / short term debts. The financial capital is allocated based on the need and utility analysis. Overall expected cashflow availability for the upcoming year is determined at the start of the business planning cycle based on which operations and investments are planned.</p> |
| Human | <p>Human capital is an asset and plays an important role in our success. Our Core Values, Code of Conduct and HR policies provide an outline which serves as a guiding force for the whole organization.</p> <p>The Company gives key consideration to Human Resource Management. A full fledged HR department is established which is supervised by Human Resource & Remuneration Committee of the Board of Directors. To implement its strategies, the Company has hired team of professionals with significant expertise in latest technologies who proficiently design the ways for improving and upgrading our production process, devise marketing strategies and strengthen control systems.</p> |
| Manufactured | <p>The Company effectively deploys all the plant and machinery, power generation systems, buildings and infrastructure to implement its strategies. The current manufactured capital is sufficient to meet the Company's requirements.</p> <p>The Company takes pride to be the leader in possessing state-of-the-art machinery. Further, the Company is also putting its effort to increase its production and widen its market share by investing in new plants and technologies. The Company is in partnership with its clients to work out various alternate cost-effective solutions which would not only benefit the Company in shape of increased revenue but also the clients in shape of cheaper yet high quality product.</p> |
| Intellectual | <p>The Company has put to use all the intellectual capital at its disposal for implementing its strategies. Our intellectual capital includes our brands, ERP system and our systems and procedures. We have implemented SAP S/4 Hana which helps the management in employing best business practices, while strengthening internal controls.</p> |
| Social | <p>Being a responsible corporate citizen, the Company is committed to continuous improvements in safety, health and environment protection measures. The Company has earned great respect and appreciation through continuous and generous donations to social and charitable causes including towards health, education and social sectors.</p> |
| Natural | <p>The natural capital available to the Company in the form of raw materials and water is sufficient for the Company to meet its demand. The Company will continue to utilize its natural capital with responsibility and care and will continue to make efforts for sustainable operations.</p> |

Key Resources and Capabilities which Provide Sustainable Competitive Edge

III. is known for delivering best products and add value to customers' needs. The Company has state-of-the-art machinery together with vast experience in food and plastic business and top suppliers which enable us to add value to the customers' needs. Our key resources and capabilities are:

Nationwide presence

III is having its manufacturing units in Karachi (Port Qasim) and Hub while sales and marketing units are located in all major cities across the Country.

International Presence

A strong presence in the local and international markets is at the forefront of our business strategy. Our export business has seen the growth of 22% during FY 2023-24.

SAP S/4 HANA

We have implemented most updated version of SAP i.e. SAP S/4 HANA. We continuously invest in new technologies to ensure that we are well ahead in the technology. Our well-established in-house IT department caters all the technological upgradation needs of the Company.

Diversified Business

We are among one of the few entities having vertically integrated Food and Plastic segment. In food segment, recent addition of flour and cereal plant and in plastic segment, addition of Resin plant reflects our true commitment towards diversification. Further establishment of manufacturing plant at Abu Dhabi in form of Foreign subsidiary is in line with best practices of business diversification.

Energy Efficient and Cost Minimization

The Company utilizes modern state-of-the-art technology and machineries which assists in achieving the Company's objectives to utilize its scarce resources in cost-efficient manner. Use of Solar energy and heat recovery system is best models opted out at factories.

Liquidity Management

The Company manages liquidity by having an adequate mix of debt-to-equity ratio. The Company has not made any default in repayment of its debt and is generating adequate cashflows from operations.

Factors Affecting Company's Strategy and Resource Allocation Plans

Technological changes

Ismail Industries Limited (III), being a premier corporate citizen of the country strives to leverage technological advancements taking place, whether they pertain to adoption of latest technologies for production or automation of business processes and data analytics. It has taken several strategic initiatives for digitalizing its various processes so as to bring efficiencies and avoid redundancies. The Company not only ensures that it acquires latest technologies and tools for its expansion projects, it also implement/replicate the newer technologies for its earlier plants as well. These investments in technology allows the Company to reap benefits in terms of efficiencies and lower costs.

Environmental challenges

III acknowledges that our environment faces several problems, and many of these seem to be worsening with time. The issues which arise because of environmental challenges pose various threats to our planet and impact every individual. It is therefore increasingly important to raise awareness of the existence of these issues, as well as taking practical steps to reduce their negative impact.

The environmental challenges; such as climate change, poor air quality, deforestation, waste disposal, carbon emissions and water scarcity remain a cornerstone of our strategic framework. We takes into account the mitigating factors and technologies before taking strategic decisions about expansion and other activities which impact environment.

Societal issues

We believe in giving back to the society and accordingly the societal issues relating to education, health and poverty alleviation are part of our strategic plans. While for the employees, the Company has adequate health, safety and environment related policies and procedures; for the society at large, Company takes part in various philanthropic activities, capacity building programs, vocational training programs, sponsorship of schools, scholarships, special clinics and other health related initiatives.

Initiatives Taken by Management to Promote and Enable Innovation

The management takes pride in creating a culture that nurtures innovation and entrepreneurial thinking, establish innovation platforms and enhance employee engagement initiatives. During the year, the management has taken following initiatives:

- Started production of PET Resin (Films+ Bottle Grade) plant having production capacity of 300 tons per day. This project is a vertical integration of BOPET Films and also created a new market for the bottle Companies;

- Kept the IT function proactive from an innovation perspective, providing ideas to the business.

Key Performance Indicators (KPIs)

We measure the progress towards achievement of Company's strategic objectives with these Key Performance Indicators. The management regularly analyses these indicators to better gauge the Company's performance against predefined benchmarks:

| Strategic Objective | Area of Impact | KPIs monitored | Future relevance |
|--|---|---|------------------|
| Growth in local and international market shares | Financial Capital | Sales volume Market share indexing | ✓ |
| Achieve efficiencies in all business process | Manufactured Capital, Intellectual Capital | Production efficiency and activity ratios | ✓ |
| Organizational development and talent management | Human Capital | Employee engagement Retention ratios | ✓ |
| Superior returns to investors | Financial Capital | Earnings per share Return on equity | ✓ |
| Diversification into new ventures | Financial Capital | Investment portfolio Return on investment | ✓ |
| Upgradation of IT infrastructure and enhancement of automation | Intellectual Capital | Upgradation of infrastructure, operating system and ERP. Digitalization and automation of processes. | ✓ |
| Continue being recognized as a good corporate citizen | Financial Capital | Tax payments | ✓ |

Above strategic objectives are closely linked with IIL's overall mission, vision and objectives.

Strategic Decisions Process

IIL has strengthened its Strategic Planning and Management System for development and execution of the strategic planning process in the organization. Strategy is decided keeping it aligned with the mission and vision and incorporating the associated risks, both at developmental and implementation stages.

Considering the risk appetite of the organization, strategic decisions are deliberated at multiple levels before approval and subsequent implementation.

Strategy to Manage Repayment of Debts

The Company has always been able to meet its debt obligations in a timely manner. Due to its robust business model, operational efficiencies, prudent financial management and diverse income streams, it has never faced liquidity problems. At IIL, we are committed to honouring our financial obligations while maintaining a strong financial footing. Our debt repayment strategy is underpinned by responsible financial management and a dedication to safeguarding the long-term sustainability of our business.

The Company has sufficient reserves for unforeseen circumstances and economic downturns. The Company's liquidity management strategy encompasses projecting cash flows and considering the level of liquid assets necessary to meet the cash flow requirements as well as maintaining the debt financing plans.

The company has never defaulted in repayment of its debt and faces no risk of default in payment of any obligation, as it has sufficient capacity of generating cash flows.

RISKS & OPPORTUNITIES

The Board of Directors of Ismail Industries Limited principally assumes the responsibility to mitigate all possible risks that may affect the Company. This principle keeps the Company within its risk appetite and helps to achieve its corporate objectives.

Following are the key risks and opportunities effecting the availability, quality and affordability of capitals:

| Form of Capital | Key risks | Key opportunities | Time Horizon |
|---------------------------------|--|--|----------------------|
| Financial Capital | <ul style="list-style-type: none"> • Higher cost of material and fuel • Increased interest rates • Higher inflation | <ul style="list-style-type: none"> • Identification of alternate sources of raw material and energy • Cost optimization projects | Short to medium term |
| Human Capital | <ul style="list-style-type: none"> • Loss of qualified and competent staff | <ul style="list-style-type: none"> • Succession planning • Rewarding high performance employees | Medium to long term |
| Manufactured Capital | Obsolescence of technology | Investments in technology upgrades and capacity expansions | Medium to long term |
| Social and Relationship Capital | Adverse publicity | Building relationships along the value chain and investing in the brand. | Medium to long term |
| Natural Capital | Depletion of materials | Responsible use of material | Medium to long term |

Statement for determining the Company's level of risk tolerance by establishing risk management policies

The Board of Directors of Ismail Industries Limited (IIL) recognizes that effective risk management is a cornerstone to the Company's commitment to sustained success and responsible governance. In today's dynamic and ever-evolving business landscape, understanding and managing risks is paramount to safeguarding our business, stakeholders, and the trust they place in us.

We firmly believe that risk-taking is inherent in business growth, innovation, and value creation. However, it must be approached with a clear understanding of our risk appetite and tolerance. We acknowledge that not all risks are equal, and careful consideration is essential to distinguish between those that align with our strategic objectives and those that jeopardize our integrity and stability.

To ensure that we navigate risks effectively, the Board has established comprehensive risk management policy that serve as a framework for identifying, assessing, mitigating, and monitoring risks across all facets of our operations. The board regularly undertakes an overall review of business risks to ensure that the management maintains a sound system of risk identification, risk management and related internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders. In addition to this, the Board also reviews reports from various third-party service providers, auditors and consultants to remain updated on key operational and financial matters of the Company.

Robust Assessment of Principal Risks

The Board of Directors have carried out a detailed assessment of risks facing the Company originating from various sources. The Board of Directors are satisfied with the Company's risk management practices and the mitigating strategies adopted to counter such risks.

Risk Management Framework & Methodology

III's risk management framework is designed to assess and mitigate risks in order to minimize their potential impact and support the achievement of Company's long-term purpose and business strategy. Risk assessment is performed regularly to create a good understanding of the company's key risks, to allocate ownership to drive specific actions around them and take any relevant steps to address them.

The uncertainties and risks that may influence the achievement of our corporate goals and objectives are managed while opportunities are tapped into. Due to their critical importance, our material issues and principal risks are integrated into our business planning processes and monitored on a regular basis by our Board of Directors.

Principal Risks Faced by the Company and Mitigating Actions

III is susceptible to various risks. However, through comprehensive planning and an acute business understanding of the management, the Company continues to identify and mitigate actual, potential and perceived risks. Following are the major risks that may affect our business operations and mitigating strategies for controlling these risks:

Strategic Risks

| Types of Risks | Area of Impact | Source | Description | Mitigating Strategy |
|---|--|----------|---|---|
| Rising cost of raw material Likelihood: Medium Impact: High | Financial capital Strategic objective: Profitability and growth | External | Raw material cost component is a substantial part of the overall cost of production of the Company. Suppliers increase the cost of products supplied in view of devaluation of currency, international economic conditions and rising costs of fuel and transportation. | The Company analyses raw material prices offered by various suppliers on a regular basis to compare and control its purchasing cost. Moreover, it has strategic relationships with key suppliers which benefit the Company in price negotiation and prompt material delivery. |
| Risk of Inconsistent/Arbitrary Changes in Government Policies Likelihood: High Impact: Medium | Financial capital Strategic objective: Profitability and growth | External | Adverse impact on Company's earnings due to changes in Government's policies with respect to taxation measures, Gas tariff and Regulatory matters. | Regular advocacy through different forums, like Pakistan Business Council to timely apprise the relevant Government departments and regulators of all issues that may have an adverse impact on the Industry or competitive environment. Management regularly monitors the changing regulatory and competitive environment and assesses the impact of any change in Government policy, so as to take timely action. |

Operational Risks

| Types of Risks | Area of Impact | Source | Description | Mitigating Strategy |
|--|--|----------|--|--|
| Technology Obsolescence Likelihood: Medium Impact: Medium | Intellectual/ Manufactured Capital Strategic objective: Profitability and growth | External | Technological shift rendering the Company's production process inefficient. | The Company has regularly upgraded its manufacturing facilities by installing new and more efficient production lines at all of its plants. |
| Maintenance Risk Likelihood: Low Impact: Medium | Manufactured Capital Strategic objective: Profitability and growth | Internal | Possibility of production loss due to capacity or breakdown factor. | Effective technical monitoring programs with regards to preventive maintenance are in place to ensure maximum plant efficiency and capacity utilization. |
| Employee Retention and Succession Planning Likelihood: Medium Impact: Low | Human Capital Strategic Objective: HR Excellence | Internal | It is critical for the company to attract, develop, and retain the right talent to accomplish the company's objectives. Succession planning is needed to ensure that the company has sustainable operations. | Various programs are in place to identify and develop high potential teams. Initiatives are taken to increase workplace diversity, resulting in a more effective workforce. Strategy on succession planning is in place to support the management in assessing employee performance for future growth and identify potential placements. |

Financial Risks

| Types of Risks | Area of Impact | Source | Description | Mitigating Strategy |
|---|--|----------|--|--|
| Interest Rate Risk Likelihood: Medium Impact: High | Financial Capital Strategic objective: Profitability and growth | External | Interest rates fluctuation finance cost of the company which eventually impact our profitability | Company manages appropriate mix of debt and equity. We keep an eye on possibility of availing subsidized loans as and when available to reduce the impact of finance cost. |

Key Opportunities

| Opportunities | Area of Impact | Source | Description | Utilization Strategy |
|---|-------------------------|----------|---|--|
| Investment on state-of-the-art technology | Manufactured Capital | Internal | State-of-the-art technology utilized for production resulting in production | The company actively pursues investments in new and innovative |

| | | | | |
|----------------------------|---|----------|---|--|
| | Strategic Objective: Efficiency | | <p>efficiency and lower costs. This will result not only in attracting and retaining new customers but will also increase value for stakeholders.</p> <p>Further, the establishment of new production facilities like Cereal, Nutrition and Resin plants have increased the production capacity as well as quality of output.</p> | technologies so that it continues with its legacy of being one of the most efficient producer. |
| Efficient work environment | Human Capital Strategic Objective: HR Excellence | Internal | Improvement in working conditions, and personal and professional development of employees. | The Company is relentlessly striving to improve its work environment through various initiatives directed towards increasing employee satisfaction and continuous training for the personal and professional development of employees. |

Disclosure of Supply Chain Disruption Risks and Mitigation Strategy in the Face of Environmental, Social, and Governance Incidents

In an ever-evolving global landscape, businesses are increasingly recognizing the inter-dependence of their operations with environmental, social, and governance (ESG) factors. The Company acknowledges the potential risks stemming from these factors, particularly those impacting the supply chain and it maintains a comprehensive risk assessment framework to proactively identify potential supply chain disruption risks linked to ESG incidents. This involves close collaboration with internal stakeholders, suppliers, and industry partners to gain insights into emerging risks. To ensure the ongoing evaluation of supply chain risks, we employ a robust monitoring system that enables real-time tracking of relevant ESG incidents.

Mitigating the risks associated with supply chain disruptions necessitates a proactive and collaborative approach. The Company has established a multifaceted strategy to address these challenges effectively.

Supplier Engagement and Collaboration

We engage with our suppliers to enhance their awareness of ESG considerations and encourage alignment with our values. This includes fostering responsible sourcing practices, ethical labour standards, and sustainable production methods.

Diversification of Suppliers

We strive to diversify our supplier base to reduce dependency on a single source, mitigating the potential impact of disruptions in any one region.

Resilience Enhancement

We continually invest in strengthening the resilience of our supply chain, incorporating redundancy and alternative sourcing options when feasible.

The Company remains steadfast in its commitment to addressing ESG-related supply chain disruption risks. By identifying, monitoring, and mitigating these risks, we ensure the long-term sustainability of our operations, minimize potential adverse impacts, and contribute to a more resilient and responsible business ecosystem.



ESG is a system for measuring the sustainability of a Company in three specific categories, environmental, social and governance. It has developed into a broad framework that addresses key aspects including environmental and social impact, as well as how governance structures can be changed to enhance stakeholder well-being. We believe that stakeholder value maximization is possible on a long-term basis by implementing best-in-class ESG protocols and therefore, ESG remains a key dimension in our strategic decision making. Alongside on the path to growth, we also continue upon our journey of excellence and building Enterprise of the Future, by delivering on our Environment, Social and Governance agenda. With the evolved ESG agenda, we have embarked upon some amazing projects pertaining to all the key elements of ESG that are shaping the sustainability of business and industries in Pakistan.

Statement for Adoption of Best Practices for CSR

We view Corporate Social Responsibility (CSR) as an integral component of our organizational commitment to sustainable growth. We recognize our responsibility to positively impact the communities and environment in which we operate, and are dedicated to upholding the highest standards of ethical conduct and social contribution. With unanimous endorsement from our Board of Directors, we proudly announce the adoption of comprehensive CSR best practices that reflect our dedication to making a meaningful difference. This decision underscores our belief that business success must align harmoniously with societal well-being. Our CSR approach will be guided by a steadfast commitment to:

- Ethical governance
- Stakeholders' engagement
- Community development
- Environmental stewardship
- Employee empowerment
- Transparency and reporting

Statement About the Company's Strategic Objectives on ESG and Sustainability Reporting

The Board remains steadfast in its commitment to fostering a sustainable and responsible business ecosystem. With the recognition that ESG considerations are vital components of our corporate strategy, we are dedicated to integrating ESG principles into every facet of operations, aligning with core values and the expectations of stakeholders. Our strategic objectives encompass:

Environmental Responsibility

We are resolute in minimizing environmental footprint through innovative practices that conserve resources, reduce emissions, and protect biodiversity.

Social Well-being

By prioritizing employee welfare, diversity, equity, and inclusion, and by collaborating with local communities, we endeavour to create a positive impact on the lives of stakeholders.

Effective Governance

Sound governance is integral to our sustainability journey. We are committed to maintaining a governance framework that emphasizes transparency, accountability, and ethical behaviour across all levels of organization.

Stakeholder Engagement

We recognize that shared success emerges from effective engagement with our stakeholders. Through open dialogue and partnerships, we seek to address concerns, gather insights, and collaboratively develop solutions that drive positive change.

Innovation and Adaptation

Our commitment to sustainability demands continuous innovation and adaptation. We invest in research, development, and technological advancements that enable us to evolve in a dynamic and responsible manner.

Robust Reporting

We acknowledge the importance of transparent and comprehensive reporting. Our ESG and sustainability reports will provide a clear view of progress, challenges, and opportunities, allowing our stakeholders to hold us accountable and participate in journey.

We recognize that by setting these strategic objectives, we strengthen our resilience, enhance reputation, and contribute to a world that thrives for generations to come.

Sustainability related risk and opportunities

| Types of Risks | Potential impact | Description | Related Opportunity |
|--|--|---|---|
| Disruption in availability of raw material Likelihood: Medium Impact: High | It will impact our production and we may not be able to deliver orders on time | Raw material is a substantial component of our supply chain. Disruption in procurement of optimum quantity of raw material may create challenges in completing orders on time and maintaining congenial working relationships with customers. | The Company analyses raw materials offered by various suppliers on a regular basis and does not depend upon single supplier. Moreover, it has strategic relationships with key suppliers which benefit the Company in price negotiation and prompt material delivery. |
| Fuel and power availability Likelihood: High Impact: High | It will increase the production cost or may impact production yield | We generate our power using natural gas and fuel. Their unavailability may compel us to move to expensive sources of power generation or we may lose production due to unavailability of power. | The Company has invested in Solar power for its factories and offices to ensure uninterrupted availability. |

Emerging Risk (Long term 3-5 years)

| Risk and / or Opportunities | Company's Planned Initiatives |
|--|--|
| <p>Climate related risk Being in the manufacturing sector, we are exposed to risk of frequent climate change and global warming primarily due to release of COs and combustion of fossils fuels. From physical risk perspective, the Company may expose to increased severity of hurricanes, floods, drought, storms and extreme weather conditions which can damage production facilities, disrupt supply chain, halt operations and leading to increased cooling cost.</p> | <p>In order to address climate related risk, We are committed to take various advanced sustainability initiatives to enhance resilience, vulnerabilities and long-term value. These initiatives include transformation from fossil-fuel based energy to alternative-energy systems to safeguard the ecosystem and the community in surrounding.</p> |
| <p>Regulatory Changes: Legal and regulatory requirements relating to emission, waste management, carbon pricing and taxes etc. are continuously being evolving and changes over time which require significant investment in new technologies, processes and training resulting in escalating operational cost and impacting profitability. Non-compliance to such regulations may also potentially lead to damaging reputation, loss of customer and revenue, impact suppliers that may lead to disruption and cost.</p> | <p>We strive hard to manage such regulatory risk by proactively developing contingency plans and accruing maximum potential exposure relating to impact of regulatory changes and by ensuring transparency in our disclosure and reporting. Actively collaborating with different stakeholders and relevant authorities to seek mediation and resolution of any issue.</p> |

Disclosure About Four Pillar Core Content (Governance, Strategy, Risk Management, Metrics and Targets)

Corporate Governance

Through unwavering commitment to sustainability and business ecosystem, the Board plays an integral role in fostering a culture of sustainability and driving continuous improvement in ESG performance. This commitment involves embedding environmental, social, and governance (ESG) principles into the core of our business strategy and ensure robust governance practices.

The Board ensures that sustainability goals are clearly defined, monitored, and integrated into all aspects of operations, aligning with stakeholder expectations and the Company's long-term vision for sustainable growth.

The strategic oversight of Board ensures continuous development and advancement in technology to enable us to evolve in a responsible manner. Also, the Board acknowledge transparent and comprehensive reporting of all risk and opportunities faced by the Company with respect to ESG performance and sustainability.

Sustainability Strategy

Sustainability strategy is integral to our corporate vision and operations. We are committed to driving sustainable growth by integrating environmental, social, and governance (ESG) principles into business strategy. Our approach ensures that we contribute positively to society and the environment while creating long term value for stakeholders.

Our strategy to achieve sustainability goals primarily focuses on reduces carbon footprint through innovative technologies and processes, enhance energy efficiency and increase the use of renewable energy sources, responsible water management, focus on waste reduction, foster a safe, diversify, and equitable workplace.

Risk Management

Robust Enterprise Risk Management (ERM) provides a framework to identify, assess and mitigate risk across the organisation that could potentially impact the Company's commitment to sustainability and long-term business success. This framework encompasses environmental, social, and governance (ESG) risks, alongside traditional financial, compliance and operational risks, ensuring a comprehensive approach to risk management.

This involves identifying all potential strategic, financial, compliance, operational and ESG-related risks based on regular risk assessment, industry benchmarking and stakeholder consultation. Each identified risk is evaluated and ranked based on its potential impact and the likelihood of occurrence.

Appropriate mitigation strategies tailored to reach identified risk are then developed to implement proactive solution to minimize the probability of occurrence of such risks. Regular updates on risk status and management activities are provided to the Board and relevant committees. Transparent communication of ERM practices and performance is maintained through annual reports and other stakeholder engagements.

Our ERM framework is regularly reviewed and updated to adapt to evolving risks, regulatory changes, and industry best practices. We encourage innovation and continuous improvement in risk management strategies to enhance resilience and sustainable growth.

Specific Metrics and Targets Designed to Demonstrate Performance and Progress of the Company

Environment

1. Reduction in Green House Gas Emission through reduction in reduced release of carbon dioxide;
2. Reduction in energy consumption per kg of production;
3. Convert into Solar power from gas generators.

Social

1. Promoting inclusive work environment by ensuring equitable representation of females at all levels within the organisation;
2. We have established a defined code of conduct and a whistle-blower policy to address all employee grievances, including workplace harassment, and establish an environment to ensure inclusion and non-discrimination among employees at all levels; and
3. Eliminate injury rates at all our business locations.

Governance

1. 85.71% of the Board seats are occupied by men, while 14.29% are occupied by women;
2. A robust code of conduct to address all ethics and anti-corruption related issues;
3. We are committed to provide sustainability data in line with IFRS S1 and IFRS S2.



Role of the Chairman

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is responsible for providing leadership to the Board and ensuring that the Board plays an effective role in fulfilling its responsibilities.

The Chairman's role involves (but is not limited to) the following:

- To act as a liaison between Company's senior management and the Board;
- To ensure that the Board plays an effective role in setting up the company's corporate strategy and business direction;
- To promote and oversee the highest standards of corporate governance within the Board and the Company;
- To ensure integrity, credibility, trustworthiness and active participation of Board members in key matters of the Company;
- To ensure that the Board only directs the Company and does not manage it;
- To ensure that relevant, accurate and up to date Company information is received from the management and shared with the board members to enable them to monitor performance, make sound decisions and give appropriate advice to promote the success of the Company;
- To review the Board performance and to take the lead in identifying and meeting the development needs of individual directors and to address the development needs of the Board as a whole with a view to enhancing its overall effectiveness as a team;
- To manage and solve conflict (if any) amongst the Board members and to also ensure freedom of opinion in the Board;
- To promote highest moral, ethical and professional values and good governance throughout the Company.

Role of CEO

The CEO is responsible for putting the strategy defined by the Board into practice. The CEO's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short-term goals and plans. The main responsibilities of the CEO are as follows:

- To develop strategies involving the executive team, for the implementation of decisions established by the Board and its Committees;
- To maintain an effective communication with the Chairman and bring all important Company matters to the attention of the Board;

- Responsible for working in the best interest of the Company and directing its overall growth by achieving and surpassing the performance targets set by the Board;
- Oversee the implementation of the Company's financial and operational plans in accordance with its business strategy. Identify the potential avenues for diversification and investments and recommend plans/proposals to the Board for its approval;
- To ensure that all strategic and operational risks are effectively managed to an acceptable level and that adequate system of internal controls is in place for all major operational and financial areas;
- To develop Key Performance Indicators (KPIs) of the Company for the approval of Board and ensure dissemination of the same throughout the organization as the standards of performance at both individual and collective levels;
- To communicate on behalf of the Company with shareholders, employees, government authorities, other stakeholders and the public; and
- To promote highest moral, ethical and professional values and good governance throughout the Company.

How the Board Operates and the Matters Delegated to the Management

Board's Functions

The function of the Board is governance of the Company. The Board performs its duties by giving guidelines to the management, setting performance targets and monitoring their achievements.

The primary role of the Board of Directors of the Company is to enhance shareholder value. The Board is concerned with Strategic matters and overseeing the business of the Company in light of emerging risks and opportunities on a regular basis. The Board is also involved in establishing and reviewing the strategies, yearly targets and financial objectives of the Company. Major functions of the Board include:

- Providing strategic direction to the Company keeping in view market growth, macro-economic factors and political factors arising from time to time;
- Reviewing business performance of the Company including key business indicators for sales, cost optimization, profitability and sustainability;
- Held periodic reviews of Key Judgement areas and provide guidance to the management wherever required;
- Oversight of regulatory and compliance risks;
- Performing detailed review and approval of CAPEX investments in each quarter; and
- Discuss Board's effectiveness and conduct Annual Performance Evaluation of the Board and its Committees.

Management's Functions

Management is primarily concerned with setting in motion the strategies approved by the Board of Directors. It is the responsibility of management to operate the day-to-day business affairs of the Company in an effective and ethical manner in conformity with the strategies and goals approved by the Board and to identify and manage the principal risks and opportunities, which could affect the Company in the course of carrying out its business.

Management is also concerned with keeping the Board members updated regarding any changes in the operating environment. It is also the responsibility of the management, with the supervision of the Board and its Audit Committee, to prepare financial statements that fairly present the financial position of the Company in accordance with applicable financial reporting standards and legal requirements.

Annual Appraisal of the Board's Performance

As per the criteria of Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of Directors are required to carry out an annual evaluation of their performance and its committees' performance. This year, the evaluation was carried out by the Board of Directors of the Company, and the results were found to be satisfactory.

The following major criteria are used to measure the Board's own performance and its committees, including the CEO and the Chairman:

- The Board demonstrates integrity, credibility, trustworthiness, and active participation in its affairs, and has the ability to handle conflict constructively;
- The Board provides guidance and direction, rather than management to the Company;
- The Board reviews management succession planning as needed;
- The level of communication between the Board and relevant parties (i.e., committees, auditors, management and business heads, etc.) is appropriate;
- The Board reviews the adequacy of internal controls and risk management procedures;
- The Board has developed a strategy for the organization that is central to its vision and mission statement;
- The Board receives signals of potential issues that may adversely affect the Company's key targets or financial performance; and
- The Board ensures that professional standards and corporate values are put in place that promotes integrity for the Board, senior management, and employees in the form of the Company's Code of Conduct.

Directors' Orientation

The Company has made sufficient arrangements to carry out orientation sessions for their directors to acquaint them with company's operations, applicable laws and regulations and their duties and responsibilities in order to enable them to effectively govern the affairs of the company on behalf of shareholders. Non-executive directors are provided with exposure to operating management and major customers of the Company on a regular basis throughout the year. Moreover, non-executive directors may elect to contact any employee, customer, advisor or supplier of the Company.

Directors' Training Program

All directors of the Company have either acquired the prescribed certification under the Directors' training program or are exempted based on their education and experience.

Approved Policy for Related Party Transactions

The Board of Directors have approved a Policy for Related Party Transactions, which require that the Company shall carry out transactions with its related parties on an arm's length basis in the normal course of business. The term 'arm's length' entails conducting business on the same terms and conditions as the business between two unrelated / un-concerned persons. The policy specifies that all transactions entered into with related parties shall require Board's approval on the recommendation of the Board's Audit Committee, which is presided by an independent director of the Company.

Details of all related party transactions, along with the basis of relationship

Related party relationship and transactions are disclosed in Note 45 of the Unconsolidated financials statements and Note 47 of the Consolidated financial statements in this annual report.

Director's Interest

Since Ismail Industries Limited and its Subsidiaries are engaged in diversified businesses, often some directors are interested in certain transactions due to their common directorships in the Group companies. Accordingly, the matter of approval of related party transactions is presented to the general meeting of the shareholders for their approval. In the last Annual General Meeting (AGM), the Company had also obtained approval from shareholders authorizing the Board of Directors of the Company to approve transactions with related parties for the financial year ended June 30, 2024, which will then be placed before the shareholders for their ratification/approval in the next AGM. The Company will place the related party transactions carried out during the year ended June 30, 2024 before the Annual General Meeting for obtaining shareholders' approval for the same.

Board's Significant Policies

Policy for Governance of Risk and Internal Controls

The Company's risk management framework is designed to assess and mitigate risks in order to minimize their potential impact and support the achievement of long-term purpose and business strategy. Risk assessment is performed regularly to create a good understanding of the company's key risks, to allocate ownership to drive specific actions around them and take any relevant steps to address them.

Due to their critical importance, our material issues and principal risks are integrated into our business planning processes and monitored on a regular basis by our Board of Directors. Strategic, Commercial, Operational, Financial and Compliance risks are

ranked based on their impact on the Company and probability of occurrence. Upon identification of risks, mitigating strategies and action plans are developed, implemented and monitored.

Policy on Gender Diversity

We place a strong focus on the value of gender equality and diversity throughout all divisions of the Company and ensures gender diversity in all areas of operation, including the composition of the Board. Our goal is to establish a working environment in which the diversity and gender equality are actively leveraged to further meet the company's strategic goals effectively.

Disclosure of Director's Interest in Significant Contracts / Conflict of Interest of Board Members

In order to avoid any known or perceived conflict of interest, formal disclosure of vested interests is encouraged under the Code of Business Ethics and the Policy for Conflict of Interest relating to Board of Directors, approved by the Board. The Code and the Policy comprises of not only the principles provided under the regulatory requirements but also encompasses global best practices as well. The board members are responsible for appropriate self-disclosure in a transparent manner and in the case of doubtful situation, are advised to discuss it with the chair of the meeting for guidance. Board members' suggestions and comments during their proceedings are accordingly recorded for evaluation, in addition to description and quantification of any foreseen conflict of interest prior to finalization of the proceedings' agenda.

Policy for Remuneration to Non- Executive Directors

Through the Articles of the Company, the Board of Directors is authorized to fix remuneration of Non-Executive and Independent Directors from time to time. The Board of Directors has approved a 'Remuneration Policy for Directors and Members of Senior Management'; the salient features of which are:

- The Company will not pay any remuneration to its nonexecutive directors. and
- A Director shall be provided or reimbursed for all travelling, boarding, lodging and other expenses incurred by him for attending meetings of the Board, its Committees and/or General Meetings of the Company.

Foreign Directors

The Company does not have any foreign directors on the Board and therefore the need for security clearance is not required.

Details of Any Board Meetings Held Abroad

Since all the directors of the Company are based in Pakistan, no meeting of the Board of Directors of the Company was held abroad.

Human Resource Management Policy & Succession Planning

As we continue our journey of growth, the role and the development of human resources becomes all the more critical. The Company has a demonstrated track record of employing talented human resources across all its functions, which ensures availability of competent personnel for each department, in terms of an individual's potential, qualification, experience and professional attitude amongst other factors. At Ismail Industries Limited, we form and retain a motivated workforce fully equipped to steer the Company towards achieving its vision and mission through consistent focus on grooming by way of training and development in addition to providing them with market commensurate compensation packages. This is in line with Company's progressive and forward-looking Succession Planning Policy, which transforms existing talent into a competent workforce capable of occupying future strategic positions. The Policy is periodically updated in line with the Company's requirements and career growth objectives.

Social and Environmental Responsibility Policy

Ismail Industries has formulated an efficient policy for Social and Environmental responsibilities which lays down the Company's commitment towards creating a more equitable and inclusive society by supporting processes which lead to sustainable transformation and social integration. Our primary focus of social responsibility is to craft business policies that are ethical, equitable, environmentally conscious, gender sensitive and also takes care of the differently-abled. The Company ensures that all social and environmental dimensions are considered when developing its strategies, policies, practices and procedures.

The following items are the guiding principles of our Social and Environmental Responsibility Policy:

- To promote any/all development that has economic, social and environmental implications;
- To respect human rights and condemn any/all practices that result in any type of discrimination or violation of these rights;
- Energy conservation;
- To embrace and understand that ethics and transparency are the founding pillars that will solidify our relationship with all stakeholders;
- Occupational health & safety;
- Environmental protection measures; and
- To promote fair business practices.

Communication with stakeholders

We are fully committed to develop effective working relationships with all our stakeholders. Throughout all our business dealings, we have provided stakeholders with opportunities to provide meaningful input into management decision-making. The Company endeavors to provide full and fair disclosure of all material information to its stakeholders besides providing a wide range of information about strategy and financial information through its Annual Report and website for all stakeholders. The Company also undertakes corporate briefing sessions with the investors / research analysts to update them on the Company's performance and future plans. The policy enables Ismail Industries to utilize a variety of methods to stimulate stakeholder's engagement and to understand how to best deal with them. The strategies resulting from various engagements are tailored to suit business decisions, activities and processes.

Frequency of communication with stakeholders is based on the corporate and business requirements as laid down by the Code of Corporate Governance, contractual obligations or as and when required. Employee communication is undertaken through emails, employee portals and electronic bulletin boards.

Investors Grievance Policy

At Ismail Industries, we value our relationships the most. We have earned the trust of our investors and are fully committed to sustain it. Thus to set guidelines for handling and addressing Investors' and Shareholders' grievances effectively and ensuring Investors'/Shareholders' satisfaction, an Investor Grievance Policy has been formulated. The objective of this Policy is to safeguard and protect the interest of all investors and shareholders, while ensuring that their grievances are resolved quickly and efficiently.

Employee Health and Safety Policy

Ismail Industries has very high regard for the health and safety of its employees. The Company ensures that all HSE related dimensions are considered when developing its strategies, policies, practices and procedures. The key elements of Health and Safety policy are as follows:

- To take all necessary steps to ensure that operational practices comply with the stipulated procedures as well as with national and international regulations, guidelines and standards;
- Provide effective Quality, Health, Safety and Environmental training to all employees, drivers and sub-contractors, which will enable them to produce quality products, eliminate personnel injury, reduce environmental risks and to protect assets of the plant;
- Training shall be provided with the goal to prevent, prepare and respond to emergencies in a timely and effective manner to ensure zero or minimal impacts on Health, Safety and environment from our activities;
- Necessary health and Safety induction shall be given and all the staff shall be required to wear / use personal protective equipment; and
- All procurement of goods and services shall be made with a view to minimize impact on the environment and ensure personnel safety.

Whistle Blower Policy

An important aspect of accountability and transparency is a mechanism to enable all individuals to voice concerns internally in a responsible and effective manner when they discover information which they believe shows serious malpractice.

Our whistle-blower policy is therefore fundamental to the organization's professional integrity. In addition, it reinforces the value the organization places on staff to be honest and respect their colleagues. It provides a method of properly addressing

bona fide concerns that individuals within the organization might have, while also offering whistle-blowers protection from victimization, harassment or disciplinary proceedings.

Fundamental elements of our Whistle Blower Policy:

- All staff are protected from victimization, harassment or disciplinary action as a result of any disclosure, where the disclosure is made in good faith and is not made maliciously or for personal gain;
- All disclosures are required to be made in writing;
- Disclosures made anonymously are not entertained;
- Disclosures made are fully investigated including interviews with all the witnesses and other parties involved;
- All whistle-blowers' disclosures made are treated as confidential and the identity of the whistle-blower is protected at all stages in any internal matter or investigation;
- Disciplinary action (up to and including dismissal) may be taken against the wrongdoer depending on the results of the investigation; and
- There are no adverse consequences for anyone who reports a whistle-blowing concern in good faith. However, any individual found responsible for making allegations maliciously or in bad faith may be subject to disciplinary action.

Safety of Records Policy

The company is effectively implementing the policy to ensure the safety of records. All records must be retained for as long as they are required to meet legal, administrative, operational and other requirements of the Company.

Company's Approach to Managing and Reporting Policies

The Company's approach to managing and reporting policies related to procurement, waste, and emissions is aligned with our commitment to minimizing our environmental impact, promoting responsible resource management, and contributing positively to the communities in which we operate. As a reputed employer we are cordially concerned to take relevant actions & adopt suitable practices to monitor and manage procurement, waste and emissions effectively.

Business Continuity and Disaster Recovery Plan

The Board of Directors ensures that the Company has an updated Business Continuity and Disaster Recovery plan in place for the continuity of Company's business and operations in case of any extra ordinary circumstances. The comprehensive plan is designed to ensure the protection of overall company's operations and assets along with regular archival and system-backups at remote sites. The Board has ensured that management has put in place adequate systems of IT Security, real-time data backup, off-site storage of data backup and identification of critical persons for disaster recovery. It has also ensured that the disaster recovery plan is regularly tested to ensure the readiness of the IT systems in case of any disaster.

Compliance with the Best Practices of Code of Corporate Governance

Living up to its standard, the Board of Directors has throughout the financial year 2023-24, complied with the requirements for Code of Corporate Governance, the listing regulations and the requirements of Applicable Financial Reporting Framework as prescribed by Securities & Exchange Commission of Pakistan (SECP). Statement of compliance with the Code of Corporate Governance and related review report by the Company's Auditors are included in this Report.



Statement on the evaluation and enforcement of legal and regulatory implications of cyber risks

As part of its evaluation of all risks facing the business, the Board has also evaluated the cyber risks and enforcement of legal and regulatory implications in case of any breaches. For this purpose, the Company has taken sufficient measures to ensure its network security and has implemented stringent controls to protect its data privacy. The Company has also validated its network security through various internal and external audits.

Disclosure related to IT governance and cybersecurity programs, policies and procedures

III has a well-implemented IT Governance Policy which seeks to ensure that IT is aligned with III's organizational goals and strategies and delivers value to the organization. The policy is designed to promote effective, efficient, timely, and informed decision-making concerning III's IT investments and operations. Specifically, the policy aims to establish the IT governance structure and its associated procedures, roles and responsibilities, as a critical component of the overall IT Management (ITM) Framework.

III's IT Governance Policy is mainly charged with:

- Establishing a shared vision of how IT can add value to the organization;
- Establishing IT goals and the strategies for achieving those goals;
- Establishing principles and guidelines for making IT decisions and managing initiatives;
- Establishing and communicating organizational IT priorities;
- Determining IT priorities in resource allocation;
- Establishing, amending and retiring as necessary, organizational IT and other technology related policies; and
- Determining the distribution of responsibility between the IT Department and the end user.

Cybersecurity and Board's risk oversight

The Board's audit committee while performing risk oversight function also reviews and evaluates the cybersecurity risks. The budgets and capex for Network upgradation and strengthening cyber security are approved by the Board, after detailed presentation by the management. Internal Audit department regularly performs network and cyber security audits, the results of which are presented to the Board's Audit Committee.

Company's controls about early warning system

Company has implemented adequate controls and procedures about early warning systems. As preventive controls, the Company regularly updates its operating system and anti-virus programs so that its operating and application systems remain updated against any vulnerability. Moreover, Incident Management policies and procedures are in place.

IT Security Policy

The objective of Information Security is to ensure the continuity of business of the company and to minimize business damage by preventing and limiting the impact of security incidents.

Policy

The purpose of the Policy is to protect the Company's information assets from all types of threats including cybersecurity threats, whether internal or external, deliberate or accidental. These assets relate to the information stored and processed electronically.

It is the Policy of the Company to ensure that:

- Information will be protected against unauthorized access;
- Confidentiality of information will be assured by protection from unauthorized disclosure or interruption;
- Integrity of information (its accuracy and completeness) will be maintained by protecting against unauthorized modification;
- Regulatory and legislative requirements will be met, including record keeping, according to Information Security Management System standards;
- Disaster Recovery Plans will be produced, maintained, and tested, to ensure that information and vital services are available to Company when needed;
- Information on security matters will be made available to all staff;
- All breaches of information security, actual or suspected, will be reported to and investigated by the Cybersecurity team; and
- The controls, rules, and procedures for all individuals accessing and using an organization's IT assets and resources.

Industry-specific requirements for cybersecurity and strategy

The Board has approved and enforced IT teams to implement multiple controls for cybersecurity attacks and risks mitigation.

The IT team has implemented multiple controls like next generation edge network firewalls, user end-point security system, email security gateway and user access policy and procedures as best industry practices to ensure secured environment from any type of cybersecurity threats.

Board's risk oversight function for Cybersecurity

When it comes to cybersecurity governance, the Board of Directors has specifically assigned agenda to IT team to align with management on the appropriate risk appetite related to cybersecurity.

Management engagement with the board

The Board's audit committee while performing risk oversight functions also reviews and evaluates the cybersecurity risks. Internal Audit department regularly performs network and cyber security audits, the results of which are presented to the Board's Audit Committee.

Controls and procedures about cybersecurity risks and incidents

Networks and systems are constantly evolving due to threats, organizational growth or new regulatory & business requirements. Traditional analysis products focus on recording and identifying company-wide threats through logging, analysis and reporting over time.

Company has deployed multiple systems to secure IT systems and data i.e. network firewall, email security gateway and end point security systems which are all monitored by system and firewall log analyzer.

Managing Contingencies

The Board has approved and continuously reviews the IT Policy and Business Continuity Plan of the Company. The management has arranged offsite data storage facilities. All the key records are being maintained at different locations. Employees are aware of the steps required to be taken in case of any emergency.

Business Continuity Plan

Business Continuity Planning is a process used to develop a practical plan for how a business can recover or partially restore critical business activities within a predetermined timeframe after a crisis or disaster.

Manufacturing Facilities

The Company's manufacturing facilities are located in Karachi, Hub and Lahore and are state-of-the-art construction. The buildings are fire-resilient and fully equipped with modern firefighting equipment. It also meets HSE requirements at all levels. Hence, it has a lesser probability of disruption of operations.

Advancement in digital transformation

In the past few decades, a fourth industrial revolution has emerged, known as Industry 4.0. It takes the emphasis on digital technology from recent decades to a whole new level with the help of interconnectivity through the Internet of Things (IoT), access to real-time data, and the introduction of cyber-physical systems. Industry 4.0 offers a more comprehensive, interlinked, and holistic approach to manufacturing. It connects physical with digital and allows for better collaboration and access across departments, partners, vendors, products, and people.

Industry 4.0 empowers business owners to better control and understands every aspect of their operation, and allows them to leverage instant data to boost productivity, improve processes, and drive growth. There are hundreds of concepts and terms (ERP, IoT, RPA, Block Chain, AI, Big data, Cloud Computing etc) that relate to Industry 4.0, but we have to decide in which domain we want to invest in Industry 4.0 solutions as per our business requirement.

In our case, board of directors decided to invest in SAP and Cloud computing to improve business process management tools and reporting that can be used to manage information across an organization.

They decided to migrate the company's on-premises SAP ERP solution to SAP S/4HANA on the cloud. The Company has now moved towards SAP S/4HANA and success factors on cloud. Multiple cloud service provider solutions have been reviewed and evaluated by the Board and finalized one cloud service provider.

FORWARD LOOKING STATEMENT



Projections About Known Trends and Uncertainties

The new government has placed a strong emphasis on economic stability and growth. Notably, it successfully negotiated a new IMF program and secured a long-term IMF agreement: a 36-month Extended Fund Facility worth approximately USD 7 billion. This program aims to support the government's efforts to stabilize the economy and create conditions for stronger, more inclusive, and resilient growth. By reducing uncertainty in the financial landscape, the initiative provides stability and predictability for businesses and investors. Additionally, it opens opportunities for further borrowing from other international lenders and friendly nations, thereby enhancing financial flexibility.

Additionally, recent inflation trends showing a decline have led to positive real interest rates for the first time in three years, suggesting potential for a cut in interest rates in the upcoming fiscal year. The government has eliminated exemptions in specific sectors while announcing new tax measures in several areas to generate additional revenue in the coming fiscal year, meeting the International Monetary Fund's criteria for tax enhancement. In particular, change of tax regime for export sales will have significant impact on taxability of export-oriented industries.

The Company remain committed to leveraging its diverse portfolio to sustain strong earnings. The company's robust financial position is a testament to the management's efforts in ensuring operational efficiencies, making prudent investment decisions, and enhancing shareholder value.

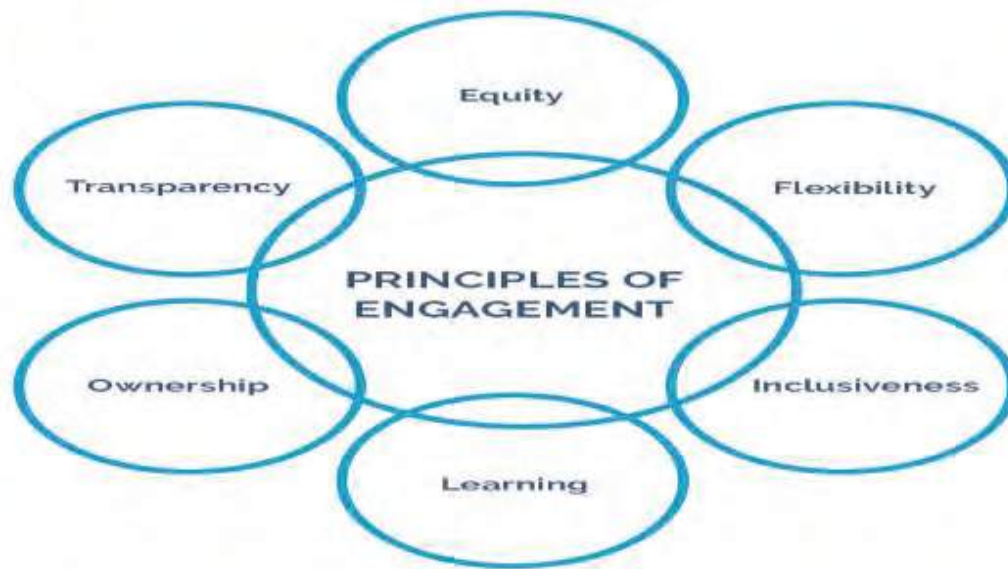
Financial Projections

With a very high capacity of 298,356 metric tons of food processing, the Company will continue to be a key driver of growth in the Pakistani confectionary and food industry and is well-positioned to maintain its leading position. However, it is important to recognize ongoing challenges. Any further depreciation of the PKR and potential increases in energy tariffs could exert additional pressure on the industry's profit margins. Therefore, while there are encouraging signs, caution and strategic planning are still necessary to navigate this complex economic environment.

Our revenue is likely to grow and finance cost is likely to reduce in the coming year but profitability will be highly dependent on power tariffs. The company is continuously exploring new markets and has maintained exports to different regions.

Sources of Information and Assumptions Used for Projections / Forecasts

The future projections and forecasts are made by making certain assumptions, keeping in mind the macroeconomic conditions, historical trends, and prospective developments, as well as other factors that might impact the food industry. The external information, such as macroeconomic factors, market dynamics, etc. is obtained through various publications and forums, such as ICAP, PBC, SBP, PSX, SECP, KCCI etc.



Stakeholder's engagement policy of the Company

The Company is fully committed to developing effective working relationships with all our stakeholders and makes efforts to resolve issues that occur while carrying out its business dealings. We believe that Company's value depends on the trust placed in us by stakeholders and promote dialogue with them. The Company proactively advises all stakeholders of its business operations keeping in mind corporate policies and government regulations. Throughout all its business dealings, the Company has provided stakeholders with opportunities to provide meaningful input into management decision-making.

The policy, to a certain extent, allows stakeholders to understand how their views affect the Company's decision-making process. The Company endeavours to provide full and fair disclosure of all material information to its stakeholders besides providing a wide range of information about strategy and financial information through its Annual Report and website for all stakeholders. The policy enables the Company to utilize a variety of methods to stimulate stakeholders' engagement and to understand how to best deal with them. The strategies resulting from various engagements are tailored to suit business decisions, activities and processes. With respect to engagement with its stakeholders, the Company is committed to:

Being open and honest with all stakeholders;

- Providing accurate and timely information to all stake holders;
- Listening and responding to stakeholder views and concerns;
- Evaluating the effectiveness of stakeholder's engagement activities and working continuously to improve engagement performance.

Frequency of engagements is based on the corporate and business requirements as laid down by the Code of Corporate Governance, contractual obligations or as and when required. Employee communication is undertaken through emails and employees' portal.

Identification of Key Stakeholders

The Company has identified its various stakeholders such as Shareholders, Employees, Suppliers, Customers, Institutional Investors, Lenders, Regulators etc. Accurate identification of key stakeholders enables the Company to direct its capitals equitably towards right relationships and activities. The Company assesses stakeholders on the following criteria:

- Does the stakeholder have a fundamental impact on the Company?
- Can the Company identify what it wants from the stakeholder?
- Does the Company want the relationship to grow?
- Can the Company exist without the stakeholder or can easily replace the stakeholder?
- Has the stakeholder already been identified through another relationship?

Stakeholder Engagement Process

| Stakeholders | Engagement Process | Frequency of Engagements |
|---------------------------|--|---|
| People | <ul style="list-style-type: none"> • Constant health and safety trainings, vaccination and blood testing drives along with external surveys of plant safety to ensure employee wellbeing; • Trainings based on competency framework to build capable leadership Interdepartmental trainings, meet ups and group plant visits to bring cross-functional appreciations; • Goal-setting and own performance reviews to ensure self-aware employees; • Highly competitive compensation despite challenging economic environment. | Continuous |
| Customers & Suppliers | <ul style="list-style-type: none"> • Conducting frequent surveys with our customers to improve services and address their needs on a priority basis; • Maintaining close relationship with customers, through collecting consumer insights, in order to understand their needs; • Organized plant visit to distributors / customers to further strengthen their confidence in quality of products. | Continuous |
| Local communities | <ul style="list-style-type: none"> • To understand needs of communities and support the people, we partnered with several institutions for innovation and sustainability. | Continuous |
| Shareholders and Analysts | <ul style="list-style-type: none"> • Open and honest communication during General Meeting and Corporate Briefings session; • Issuance of quarterly reports to keep shareholders and analysts well informed of all the ongoing activities of the Company. | Annually with regard to General Meetings and Quarterly with regard to issuance of reports |
| Regulators | <ul style="list-style-type: none"> • We monitor and adhere to all the rules, regulations, policies and governance practices as required by regulators such as PSX, SECP, FBR etc. | Continuous |
| Lenders | <ul style="list-style-type: none"> • We ensure that our lenders are informed of our strategic decisions which affect their financial exposure. • We strive to comply with the agreed timelines and secure lenders' interest. | As and when required |

Encouragement of Minority Shareholders to Attend the General Meeting

The management of the Company believes that shareholders are valuable. Each shareholder is important to the Company irrespective of the holding and voting power.

We value our investors, their concerns and their grievances (if any). The notices of General Meetings and Corporate Briefing Sessions are circulated by the Company within the regulatory time frames to the registered addresses of the shareholders (including minority shareholders). We take the following steps to encourage the minority shareholders to attend the general meetings:

1. Notice of the meeting is sent to all the shareholders at least 21 days before the meeting;
2. Notices are published in the English and Urdu newspapers having country-wide circulation;
3. QR Code of the Annual Report of the Company along with the printed proxy forms are circulated to every shareholder. The proxy form enables them to nominate someone to attend the meeting on their behalf; and
4. Notices are posted on the Company's website and disseminated to PSX for better reach to the shareholders.

We encourage and appreciate two-way communication in the general meeting and listen to our shareholders' views and concerns.

Redressal of Investors' Complaints

The management of the Company is committed to provide equal and fair treatment to all investors/shareholders through transparent investor relations, increased awareness, effective communication, and prompt resolution of investors'/shareholders' complaints. During the year, no complaint from investors has been received.

Issues Raised in the Last AGM

General queries and clarifications sought by shareholders regarding the agenda points were resolved to their satisfaction. Apart from those queries, no significant issue or concern was raised.

Corporate Briefing Sessions

The Company continues to maintain a healthy relationship with investor community by holding Corporate Briefing sessions annually, whereby the company appraises the local and foreign investor base about the entity's business environment as well as the economic indicators of the country. The company also takes this as an opportunity to brief analysts regarding its performance and investment decisions.

Corporate benefits to shareholders

The Company paid total cash dividend of Rs. 12/share (including interim dividend of Rs 10 per share) for the year ended June 30, 2023. Further for financial year ending June 30, 2024, the Board of Directors has proposed cash dividend of Rs 10 per share to be presented in upcoming AGM for shareholder's approval.

Statement of Unreserved Compliance of International Financial Reporting Standards Issued by International Accounting Standards Board



The Company prepares unconsolidated and consolidated financial statements in accordance with the applicable financial reporting standards as applicable in Pakistan. The applicable financial reporting standards comprise of:

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

There were certain amendments to accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated financial statements.

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

The Company is striving to meet excellence in corporate reporting. The Company continuously strives to meet the best corporate reporting standards and create values for its stakeholders. The Company aims to achieve excellence in fair and transparent reporting along with consistent improvement in the quality of the information disclosed within the report.

This helps stakeholders to gain a deeper understanding of the Company's strategy, governance, performance, and prospects in the context of its external environment. The Board of Directors / Management is committed in providing stakeholders a concise and transparent assessment of our value chain process including the business model, risks, processes, strategies, governance, and opportunities in an orderly manner.

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Year Ended June 30, 2024

Ismail Industries Limited

Ismail Industries Limited (hereinafter referred to as “the Company”) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, (“the Regulations”) in the following manner:

1. The total number of directors are seven as per the following:

- a) Male: **Six***
- b) Female: **One**

* Male directors include CEO.

2. The composition of the Board is as follows:

| Category | Name |
|-------------------------|------------------------------|
| Independent Directors* | Mr. Muhammad Zubair Motiwala |
| | Ms. Tasneem Yusuf |
| Non-Executive Directors | Mr. Muhammad M. Ismail |
| | Mr. Maqsood Ismail Ahmed |
| | Mr. Hamid Maqsood Ismail |
| Executive Directors | Mr. Munsarim Saifullah |
| | Mr. Ahmed Muhammad |
| Female Director | Ms. Tasneem Yusuf |

* Regulation 6(1) of the Regulations stipulates the mandatory requirement for each listed company to have at least two or one-third members of the Board, whichever is higher, as independent directors. The current Board of Directors of the Company comprises seven members, which constitutes 2.33 as one-third of total number of directors. As the fractional value falls below 0.5, rounding up to one is not warranted. This is particularly so due to the fact that the present independent directors possess the requisite skills, knowledge, and diversified work experience essential for rendering independent decisions in the best interests of the Company.

- 3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
- 4. The Company has prepared a Code of Conduct and ensured that appropriate steps have been taken to disseminate it throughout the Company, along with its supporting policies and procedures.
- 5. The Board has developed a vision and mission statement, overall corporate strategy, and significant policies of the Company. The Board has ensured that a complete record of particulars of the significant policies, along with their dates of approval or updating, is maintained by the Company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017, (the Act) and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. 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.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All Directors of the Company have completed or are exempted from the requirements of the Directors' Training program.
10. The Board had approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations.
11. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
 - a) Audit Committee
 - Ms. Tasneem Yusuf - Chairperson
 - Mr. Muhammad M. Ismail - Member
 - Mr. Maqsood Ismail Ahmed - Member
 - b) Human Resource and Remuneration Committee
 - Mr. Muhammad Zubair Motiwala - Chairman
 - Mr. Maqsood Ismail Ahmed - Member
 - Mr. Hamid Maqsood Ismail - Member
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees were as per following:
 - a) Audit Committee – 5 meetings held during the year
 - b) Human Resource and Remuneration Committee – 1 meeting held during the year
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The Company is committed to maintaining the highest standards of corporate governance, including adherence to Environmental, Social, and Governance (ESG) principles. We have implemented policies

and practices that ensure our compliance with all applicable ESG regulations, as required by the Securities and Exchange Commission of Pakistan (SECP).

Our environmental initiatives focus on reducing our carbon footprint, optimizing resource usage, and managing waste responsibly. Socially, we prioritize employee welfare, diversity, and community engagement, while our governance framework is designed to uphold transparency, accountability, and ethical business conduct. We continually review and enhance our ESG strategies to align with international best practices and stakeholder expectations.

17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firms involved in the audit are not a close relative (spouse, parent, dependent, and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, or Director of the Company.
18. 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 requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied.



MUHAMMAD M. ISMAIL

Chairman

Karachi: August 28, 2024

To the members of Ismail Industries 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 Ismail Industries Limited (the Company) for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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



Grant Thornton Anjum Rahman
Chartered Accountants

Karachi

Dated: August 30, 2024

UDIN: CR202410093F37cO21WV

To the Board of Directors on the Statement of Compliance with the Shariah Governance Regulations 2018 and Sukuk (Privately Placed) Regulations 2017

Scope of our Work

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (SECP) has required in terms of its Shariah Governance Regulations, 2018 and Sukuk (Privately Placed) Regulations, 2017 (the Regulations) for assessing compliance of the Ismail Industries Limited's (the Company) financial arrangements, contracts, and transactions in relation to the issue of Sukuk-I amounting to Rs. 4,000 million and Sukuk-II amounting to Rs. 6,000 million (collectively referred to as "the Sukuk" having Shariah implications with Shariah principles for the period ended June 30, 2024. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah scholars.

Applicable Criteria

The criteria for the assurance engagement, against which the Statement of Compliance with the Shariah Governance Regulations, 2018 and Sukuk (Privately Placed) Regulations, 2017 for the period ended June 30, 2024 (the Statement) (underlying subject matter information) is assessed comprises of compliance with the features and Shariah requirements of the Sukuk in accordance with the requirements of the Regulations. Our engagement was carried out as required under Regulation 21 of Chapter VII of the Regulations in the light of the following:

- a. rules, regulations and directives issued by the SECP;
- b. pronouncements of the Shariah Advisory Board;
- c. Shariah Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, as adopted by the SECP, if any;
- d. requirements of the applicable Islamic Financial Accounting Standards as notified by the SECP, if any; and
- e. approvals and rulings given by the Shariah Advisor of the Company in line with the Regulations and in accordance with the rulings of the Shariah Advisory Board.

The above criteria were evaluated for their implications on the financial statements of the Company for the year ended June 30, 2024, which are annexed.

Responsibility of the Company's Management

The responsibility for the preparation and fair presentation of the Statement (the subject matter information) and for compliance with the features and Shariah requirements of the Sukuk in accordance with the requirements of the Regulations is that of the management of the Company. Further, the Company's management is responsible to ensure that the financial arrangements, contracts and transactions, in relation to the Sukuk, having Shariah implications, entered into by the Company and related policies and procedures are in compliance with the Shariah principles as per the Criteria. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records. The management is also responsible to ensure that the personnel involved are conversant with the Criteria for the purpose of the Company's compliance.

Our Independence and Quality Control

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.

The firm applies International Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, And Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of Independent Assurance Provider

Our responsibility in connection with this engagement is to express our conclusion on the Statement based on our independent assurance engagement, performed in accordance with International Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the annexed Statement reflects, in all material respects, the status of the Company's compliance with the features and Shariah requirements of the Sukuk in accordance with the requirements of the Shariah Governance Regulations, 2018 and Sukuk (Privately Placed) Regulations, 2017 and is free from material misstatement.

The procedures selected by us for the engagement depend on our judgement, including an assessment of the risks of material non-compliance with the Criteria. In making those risk assessments, we considered and tested the internal control relevant to the Company's compliance with the Criteria in order to design 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. We have designed and performed necessary verification procedures on various financial arrangements, contracts and transactions having Shariah implications and related policies and procedures based on judgmental and systematic samples with regard to the compliance with the Criteria.

We believe that the evidence we have obtained through performing our procedures is sufficient and appropriate to provide a basis for our opinion.

Conclusion

Based on our reasonable assurance engagement, in our opinion, the Statement reflects, in all material respects, the status of the Company's compliance with the features and Shariah requirements of the Sukuk in accordance with the requirements of the Shariah Governance Regulations, 2018 and Sukuk (Privately Placed) Regulations, 2017 and is free from material misstatement.

Restriction on use and distribution

This report is issued in relation to the requirements as stipulated under Regulation 21 of Chapter VII of the Shariah Governance Regulations, 2018 and is not to be used for any other purpose. This report is restricted to the facts stated herein and the annexed Statement.



Grant Thornton Anjum Rahman
Chartered Accountant

Name of Engagement Partner: **Khurram Jameel**
Date: August 30, 2024
Karachi.

Statement of Compliance with the Shariah Governance Regulations, 2023 & Sukuk (Privately Placed) Regulations 2017

For The Period Ended June 30, 2024

This Statement of Compliance (the Statement) for the period ended June 30, 2024, is being presented to comply with the requirements under the Shariah Governance Regulations, 2023 and Sukuk (Privately Placed) Regulations, 2017 (the Regulations) issued by the Securities and Exchange Commission of Pakistan (SECP).

The financial arrangements, contracts and transactions, entered into by Ismail Industries Limited (the Company) in respect of Sukuk-1 amounting to Rs. 4 billion and Sukuk-2 amounting to Rs. 6 billion (collectively referred to as "the Sukuk") for the period ended June 30, 2024, are in compliance with the Sukuk features and Shariah requirements in accordance with the Regulations.

We also confirm that:

- The Company has established procedures and processes for all Sukuk related transactions to comply with Sukuk features and applicable Shariah governance law requirements.
- The Company has implemented and maintained such internal control and risk management system, that the management determines necessary to mitigate the risk of non-compliances of the Sukuk features and applicable Shariah governance law requirements, whether due to fraud or error.
- The Company has a process to ensure that the management and, where appropriate authorized personnel responsible to ensure the Company's compliance with the Sukuk related features and applicable Shariah governance law requirements, are properly trained and systems are properly updated.

We also confirm that the Company in respect of the Sukuk is in compliance with:

- a) Rules, regulations and directives issued by the SECP;
- b) Pronouncements of Shariah Supervisory Board;
- c) Requirements of the applicable Islamic Financial Accounting Standards as notified by the SECP, if any; and
- d) Approvals and rulings given by the Shariah Advisor of the Sukuk which are in line with the Regulations and in accordance with the rulings of Shariah Advisory Committee.



Munsarim Saifullah
Chief Executive Officer



Closure Report - Ismail Industries Limited Short Term Sukuk I of PKR 4,000,000,000/-

The purpose of this Closure Report is to provide an opinion on the Shariah compliance status of the Rated, Privately Placed, Unsecured Short Term Sukuk I for PKR 4,000,000,000/- (Pak Rupees Four Billion) issued by Ismail Industries Limited (the “Company”).

It is the core responsibility of the Company to manage the Sukuk in such a manner which is in compliance with the Shariah principles as laid out in the Shariah Structure of Sukuk. In the capacity of Shariah Advisor, my responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the Sukuk. I express my opinion based on the review of the information, provided by the Issuer, to an extent where compliance with the Shariah guidelines can be objectively verified.

Keeping in view the above; I certify that:

To the best of my knowledge, I have reviewed the transaction, documents, procedures adopted by the Issuer with regards to the Sukuk which included the review of transactions and Musharaka Profit generated by the Company from the Musharaka business. I have found them to be in compliance with the Shariah guidelines.

On the basis of information provided by the Company, all operations and affairs seem to have been carried out in accordance with the principles and rules of the Shariah for the Sukuk Issue ended on August 13, 2024. The Sukuk is in compliance with the provided Shariah guidelines and there is no need to provide for any charity to purify the income.

Therefore, it is resolved that the investments in Sukuk issued by the Company is in accordance with Shariah principles as per the Shariah guidelines provided by Securities and Exchange Commission of Pakistan.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

And Allah knows the best.

Mufti Jumshaid Aslam

SECP Registered Shariah Advisor

Registration #: SECP/IFD/SA/069

Date: September 9, 2024



**UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

INDEPENDENT AUDITOR'S REPORT

To the members of Ismail Industries Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Ismail Industries Limited** (the Company), which comprise the unconsolidated statement of financial position as at **June 30, 2024**, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of material 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated 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 unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

| S. No. | Key Audit Matter | How the matter was addressed in our audit |
|--------|---|---|
| 1. | <p>Valuation of Stock-in-trade</p> <p>As at June 30, 2024 the Company's total stock-in-trade balance amounting to Rs. 12.64 billion as disclosed in note 11 which represents 25.96% of the total current assets of the Company. The value of stock-in-trade is based on the weighted average cost method for raw materials, packing materials and work in process and lower of weighted average cost and net realizable value (NRV) for finished goods, and invoice value plus other charges for stock in transit.</p> <p>The Company is required to measure its stock-in-trade at the lower of cost and NRV. There is an element of judgement involved relating to the valuation, which is required for the estimation of the net realizable value and allowance for slow-moving and obsolete stock-in-trade. Such estimation is made after taking into consideration factors such as movement in prices, current and expected future market demands and pricing competitions.</p> <p>This was the key audit matter because of its materiality and significance in terms of judgements involved in estimating the NRV of underlying stock-in-trade.</p> | <p>In response to this matter, our audit procedures included the following:</p> <ul style="list-style-type: none"> • Reviewed the management procedure for valuation of stock-in-trade and evaluating the NRV of stock in trade. • Observed physical counts at major locations to ascertain the condition and existence of stock-in-trade. • Tested the valuation method used by the management in valuation of stock in trade. • Reviewed stock-in-trade turnover ratios, understood and evaluated the appropriateness of the basis of identification of the obsolete stock-in-trade, tested the accuracy of the aging analysis of stock-in-trade on a sample basis, tested the cost of goods with underlying invoices and expenses incurred in accordance with stock-in-trade valuation method and reviewed the minutes of the relevant meetings at the board and management level to identify any indicators of obsolescence. • Compared the NRV to the cost of stock in trade whether any adjustment is required to value stock in trade in accordance with the accounting policy; and • Assessed the adequacy of the disclosures on stock-in-trade in these unconsolidated financial statements. |

Information Other than the Unconsolidated Financial Statements and Auditor's 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 unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Khurram Jameel**.



Grant Thornton Anjum Rahman
Chartered Accountants

Karachi

Date: August 30, 2024

UDIN: AR202410093ZtnP7jYQT

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

| | Note | 2024 ----- Rupees ----- | 2023 |
|---|------|----------------------------|-----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 6 | 32,638,829,824 | 28,838,283,325 |
| Intangible assets | 7 | 166,669 | 2,226,707 |
| Long term investments | 8 | 9,556,240,700 | 8,751,140,930 |
| Long term deposits | 9 | 26,866,015 | 26,314,265 |
| Total non-current assets | | 42,222,103,208 | 37,617,965,227 |
| Current assets | | | |
| Stores and spares | 10 | 729,082,278 | 628,624,878 |
| Stock-in-trade | 11 | 12,639,532,702 | 15,884,922,017 |
| Trade debts | 12 | 13,135,064,556 | 10,504,519,178 |
| Loans and advances | 13 | 4,720,911,032 | 3,217,437,351 |
| Loans to subsidiaries and associate - unsecured | 14 | 8,871,800,000 | - |
| Trade deposits and short term prepayments | 15 | 36,686,358 | 286,829,531 |
| Short term investments | 16 | 1,567,501,315 | 1,151,277,927 |
| Other receivables | 17 | 4,654,923,737 | 1,229,970,513 |
| Taxation and levies - net | 18 | 1,527,695,259 | 1,003,831,065 |
| Cash and bank balances | 19 | 811,363,761 | 1,530,218,047 |
| Total current assets | | 48,694,560,998 | 35,437,630,507 |
| Total assets | | 90,916,664,206 | 73,055,595,734 |

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

| | Note | 2024 ----- Rupees ----- | 2023 |
|---|------|----------------------------|-----------------------|
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorized share capital 250,000,000 (2023: 250,000,000) ordinary shares of Rs. 10 each | | 2,500,000,000 | 2,500,000,000 |
| Issued, subscribed and paid-up share capital | 20 | 663,569,400 | 663,569,400 |
| Reserves | 21 | 23,545,316,930 | 17,052,163,857 |
| Total shareholders' equity | | 24,208,886,330 | 17,715,733,257 |
| Non-current liabilities | | | |
| Long term finances - secured | 22 | 20,025,508,800 | 23,192,131,400 |
| Deferred liabilities | 23 | 3,169,496,194 | 2,474,283,601 |
| Total non-current liabilities | | 23,195,004,994 | 25,666,415,001 |
| Current liabilities | | | |
| Trade and other payables | 24 | 10,570,182,495 | 8,369,012,245 |
| Accrued mark-up | 25 | 1,430,971,673 | 1,091,598,751 |
| Short term finances - secured | 26 | 13,936,676,273 | 15,108,282,892 |
| Islamic redeemable sukuk | 27 | 10,000,000,000 | - |
| Current portion of: - long term finances - secured | 22 | 6,315,467,542 | 4,096,392,253 |
| Unclaimed dividend | | 5,228,293 | 5,069,267 |
| Advances from customers - unsecured | | 1,254,246,606 | 1,003,092,068 |
| Total current liabilities | | 43,512,772,882 | 29,673,447,476 |
| Total liabilities | | 66,707,777,876 | 55,339,862,477 |
| Total equity and liabilities | | 90,916,664,206 | 73,055,595,734 |

Contingencies and commitments

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The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.


Munsarim Saifullah
Chief Executive Officer


Maqsood Ismail Ahmed
Director


Ahmed Raza Parekh
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2024

| | | | | | (Restated) | | |
|---|-----|--|--|--|------------------------|-----------------------|--|
| | | | | | 2024 | 2023 | |
| | | | | | ----- Rupees ----- | | |
| Sales | 29 | | | | 121,489,862,489 | 99,733,046,867 | |
| Sales returns, discounts and direct expenses | | | | | (2,837,707,199) | (2,112,153,669) | |
| Export rebate | | | | | 19,232,379 | 31,217,117 | |
| | | | | | (2,818,474,820) | (2,080,936,552) | |
| | | | | | 118,671,387,669 | 97,652,110,315 | |
| Sales tax | | | | | (9,784,363,279) | (8,746,314,390) | |
| Sales - net | | | | | 108,887,024,390 | 88,905,795,925 | |
| Cost of sales | 31 | | | | (84,865,313,506) | (70,473,695,459) | |
| Gross profit | | | | | 24,021,710,884 | 18,432,100,466 | |
| Selling and distribution expenses | 32 | | | | (8,281,765,585) | (7,053,585,034) | |
| Administrative expenses | 33 | | | | (1,759,824,076) | (1,048,236,416) | |
| Operating profit | | | | | 13,980,121,223 | 10,330,279,016 | |
| Other operating expenses | 34 | | | | (854,852,793) | (822,860,092) | |
| Other income | 35 | | | | 1,308,842,943 | 1,995,430,693 | |
| | | | | | 14,434,111,373 | 11,502,849,617 | |
| Finance cost | 36 | | | | (7,384,155,473) | (4,399,443,729) | |
| | | | | | 7,049,955,900 | 7,103,405,888 | |
| Share of profit from associated company - net | 8.1 | | | | 626,504,654 | 428,075,707 | |
| Profit before levies and taxation | | | | | 7,676,460,554 | 7,531,481,595 | |
| Levies - Final and Minimum tax | | | | | (1,006,949,410) | (1,043,138,472) | |
| Taxation | 38 | | | | (537,461,617) | (106,658,540) | |
| Profit for the year | | | | | 6,132,049,527 | 6,381,684,583 | |
| Earnings per share - basic and diluted | 39 | | | | 92.41 | 96.17 | |

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.


Munsarim Saifullah
Chief Executive Officer


Maqsood Ismail Ahmed
Director


Ahmed Raza Parekh
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2024

| | Note | 2024 ----- Rupees ----- | 2023 |
|---|--------|----------------------------|----------------------|
| Profit for the year | | 6,132,049,527 | 6,381,684,583 |
| Other comprehensive income / (loss): | | | |
| <i>Items that may be reclassified to unconsolidated statement of profit or loss in subsequent periods</i> | | | |
| <i>Items that will not be reclassified to unconsolidated statement of profit or loss in subsequent periods:</i> | | | |
| Loss on remeasurements of defined benefit obligation - net of tax | 23.2.7 | (948,644) | (16,840,103) |
| Unrealized loss on remeasurement of investment classified as fair value through OCI - net of tax | | (504,100) | (4,317,300) |
| Share of other comprehensive income / (loss) from associate - net of tax | | 495,270,170 | (295,378,016) |
| Other comprehensive income / (loss) | | 493,817,426 | (316,535,419) |
| Total comprehensive income for the year | | 6,625,866,953 | 6,065,149,164 |

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.


Munsarim Saifullah
Chief Executive Officer


Maqsood Ismail Ahmed
Director


Ahmed Raza Parekh
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2024

| | Total Reserves | | | | | | Total shareholders' equity | |
|--|--------------------|-----------------------|--|--|-----------------------|-----------------------|----------------------------|-----------------------|
| | Capital reserve | | Revenue reserve | | | Total reserves | | |
| | Share premium | Amalgamation reserves | Remeasurement of investment in associate | Remeasurement of investments at fair value through OCI | Unappropriated profit | | | |
| Balance as at July 01, 2022 | 663,569,400 | 1,472,531,500 | 916,862,067 | (406,125,879) | (7,645,000) | 9,940,389,165 | 11,916,011,853 | 12,579,581,253 |
| Profit for the year | - | - | - | - | - | 6,381,684,583 | 6,381,684,583 | 6,381,684,583 |
| Loss on remeasurement of defined benefit obligation - net of tax - note 23.2.7 | - | - | - | - | - | (16,840,103) | (16,840,103) | (16,840,103) |
| Unrealised loss on remeasurement of investment classified as fair value through OCI - net of tax | - | - | - | - | (4,317,300) | - | (4,317,300) | (4,317,300) |
| Share of other comprehensive loss from associate - net of tax | - | - | - | (295,378,016) | - | - | (295,378,016) | (295,378,016) |
| Other comprehensive loss | - | - | - | (295,378,016) | (4,317,300) | (16,840,103) | (316,535,419) | (316,535,419) |
| Total comprehensive income | - | - | - | (295,378,016) | (4,317,300) | 6,364,844,480 | 6,065,149,164 | 6,065,149,164 |
| Final cash dividend paid for the year ended June 30, 2022 @ Rs.4 per share | - | - | - | - | - | (265,427,760) | (265,427,760) | (265,427,760) |
| Interim cash dividend paid for the year ended June 30, 2023 @ Rs. 10 per share | - | - | - | - | - | (663,569,400) | (663,569,400) | (663,569,400) |
| Balance as at June 30, 2023 | 663,569,400 | 1,472,531,500 | 916,862,067 | (701,503,895) | (11,962,300) | 15,376,236,485 | 17,052,163,857 | 17,715,733,257 |
| Profit for the year | - | - | - | - | - | 6,132,049,527 | 6,132,049,527 | 6,132,049,527 |
| Loss on remeasurement of defined benefit obligation - net of tax - note 23.2.7 | - | - | - | - | - | (948,644) | (948,644) | (948,644) |
| Unrealised loss on remeasurement of investment classified as fair value through OCI - net of tax | - | - | - | - | (504,100) | - | (504,100) | (504,100) |
| Share of other comprehensive income from associate-net of tax | - | - | - | 495,270,170 | - | - | 495,270,170 | 495,270,170 |
| Other comprehensive income / (loss) | - | - | - | 495,270,170 | (504,100) | (948,644) | 493,817,426 | 493,817,426 |
| Total comprehensive income | - | - | - | 495,270,170 | (504,100) | 6,131,100,883 | 6,625,866,953 | 6,625,866,953 |
| Final cash dividend for the year ended June 30, 2023 @ Rs. 2 per share | - | - | - | - | - | (132,713,880) | (132,713,880) | (132,713,880) |
| Balance as at June 30, 2024 | 663,569,400 | 1,472,531,500 | 916,862,067 | (206,233,725) | (12,466,400) | 21,374,623,488 | 23,545,316,930 | 24,208,886,330 |

----- Rupees -----

Balance as at July 01, 2022

Profit for the year

Loss on remeasurement of defined benefit

obligation - net of tax - note 23.2.7

Unrealised loss on remeasurement of investment

classified as fair value through OCI - net of tax

Share of other comprehensive loss from

associate - net of tax

Other comprehensive loss

Total comprehensive income

Final cash dividend paid for the year ended June 30,

2022 @ Rs.4 per share

Interim cash dividend paid for the year ended June 30,

2023 @ Rs. 10 per share

Balance as at June 30, 2023

Profit for the year

Loss on remeasurement of defined benefit

obligation - net of tax - note 23.2.7

Unrealised loss on remeasurement of investment

classified as fair value through OCI - net of tax

Share of other comprehensive income from

associate-net of tax

Other comprehensive income / (loss)

Total comprehensive income

Final cash dividend for the year ended June 30, 2023 @


Rs. 2 per share

Balance as at June 30, 2024

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.


Munsarim Saifullah
Chief Executive Officer


Maqsood Ismail Ahmed
Director


Ahmed Raza Parekh
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024

| | Note | 2024 ----- Rupees ----- | 2023 |
|--|--------|----------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 41 | 6,974,275,096 | 4,395,647,626 |
| Gratuity paid | 23.2.3 | (112,349,348) | (69,101,253) |
| Income tax and levies paid - net | | (1,591,424,952) | (988,450,738) |
| Long term deposits - net | | (551,750) | (2,763,698) |
| Net cash generated from operating activities | | 5,269,949,046 | 3,335,331,937 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure (including CWIP) | | (6,944,775,288) | (6,231,203,211) |
| Investment in subsidiaries | | - | (1,525,000,000) |
| Payments for short-term investment | 16 | (371,917,993) | (190,097,060) |
| Receipts from associate against dividend - net | | 404,075,672 | - |
| Proceeds from disposal of property, plant and equipment | 6.5 | 220,305,612 | 177,245,211 |
| Net cash used in investing activities | | (6,692,311,997) | (7,769,055,060) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| (Payments) / Receipts from long term finances - net | | (947,547,311) | 4,319,721,789 |
| Lease repayments | | - | (7,761,442) |
| Short term finance obtained - net | | 815,624,620 | 1,737,050,819 |
| Receipts from islamic redeemable sukuk | | 10,000,000,000 | - |
| Interest / mark-up paid | | (7,044,782,551) | (3,681,903,803) |
| Dividend paid | | (132,554,854) | (927,972,446) |
| Net cash generated from financing activities | | 2,690,739,904 | 1,439,134,917 |
| Net increase / (decrease) in cash and cash equivalents | | 1,268,376,953 | (2,994,588,206) |
| Cash and cash equivalents at the beginning of the year | | (3,910,330,488) | (915,742,282) |
| Cash and cash equivalents at the end of the year | | (2,641,953,535) | (3,910,330,488) |
| Cash and cash equivalents at the end of the year comprise of: | | | |
| Cash and bank balances | 19 | 811,363,761 | 1,530,218,047 |
| Running finance utilized under mark-up arrangements | 26.5 | (3,453,317,296) | (5,440,548,535) |
| | | (2,641,953,535) | (3,910,330,488) |

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.


Munsarim Saifullah
Chief Executive Officer


Maqsood Ismail Ahmed
Director


Ahmed Raza Parekh
Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

1 LEGAL STATUS AND OPERATIONS

- 1.1 Ismail Industries Limited (the Company) was incorporated in Karachi, Pakistan as a private limited company on June 21, 1988. On November 01, 1989 the Company was converted into a public limited company. The registered office / head office of the Company is situated at 17 - Bangalore Town, Shahrah-e-Faisal, Karachi, Pakistan. Previously the shares of the Company were listed on the Karachi and Lahore Stock Exchanges. However, due to integration of these Stock Exchanges into Pakistan Stock Exchange Limited effective from January 11, 2016 the shares of the Company are now quoted on Pakistan Stock Exchange Limited. Principal activities of the Company are manufacturing and trading of sugar confectionery items, biscuits, snacks, nutritional products, flour, cast polypropylene (CPP) and biaxially-oriented polyethylene terephthalate (BOPET) film under the brands of 'CandyLand', 'Bisconni', 'Snackcity', 'Ismail Nutrition', 'Ghiza', 'Super Cereal' and 'Astro Films' respectively.

These are the separate unconsolidated financial statements of the Company in which investment in subsidiaries are stated at cost less any impairment costs, if any and investment in associates are carried under equity method of accounting.

In addition to the above registered office, geographical location and addresses of business units including manufacturing units of the Company are as under:

Factories:

| | |
|--|--|
| Unit-1 C-230, Hub H.I.T.E., Balochistan. | Unit-6 D-91, D-92 & D-94 North Western Zone, Port Qasim. |
| Unit-2 B-140, Hub H.I.T.E., Balochistan. | Unit-7 E164-168, North Western Zone, Port Qasim. |
| Unit-3 G-1, Hub H.I.T.E., Balochistan. | Unit-8 E154-157, North Western Zone, Port Qasim. |
| Unit-4 G-22, Hub H.I.T.E., Balochistan. | Unit-9 G-1A, Hub H.I.T.E., Balochistan. |
| Unit-5 38-C, Sundar Industrial Estate, Raiwind Road, Lahore. | Unit-10 E164-168, North Western Zone, Port Qasim. |

Further the Company's liaison offices and warehouses are situated in Karachi, Hyderabad, Sukkur, Multan, Lahore, Islamabad, Faisalabad and Peshawar.

2 SIGNIFICANT EVENTS AND TRANSACTIONS

- 2.1 During the year following significant transaction has been executed as mentioned below.
- The Company has extended revolving credit to its subsidiaries and associated company amount to Rs. 8,871,800,000 to meet their working capital requirements.
 - The Company has raised financing through issue of islamic redeemable sukuk as mentioned in note 27 of this unconsolidated financial statements.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the 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.

3.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policies.

3.3 Functional and presentation currency

Items included in these unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. These unconsolidated financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency. The figures have been rounded off to the nearest Rupee.

3.4 Reclassification for better presentation

Prior year figures- have been rearranged and/or reclassified, wherever necessary, for better presentation.

The Company has reclassified the amount of taxes paid and charged to the statement of profit and loss over income tax, subject to and determined using general enacted rate of taxation under ITO, 2001 classified as current income tax in the statement of profit and loss account to levy as reflected in statement of profit and loss and note 38 of these unconsolidated financial statement.

3.5 Standard, Amendments and Interpretations to Approved Accounting Standards

3.5.1 Standards, amendments and interpretations to the published standards that may be relevant to the Company and adopted in the current year

There were certain amendments to accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated financial statements.

3.5.2 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Company

There are certain amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's unconsolidated financial statements and operations and, therefore, have not been disclosed in these unconsolidated financial statements.

3.5.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Further, certain IFRS have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

4 USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these unconsolidated financial statements in conformity with the approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, 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 the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is 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.

In the process of applying the Company's accounting policies, management has made the following accounting estimates and judgments which are significant to the unconsolidated financial statements:

| | Note |
|--------------------------------------|-----------------|
| a) Property, plant and equipment | 4.1 & 5.1 |
| b) Right-of-use assets | 5.1.2 |
| c) Intangible assets | 5.2 |
| d) Stock-in-trade, stores and spares | 4.2 , 5.7 & 5.8 |
| e) Taxation | 4.4 & 5.14 |

| | | |
|----|------------------------------------|--------------|
| f) | Staff retirement benefits | 4.5 & 5.13 |
| g) | Provisions | 5.15 |
| h) | Impairment of non-financial assets | 5.3 |
| i) | Contingent liabilities | 5.23 |
| j) | Impairment of financial assets | 4.3 & 5.25.5 |

4.1 Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in estimates in the future might affect the carrying amount of respective item of property, plant and equipment with corresponding effects on the depreciation charge and impairment.

4.2 Stock-in-trade, stores and spares

The Company's management reviews the net realizable value (NRV) of stock-in-trade, stores and spares to assess any diminution in the respective carrying values and wherever required, provision for impairment is made.

4.3 Trade debts and other receivables

Impairment loss against doubtful trade and other debts is recorded in accordance with basis mentioned in note 5.25.5 of these unconsolidated financial statements.

4.4 Taxation

In making the estimate for taxation by the Company, the management refers to the current income tax laws and the decisions of appellate authorities on certain issues in the past.

4.5 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 23.1 to these unconsolidated financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect the amounts recognized in those years.

5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

5.1 Property, plant and equipment

5.1.1 Owned

Property, plant and equipment including leasehold land and all additions except capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of property, plant and equipment comprises acquisition cost and directly attributable cost of bringing the assets to its working condition. Borrowing cost including the exchange risk fee (if any) that are directly attributable to the acquisition, construction and production of a qualifying asset is capitalized as part of the cost during the period in which activities that are necessary to prepare the asset for its intended use are carried out.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. Normal repairs and maintenance are charged to the unconsolidated statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Depreciation on assets other than leasehold land is calculated so as to write-off the assets over their expected economic lives under the diminishing balance method at rates given in note no. 6 to the unconsolidated financial statements. Depreciation on leasehold land is charged to the unconsolidated statement of profit or loss, applying the straight-line method at rates given in note no. 6 to these unconsolidated financial statements whereby the cost is written off over the lease term. Depreciation is charged from the month when the asset is available for use and ceased from the month of disposal.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as other income or expense.

5.1.2 Right-of-use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability, any lease payments made at or before the commencement date, plus any initial direct costs incurred, 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 diminishing balance method. The right-of-use assets is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight line basis over the lease term.

5.1.3 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets start operation. Impairment losses, if any, are recorded on the basis as defined in note 5.3.

5.2 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis applying straight line method and impairment losses if any are recorded on the basis as defined in note 5.3.

Useful lives of intangible operating assets are reviewed, at each reporting date and adjusted if the impact of amortization is significant.

5.3 Impairment of non-financial assets

Assets that are subject to depreciation/amortization including capital work-in-progress are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's 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 they are separately identifiable (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.4 Investments in subsidiaries

Investment in subsidiaries are recognized and carried at cost in these unconsolidated financial statements. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is the higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in the unconsolidated statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the unconsolidated statement of profit or loss in the year in which they are occurred.

5.5 Investments in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights or common directorship. Investments in associates are accounted for using the equity method of accounting unless other law and regulations prescribe different criteria. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income / loss of the associate after the date of acquisition.

5.6 Long term deposits

These are stated at amortized cost which represents the fair value of consideration given.

5.7 Stores and spares

All stores, spares and loose tools either imported or purchased locally are charged to the unconsolidated statement of profit or loss when consumed and are valued at lower of weighted moving average cost or estimated NRV except for items-in-transit which are stated at invoice value plus other incidental charges paid thereon up to the reporting date. Provision is made for obsolete and slow moving items where necessary and is recognized in the unconsolidated statement of profit or loss.

5.8 Stock-in-trade

These are valued at the lower of cost or net realizable value. Cost is determined as follows:

| | Types of stock | Valuation method |
|----|---------------------------|--|
| a) | Raw and packing materials | weighted average cost method |
| b) | Work-in-process | weighted average cost method |
| c) | Finished goods | lower of weighted average cost or net realizable value |
| d) | Goods in-transit | invoice value plus other charges incurred thereon |
| e) | Trading goods | lower of weighted average cost or net realizable value |

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realizable value and an allowance is recorded against the inventory balances for any such declines.

5.9 Trade debts and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

5.10 Cash and cash equivalents

For the purposes of the unconsolidated statement of cash flows, cash and cash equivalents comprise of cash in hand and bank balances, short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term running finances under mark up arrangements.

5.11 Interest / Mark-up bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

Loans and borrowings are subsequently stated at amortized cost with any difference between the proceeds (net of transaction cost) and the redemption value is recognized in the unconsolidated statement of profit or loss except for any amount included in the cost of property, plant and equipment over the period of the borrowing using the effective interest method.

5.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (those that take a substantial period of time to get ready for their intended use) are capitalized as part of the cost of the relevant asset. All other borrowing costs are charged to the unconsolidated statement of profit or loss in the year in which they are incurred.

5.13 Staff retirement benefits - gratuity scheme

The Company operates an unfunded gratuity scheme covering all its permanent employees with one or more years of service with the Company. Provision for gratuity is made to cover obligation under the scheme in respect of employees who have completed the minimum qualifying period. Provision has been made in accordance with actuarial recommendations summarized in note no. 23.1 using the projected unit credit method.

5.14 Taxation

5.14.1 Current

The charge for current tax is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or in accordance with the final tax regime, where applicable, of the Income Tax Ordinance, 2001 (the Ordinance) or the minimum tax under section 113 of the Ordinance or Alternate Corporate Tax (ACT) under section 113C of the Ordinance, whichever is higher. Further, levies are accounted for in accordance with the requirement of IFRIC - 21.

5.14.2 Deferred

Deferred tax is recognized using the statement of financial position liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The carrying amount of the deferred tax asset is reviewed at each reporting date and is recognized only to the extent that it is probable that future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the reporting date.

5.15 Provisions

Provisions are recognized in these unconsolidated statement of financial position when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

5.16 Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services.

5.17 Foreign currency translation

Transactions in foreign currencies are accounted for in Pakistani Rupee at the rate of exchange prevailing at the date of transaction. Monetary assets and monetary liabilities in foreign currencies as at the reporting date are expressed in Pakistani Rupee at rates of exchange prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences are taken to the unconsolidated statement of profit or loss.

5.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker for allocating resources and assessing performance of the operating segments. Operating segment comprises of food and plastic division.

5.19 Dividend distribution

Dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

5.20 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Company to do so.

5.21 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

5.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares for the effects of all dilutive potential ordinary shares.

5.23 Contingent liabilities

Contingent liability is disclosed when:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or
- b) a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.24 Operating, administrative and selling expenses

These expenses are recognized in the unconsolidated statement of profit or loss upon utilization of the services or as incurred except as specifically stated in these unconsolidated financial statements.

5.25 Financial Instruments - Initial recognition and subsequent measurement

5.25.1 Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortized cost as the case may be.

5.25.2 Classification of financial assets

The Company classifies its financial assets in the following categories:

- at fair value through profit or loss ("FVTPL")
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortized cost.

The Company determines the classifications of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

5.25.3 Classification of financial liabilities

The Company classifies its financial liabilities at amortised cost.

5.25.4 Subsequent measurement

i) Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income/(loss).

ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus the transaction cost that are directly attributable to the acquisition or issue of the financial assets or financial liabilities and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the unconsolidated statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets and liabilities held at FVTPL are included in the unconsolidated statement of profit or loss in the period in which they arise.

Where the management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

5.25.5 Impairment of financial assets

The Company recognizes loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost and FVTOCI at an amount equal to life time ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determine to have low credit risk at the reporting date, in which case twelve months' ECL is recorded. The following were either determine to have low or there was no credit risk since initial recognition and at the reporting date:

- long term investment;
- long term deposits;
- loans and advances;
- trade deposits;
- short term investment;
- other receivables; and
- bank balances

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve months ECLs are portion of ECL that result from default events that are possible within twelve months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash short falls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in entirety or a portion thereof.

5.25.6 Derecognition

i) Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfer the financial assets and substantially all the associated risks and reward of ownership to another entity. On derecognition of financial assets measured at amortized cost, the difference between the assets carrying value and the sum of the consideration received and receivable, is recognized in the unconsolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve reclassified to the unconsolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the unconsolidated statement of profit or loss, but is transferred to retain earning.

ii) Financial liabilities

The Company derecognizes its financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the unconsolidated statement of profit or loss.

5.25.7 Off-setting of financial assets and liabilities

Financial assets and liabilities are off set and the net amount is reported in these unconsolidated statement of financial position if the Company has a legal right to set-off the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.26 Revenue

The Company is in the business of manufacturing and sale of goods. Revenue from contracts with customers is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods net of discount and sales related indirect taxes. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

The following are the specific recognition criteria that must be met before revenue is recognized:

- a) Revenue from local sale of goods is recognized when the goods are dispatched and in case of export sales, when the goods are shipped i.e. when performance obligation are satisfied.
- b) Processing income is recognized when services are rendered.
- c) Gain or loss on sale of investments is taken to income in the period in which it arises.
- d) Interest income is recognized on an accrual basis using the effective interest method.
- e) Dividend is recognized when the right to receive is established.
- f) Other income is recognized when the right to receive is established, and the amount and timing of related receipt is virtually certain.

6 PROPERTY, PLANT AND EQUIPMENT

Operating assets
Capital work in progress - at cost

| | 2024 | 2023 |
|--|-----------------------|-----------------------|
| | Rupees | Rupees |
| | 31,639,398,843 | 24,468,208,608 |
| | 999,430,981 | 4,370,074,717 |
| | <u>32,638,829,824</u> | <u>28,838,283,325</u> |

6.1 Detailed movement of operating assets and right-of-use assets are as follows:

| Year ended June 30, 2024 | Operating assets | | | | | | | Cooling tower & chillers | Grand total | |
|---|----------------------|-------------------|----------------------------|-----------------------|------------------------|--------------------|-------------------|--------------------------|-------------------|-----------------------|
| | Leasehold land | Freehold land | Building on leasehold land | Plant and machinery | Furniture and fittings | Equipments | Computers | | | Vehicles |
| As at June 30, 2023 | | | | | | | | | | |
| Cost | 1,121,689,941 | 88,688,580 | 6,853,596,104 | 28,046,087,223 | 200,781,949 | 451,686,661 | 143,045,980 | 1,237,014,437 | 29,400,000 | 38,171,990,875 |
| Accumulated depreciation | (72,804,213) | - | (2,461,734,810) | (10,487,640,358) | (61,266,926) | (170,293,115) | (54,509,788) | (384,099,726) | (11,433,332) | (13,703,782,268) |
| Net book value | 1,048,885,728 | 88,688,580 | 4,391,861,294 | 17,558,446,865 | 139,515,023 | 281,393,546 | 88,536,192 | 852,914,711 | 17,966,668 | 24,468,208,607 |
| July 01, 2023 | | | | | | | | | | |
| Opening net book value | 1,048,885,728 | 88,688,580 | 4,391,861,294 | 17,558,446,865 | 139,515,023 | 281,393,546 | 88,536,192 | 852,914,711 | 17,966,668 | 24,468,208,608 |
| Additions / Transfers from CWIP | - | - | 3,712,669,844 | 5,559,845,833 | 78,692,415 | 414,139,803 | 21,557,422 | 528,513,707 | - | 10,315,419,024 |
| Transfer from right-of-use assets to owned assets | - | - | - | - | - | - | - | - | - | - |
| Cost | - | - | - | - | - | - | - | - | - | - |
| Accumulated depreciation | - | - | - | - | - | - | - | - | - | - |
| Disposal | | | | | | | | | | |
| Cost | - | - | - | (37,463,826) | - | - | (6,762,930) | (227,277,540) | - | (271,504,296) |
| Accumulated depreciation | - | - | - | 31,069,037 | - | - | 2,989,618 | 96,337,774 | - | 130,396,429 |
| | - | - | - | (6,394,789) | - | - | (3,773,312) | (130,939,766) | - | (141,107,867) |
| Depreciation charge for the year | (11,544,164) | - | (592,357,008) | (2,097,575,233) | (17,211,264) | (51,485,383) | (20,052,574) | (203,095,295) | (9,800,001) | (3,003,120,922) |
| Closing net book value | 1,037,341,564 | 88,688,580 | 7,512,174,130 | 21,014,322,676 | 200,996,174 | 644,047,966 | 86,267,728 | 1,047,393,357 | 8,166,667 | 31,639,398,843 |
| As at June 30, 2024 | | | | | | | | | | |
| Cost | 1,121,689,941 | 88,688,580 | 10,566,265,948 | 33,568,469,230 | 279,474,364 | 865,826,464 | 157,840,472 | 1,538,250,604 | 29,400,000 | 48,215,905,603 |
| Accumulated depreciation | (84,348,377) | - | (3,054,091,818) | (12,554,146,554) | (78,478,190) | (221,778,498) | (71,572,744) | (490,857,247) | (21,233,333) | (16,576,506,760) |
| Net book value | 1,037,341,564 | 88,688,580 | 7,512,174,130 | 21,014,322,676 | 200,996,174 | 644,047,966 | 86,267,728 | 1,047,393,357 | 8,166,667 | 31,639,398,843 |
| Depreciation rate (%) | 1 | 10 | 10 | 10 | 10 | 10 | 20 | 20 | 33 | |

| | Operating assets | | | | | | | | | | Right-of-use assets | | Grand total |
|---|----------------------|-------------------|----------------------------|-----------------------|------------------------|--------------------|-------------------|--------------------|--------------------------|-----------------------|---------------------|-------------------|-------------------|
| | Leasehold land | Freehold land | Building on leasehold land | Plant and machinery | Furniture and fittings | Equipment | Computers | Vehicles | Cooling tower & chillers | Grand total | Plant and machinery | Vehicles | |
| ----- Rupees ----- | | | | | | | | | | | | | |
| Year ended June 30, 2023 | | | | | | | | | | | | | |
| As at June 30, 2022 | | | | | | | | | | | | | |
| Cost | 538,069,245 | 88,688,580 | 6,088,539,046 | 24,437,562,520 | 122,890,814 | 372,315,162 | 133,593,231 | 905,214,295 | 29,400,000 | 32,716,272,893 | - | 50,006,263 | 50,006,263 |
| Accumulated depreciation | (55,928,529) | - | (2,049,760,059) | (8,750,358,281) | (52,057,199) | (145,481,487) | (37,923,640) | (285,276,610) | (1,633,332) | (11,578,398,936) | - | (23,344,489) | (23,344,489) |
| Net book value | 482,140,916 | 88,688,580 | 4,038,778,987 | 15,687,204,239 | 70,833,615 | 226,833,675 | 95,669,591 | 619,937,685 | 27,766,668 | 21,337,873,957 | - | 26,661,774 | 26,661,774 |
| July 01, 2022 | | | | | | | | | | | | | |
| Opening net book value | 482,140,916 | 88,688,580 | 4,038,778,987 | 15,687,204,239 | 70,833,615 | 226,833,675 | 95,669,591 | 619,937,685 | 27,766,668 | 21,337,873,957 | - | 26,661,774 | 26,661,774 |
| Additions / Transfers from CWIP | 583,620,696 | - | 765,057,058 | 3,641,262,544 | 78,280,890 | 79,806,686 | 15,833,913 | 460,041,287 | - | 5,623,903,074 | - | - | - |
| Transfer from leased assets to owned assets | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cost | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Accumulated depreciation | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposal | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cost | - | - | - | (32,737,841) | (389,755) | (435,187) | (6,381,164) | (178,247,408) | - | (218,191,355) | - | - | - |
| Accumulated depreciation | - | - | - | 4,139,543 | 299,665 | 339,983 | 3,632,304 | 87,708,366 | - | 96,119,861 | - | - | - |
| Net book value | - | - | - | (28,598,298) | (90,090) | (95,204) | (2,748,860) | (90,539,042) | - | (122,071,494) | - | - | - |
| Depreciation charge for the year | (16,875,884) | - | (411,974,751) | (1,741,421,620) | (9,529,392) | (25,151,611) | (20,218,452) | (160,887,063) | (9,800,000) | (2,395,858,774) | - | (2,299,931) | (2,299,931) |
| Closing net book value | 1,048,885,728 | 88,688,580 | 4,391,861,294 | 17,558,446,865 | 139,515,023 | 281,393,546 | 88,536,192 | 852,914,712 | 17,966,669 | 24,468,208,608 | - | - | - |
| As at June 30, 2023 | | | | | | | | | | | | | |
| Cost | 1,121,689,941 | 88,688,580 | 6,853,596,104 | 28,046,087,223 | 200,781,949 | 451,686,661 | 143,045,980 | 1,237,014,437 | 29,400,000 | 38,171,990,875 | - | - | - |
| Accumulated depreciation | (72,804,213) | - | (2,461,734,810) | (10,487,640,358) | (61,266,926) | (170,293,115) | (54,509,788) | (384,099,720) | (11,433,332) | (13,703,782,268) | - | - | - |
| Net book value | 1,048,885,728 | 88,688,580 | 4,391,861,294 | 17,558,446,865 | 139,515,023 | 281,393,546 | 88,536,192 | 852,914,712 | 17,966,669 | 24,468,208,608 | - | - | - |
| Depreciation rate (%) | 1 | 10 | 10 | 10 | 10 | 10 | 20 | 20 | 33 | 10 | 20 | 20 | 20 |

6.2 Property plant and equipment of the Company is under charge against long term finances as mentioned in note no. 22.

6.3 The expenses have been allocated to the unconsolidated statement of profit or loss as follows:

| | Note | 2024 | 2023 |
|---|------|----------------------|----------------------|
| 6.3.1 Depreciation charge of operating assets | | | |
| Cost of sales | 31 | 2,753,173,696 | 2,174,767,082 |
| Selling and distribution expenses | 32 | 106,768,249 | 81,591,013 |
| Administrative expenses | 33 | 143,178,977 | 141,800,610 |
| | | 3,003,120,922 | 2,398,158,705 |

6.4 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

| Locations | Usage of immovable property | * Total area |
|--|----------------------------------|-----------------|
| 17 - Bangalore Town, Shahrah-e-Faisal, Karachi. | Registered office / Head office | 1000 sq. yd |
| C-230, Hub H.I.T.E., Balochistan. | Manufacturing facility - Unit 1 | 7.54 acres |
| B-140, Hub H.I.T.E., Balochistan. | Manufacturing facility - Unit 2 | 4.59 acres |
| G-1, Hub H.I.T.E., Balochistan. | Manufacturing facility - Unit 3 | 3.486 acres |
| G-22, Hub H.I.T.E., Balochistan. | Manufacturing facility - Unit 4 | 9.00 acres |
| 38-C, Sundar Industrial Estate, Raiwind Road, Lahore. | Manufacturing facility - Unit 5 | 4.02 acres |
| D-91, D-92 & D-94 North Western Zone, Port Qasim, Karachi. | Manufacturing facility - Unit 6 | 7.50 acres |
| E164-168, North Western Zone, Port Qasim, Karachi. | Manufacturing facility - Unit 7 | 2.74 acres |
| E154-157, North Western Zone, Port Qasim, Karachi. | Manufacturing facility - Unit 8 | 5.04 acres |
| G-1A, Hub H.I.T.E., Balochistan. | Manufacturing facility - Unit 9 | 3.185 acres |
| E164-168, North Western Zone, Port Qasim, Karachi. | Manufacturing facility - Unit 10 | 3.50 acres |
| D-101/M, D-101/N, S.I.T.E area, Nooriabad, District Jamshoro, Sindh. | For future expansion | 20.50 acres |
| PT2-24-2402, Pearl Tower, Plot # 7 (R9) Crescent Bay, Karachi. | Administrative purpose | 2,209.57 sq. ft |
| Sabzi mandi road, Chak no. 241 Dist. Faisalabad. | For future expansion | 0.88 acres |
| 39-B, Sundar Industrial Estate, Raiwind Road, Lahore. | For future expansion | 1.138 acres |
| EIZ/1/P-II-B, Eastern industrial Zone, Port Qasim, Karachi. | For future expansion | 15 acres |
| Plot 1,2,3 Hub H.I.T.E Balochistan | For future expansion | 8.37 acres |

* The covered area includes multi-storey buildings.

6.5 Following are the particulars of the disposed assets having a book value exceed five hundred thousand rupees.

| Cost | Accumulated depreciation | Net book amount | Sale proceeds | Gain / (loss) | Particulars of buyer | Relationship | Mode of disposal |
|----------------------------|--------------------------|-------------------|-------------------|-------------------|-----------------------|--------------|------------------|
| Rupees | | | | | | | |
| Plant and Machinery | | | | | | | |
| 11,159,087 | 9,545,083 | 1,614,004 | 3,000,000 | 1,385,996 | Nasa Engineering | Independent | Negotiation |
| 14,242,484 | 11,530,516 | 2,711,968 | 3,000,000 | 288,032 | Nasa Engineering | Independent | Negotiation |
| 12,062,254 | 9,993,436 | 2,068,818 | 3,000,000 | 931,182 | Nasa Engineering | Independent | Negotiation |
| 37,463,825 | 31,069,035 | 6,394,790 | 9,000,000 | 2,605,210 | | | |
| Vehicles | | | | | | | |
| Toyota Fortuner | | | | | | | |
| 5,881,050 | 4,235,807 | 1,645,243 | 10,500,000 | 8,854,757 | Ali Raza Kazmi | Independent | Negotiation |
| 6,690,350 | 4,471,527 | 2,218,823 | 2,673,920 | 455,097 | Zeeshan Ali Khan | Independent | Negotiation |
| 12,571,400 | 8,707,334 | 3,864,066 | 13,173,920 | 9,309,854 | | | |
| Honda Civic | | | | | | | |
| 3,023,500 | 2,109,593 | 913,907 | 1,104,400 | 190,493 | Adeel Ahmed | Employee | Company Policy |
| 2,946,060 | 1,920,360 | 1,025,700 | 1,155,016 | 129,316 | Arif Nomani | Employee | Company Policy |
| 3,637,041 | 1,724,442 | 1,912,599 | 4,285,387 | 2,372,788 | Omar Ali Mansoor | Employee | Company Policy |
| 9,606,601 | 5,754,395 | 3,852,206 | 6,544,803 | 2,692,597 | | | |
| Toyota Yaris | | | | | | | |
| 2,439,994 | 1,164,690 | 1,275,304 | 1,963,533 | 688,229 | Furqan hameed | Employee | Company Policy |
| 2,352,325 | 897,019 | 1,455,306 | 2,057,625 | 602,319 | Haris Khan | Employee | Company Policy |
| 2,352,325 | 922,111 | 1,430,214 | 2,057,625 | 627,411 | Amir Khan | Employee | Company Policy |
| 2,220,719 | 818,211 | 1,402,508 | 1,968,476 | 565,968 | Aqeel Kamal | Employee | Company Policy |
| 2,220,719 | 842,393 | 1,378,326 | 3,013,978 | 1,635,652 | Adil Masood | Employee | Company Policy |
| 2,220,719 | 963,298 | 1,257,421 | 1,787,169 | 529,748 | Usman Javed | Employee | Company Policy |
| 2,825,500 | 1,317,938 | 1,507,562 | 1,878,525 | 370,963 | Ghulam Abbas | Employee | Company Policy |
| 2,220,719 | 818,211 | 1,402,508 | 3,350,000 | 1,947,492 | Nasir Khan | Independent | Negotiable |
| 2,352,324 | 862,518 | 1,489,806 | 2,112,495 | 622,689 | Qaiser siddiqui | Employee | Company Policy |
| 2,744,625 | 1,095,410 | 1,649,215 | 1,542,096 | (107,119) | Haider Nawab akhtar | Employee | Company Policy |
| 2,572,454 | 780,311 | 1,792,143 | 3,579,981 | 1,787,838 | Waqas Afzal | Employee | Company Policy |
| 2,572,454 | 682,557 | 1,889,897 | 2,150,072 | 260,175 | Saadullah | Employee | Company Policy |
| 2,572,454 | 878,064 | 1,694,390 | 2,310,077 | 615,687 | Shahzad hussain iqbal | Employee | Company Policy |
| 2,572,454 | 971,815 | 1,600,639 | 4,500,000 | 2,899,361 | Efu General insurance | Independent | Company Policy |
| 2,572,454 | 1,003,828 | 1,568,626 | 2,979,976 | 1,411,350 | Humayon Iqbal | Employee | Company Policy |
| 2,419,836 | 642,062 | 1,777,774 | 2,342,426 | 564,652 | Aamir Sultan | Employee | Company Policy |
| 2,572,454 | 910,648 | 1,661,806 | 2,310,077 | 648,271 | Tahir Mehmood | Employee | Company Policy |
| 41,804,529 | 15,571,084 | 26,233,445 | 41,904,131 | 15,670,686 | | | |

| Cost | Accumulated depreciation | Net book amount | Sale proceeds | Gain / (loss) | Particulars of buyer | Relationship | Mode of disposal |
|----------------------|--------------------------|-------------------|-------------------|-------------------|-----------------------|--------------|------------------|
| 5,012,625 | 1,831,279 | 3,181,346 | 2,310,077 | (871,269) | Waqar Azeem | Employee | Company Policy |
| 3,287,758 | 964,408 | 2,323,350 | 2,807,170 | 483,820 | Muhammad Faisal | Employee | Company Policy |
| 3,565,476 | 678,430 | 2,887,046 | 3,735,630 | 848,584 | Abdul Rasheed | Employee | Company Policy |
| 53,670,388 | 19,045,201 | 34,625,187 | 50,757,008 | 16,131,821 | | | |
| Tucson | | | | | | | |
| 7,334,300 | 855,668 | 6,478,632 | 8,000,000 | 1,521,368 | Imran Khan | Employee | Company Policy |
| 7,334,300 | 855,668 | 6,478,632 | 8,000,000 | 1,521,368 | | | |
| Suzuki Cultus | | | | | | | |
| 1,521,367 | 747,294 | 774,073 | 1,135,260 | 361,187 | Irfan Ali Khan | Employee | Company Policy |
| 1,542,567 | 816,943 | 725,624 | 1,099,220 | 373,596 | Muhammad Awais | Employee | Company Policy |
| 1,542,567 | 699,571 | 842,996 | 1,243,380 | 400,384 | Muhammad Asim Khan | Employee | Company Policy |
| 1,542,567 | 747,287 | 795,280 | 1,207,340 | 412,060 | Waqas Arshad | Employee | Company Policy |
| 6,149,068 | 3,011,095 | 3,137,973 | 4,685,200 | 1,547,227 | | | |
| Suzuki Alto | | | | | | | |
| 1,220,227 | 616,295 | 603,932 | 1,549,774 | 945,842 | Moazam Ali | Employee | Company Policy |
| 1,207,641 | 660,605 | 547,036 | 690,299 | 143,263 | Shahzad Hussain | Employee | Company Policy |
| 1,207,641 | 660,605 | 547,036 | 690,229 | 143,193 | Farhan Ali | Employee | Company Policy |
| 1,212,727 | 611,955 | 600,772 | 813,657 | 212,885 | Waqas Farooq | Employee | Company Policy |
| 1,242,441 | 550,649 | 691,792 | 907,160 | 215,368 | Muhammad Shoaib | Employee | Company Policy |
| 1,242,441 | 647,173 | 595,268 | 743,871 | 148,603 | Hafiz Usman Nawaz | Employee | Company Policy |
| 1,224,786 | 542,171 | 682,615 | 948,284 | 265,669 | Khurram Shahzad | Employee | Company Policy |
| 1,243,166 | 553,622 | 689,544 | 870,828 | 181,284 | Naveed ahmed | Employee | Company Policy |
| 1,203,867 | 574,645 | 629,222 | 847,729 | 218,507 | Amjad Ali khan | Employee | Company Policy |
| 1,203,867 | 509,101 | 694,766 | 1,253,932 | 559,166 | Ali Tariq | Employee | Company Policy |
| 1,203,267 | 443,336 | 759,931 | 1,890,736 | 1,130,805 | Muhammad Daniyal | Employee | Company Policy |
| 1,203,267 | 427,828 | 775,439 | 2,140,000 | 1,364,561 | ATIF SARFARAZ | Employee | Company Policy |
| 1,203,267 | 466,867 | 736,400 | 895,965 | 159,565 | Faisal Hayat | Employee | Company Policy |
| 1,203,267 | 521,415 | 681,852 | 862,155 | 180,303 | Saddam Hussain | Employee | Company Policy |
| 1,203,466 | 395,538 | 807,928 | 1,872,140 | 1,064,212 | Saqib Majeed | Employee | Company Policy |
| 1,506,299 | 555,079 | 951,220 | 973,707 | 22,487 | Salman Habib | Employee | Company Policy |
| 1,356,669 | 477,547 | 879,122 | 946,278 | 67,156 | Faheem us Salam | Employee | Company Policy |
| 1,391,927 | 369,324 | 1,022,603 | 1,989,181 | 966,578 | Asfahan Hassan | Employee | Company Policy |
| 1,508,029 | 555,716 | 952,313 | 1,669,421 | 717,108 | Irtakash Waseem | Employee | Company Policy |
| 1,508,029 | 477,976 | 1,030,053 | 1,828,137 | 798,084 | Asad saeed | Employee | Company Policy |
| 1,392,932 | 510,741 | 882,191 | 1,115,426 | 233,235 | Muhammad Azimuddin | Employee | Company Policy |
| 2,238,936 | 501,894 | 1,737,042 | 2,106,874 | 369,832 | Muhammad Amin | Employee | Company Policy |
| 2,238,936 | 324,644 | 1,914,292 | 2,232,657 | 318,365 | Shahzad Tariq | Employee | Company Policy |
| 1,331,005 | 766,382 | 564,623 | 704,099 | 139,476 | Muhammad Faisal Rauf | Employee | Company Policy |
| 32,698,100 | 12,721,108 | 19,976,992 | 30,542,539 | 10,565,547 | | | |
| Honda City | | | | | | | |
| 4,273,094 | 427,309 | 3,845,785 | 4,240,000 | 394,215 | Waqar Hussain | Employee | Company Policy |
| 4,273,094 | 427,309 | 3,845,785 | 4,240,000 | 394,215 | | | |
| Kia Picanto | | | | | | | |
| 1,850,091 | 782,382 | 1,067,709 | 1,517,688 | 449,979 | Nigah e Hasnain | Employee | Company Policy |
| 1,850,092 | 717,012 | 1,133,080 | 1,538,479 | 405,399 | Muhammad Yasir | Employee | Company Policy |
| 1,850,092 | 586,272 | 1,263,820 | 2,200,000 | 936,180 | Ali Raza Kazmi | Independent | Negotiable |
| 1,850,092 | 673,432 | 1,176,660 | 1,801,034 | 624,374 | Beenish Raza | Employee | Company Policy |
| 1,850,092 | 762,237 | 1,087,855 | 1,697,083 | 609,228 | Muhammad Wasif | Employee | Company Policy |
| 1,850,466 | 629,157 | 1,221,309 | 1,821,692 | 600,383 | Muhammad Adil Liaquat | Employee | Company Policy |
| 1,897,809 | 528,012 | 1,369,797 | 2,000,947 | 631,150 | Rohan Zafar Sobani | Employee | Company Policy |
| 1,850,466 | 606,541 | 1,243,925 | 1,813,284 | 569,359 | Muhammad Zaheer | Employee | Company Policy |
| 2,256,220 | 506,158 | 1,750,062 | 3,100,000 | 1,349,938 | Efu General insurance | Independent | Company Policy |
| 2,256,220 | 777,142 | 1,479,078 | 2,300,000 | 820,922 | Waqar Hussain | Independent | Negotiable |
| 2,689,060 | 821,656 | 1,867,404 | 2,606,831 | 739,427 | Shah Faisal | Employee | Company Policy |
| 2,696,850 | 677,957 | 2,018,893 | 3,141,950 | 1,123,057 | Makhdoom Hussain | Employee | Company Policy |
| 2,891,732 | 608,870 | 2,282,862 | 3,300,000 | 1,017,138 | Efu General insurance | Independent | Company Policy |
| 27,639,282 | 8,676,828 | 18,962,454 | 28,838,988 | 9,876,534 | | | |

| Cost | Accumulated depreciation | Net book amount | Sale proceeds | Gain / (loss) | Particulars of buyer | Relationship | Mode of disposal |
|-----------------------|--------------------------|--------------------|--------------------|-------------------|------------------------|--------------|------------------|
| Toyota Corolla | | | | | | | |
| 2,410,044 | 1,278,930 | 1,131,114 | 1,126,000 | (5,114) | Noman Shafiq | Employee | Company Policy |
| 2,410,044 | 1,448,597 | 961,447 | 1,435,650 | 474,203 | Muhammad Rauf Khan | Employee | Company Policy |
| 2,777,078 | 1,424,023 | 1,353,055 | 2,007,752 | 654,697 | Zahid Iqbal Zia | Employee | Company Policy |
| 2,971,365 | 1,408,822 | 1,562,543 | 2,321,885 | 759,342 | Kamal Akbar Hassan | Independent | Negotiable |
| 1,926,750 | 1,334,541 | 592,209 | 766,880 | 174,671 | Mehmood Suleman | Employee | Company Policy |
| 4,032,541 | 1,709,726 | 2,322,815 | 3,412,940 | 1,090,125 | Syed Murtaza Ali | Employee | Company Policy |
| 2,212,850 | 1,504,471 | 708,379 | 871,920 | 163,541 | Muhammad Khalid Mehtab | Employee | Company Policy |
| 7,238,867 | 1,049,635 | 6,189,232 | 5,800,000 | (389,232) | Muhammad Waseem | Employee | Company Policy |
| 7,136,295 | 1,070,444 | 6,065,851 | 7,442,000 | 1,376,149 | Efu General Insurance | Independent | Company Policy |
| 2,800,948 | 1,552,806 | 1,248,142 | 1,117,125 | (131,017) | Muhammad Ali Iqbal | Employee | Company Policy |
| 35,916,782 | 13,781,995 | 22,134,787 | 26,302,152 | 4,167,365 | | | |
| 189,859,015 | 72,980,933 | 116,878,082 | 173,084,610 | 56,206,528 | | | |
| 227,322,840 | 104,049,968 | 123,272,872 | 182,084,610 | 58,811,738 | | | |

Aggregate of assets disposed off having net book value not exceeding Rs. 500,000

| Description | Cost | Accumulated depreciation | Net book value | Sale proceed | Gain / (loss) |
|---------------------|--------------------|--------------------------|--------------------|--------------------|-------------------|
| Computers | 6,762,930 | 2,989,618 | 3,773,312 | 2,332,864 | (1,440,448) |
| Vehicles | 37,418,526 | 23,356,843 | 14,061,683 | 35,888,138 | 21,826,455 |
| Sub-total | 44,181,456 | 26,346,461 | 17,834,995 | 38,221,002 | 20,386,007 |
| 2024 - total | 271,504,296 | 130,396,429 | 141,107,867 | 220,305,612 | 79,197,745 |
| 2023 - total | 218,191,355 | 96,119,861 | 122,071,494 | 177,245,211 | 55,173,717 |

6.6 All disposal are made through negotiation or otherwise specified in 6.5 of these unconsolidated financial statements.

| 6.7 Capital work-in-progress | Note | 2024 | 2023 |
|------------------------------|-------|--------------------|----------------------|
| | | -----Rupees----- | |
| Civil works | | 498,916,822 | 1,659,075,856 |
| Plant and machinery | | 449,813,290 | 2,506,502,348 |
| Equipment and fittings | | 50,700,869 | 204,496,513 |
| | 6.7.1 | 999,430,981 | 4,370,074,717 |

6.7.1 Movement of capital work in progress:

| Note | Civil works | Plant and machinery | Equipment and fittings | Total |
|---------------------------------------|----------------------|----------------------|------------------------|----------------------|
| | -----Rupees----- | | | |
| Balance as at July 1, 2022 | 1,062,030,391 | 2,693,906,789 | 6,837,400 | 3,762,774,580 |
| CAPEX incurred during the year | 1,446,836,998 | 3,330,389,768 | 346,199,632 | 5,123,426,398 |
| Trial production cost incurred - net | - | 123,468,335 | - | 123,468,335 |
| Transferred to operating fixed assets | (849,791,533) | (3,641,262,544) | (148,540,519) | (4,639,594,596) |
| Balance as at June 30, 2023 | 1,659,075,856 | 2,506,502,348 | 204,496,513 | 4,370,074,717 |
| CAPEX incurred during the year | 6.7.2 2,552,510,810 | 3,487,573,680 | 339,036,574 | 6,379,121,064 |
| Transferred to operating fixed assets | (3,712,669,844) | (5,544,262,738) | (492,832,218) | (9,749,764,800) |
| Balance as at June 30, 2024 | 498,916,822 | 449,813,290 | 50,700,869 | 999,430,981 |

6.7.2 This includes amount of borrowing cost capitalized during the year at average incremental borrowing rate of the Company.

| | | 2024 | 2023 |
|---|-------------|----------------------|----------------------|
| | | -----Rupees----- | |
| 7 INTANGIBLE ASSETS | Note | | |
| As at July 1 | | | |
| Cost | 7.1 | 99,973,357 | 99,973,357 |
| Accumulated amortization | | (97,746,650) | (93,977,917) |
| Opening net book value | | 2,226,707 | 5,995,440 |
| Addition for the year | | - | - |
| Amortization charge for the year | | (2,060,038) | (3,768,733) |
| Closing net book value | | 166,669 | 2,226,707 |
| As at June 30 | | | |
| Cost | | 99,973,357 | 99,973,357 |
| Accumulated amortization | | (99,806,688) | (97,746,650) |
| Closing net book value | | 166,669 | 2,226,707 |
| Amortization rate | | 33.33% | 33.33% |
| 7.1 Software includes licenses which are amortized on straight line basis over a period of 36 months. | | | |
| | | 2024 | 2023 |
| | | -----Rupees----- | |
| 7.2 The amortization charge has been allocated as follows: | Note | | |
| Administrative expenses | 33 | 2,060,038 | 3,768,734 |
| | | 2,060,038 | 3,768,734 |
| 8 LONG TERM INVESTMENTS | | | |
| Investment in subsidiary companies - unquoted shares | | | |
| Hudson Pharma (Private) Limited | | 2,525,984,000 | 2,525,984,000 |
| Ismail Resin (Private) Limited | | 3,000,000,000 | 3,000,000,000 |
| | | 5,525,984,000 | 5,525,984,000 |
| Investment in associated company | | | |
| The Bank of Khyber | 8.1 | 4,030,256,700 | 3,225,156,930 |
| | | 9,556,240,700 | 8,751,140,930 |

8.1 The Bank of Khyber

The total shareholding of the Company in the Bank of Khyber (the Bank) is 282,852,970 (June 2023: 269,383,781) shares which represents 24.43% of paid-up capital of the Bank (June 2023: 24.43%). The Bank concludes its annual financial results on December 31 as required by the State Bank of Pakistan for financial institutions. Amounts in these unconsolidated financial statements have been taken from audited financial statements of the Bank for the year ended December 31, 2023 and unaudited interim financial statement for the three months period ended March 31, 2024 (for the six month period ended June 30, 2023). Adjustment to confirm to the Bank's accounting policies is not warranted as the Bank is not engaged in like transaction under similar circumstances.

The market value of holding in the Bank as at June 30, 2024 was Rs. 3,354.64 million (June 30, 2023: Rs. 3,633.98 million), which is placed in level 1 of the fair value hierarchy.

| | The Bank of Khyber | |
|--|----------------------|----------------------|
| | 2024 | 2023 |
| | -----Rupees----- | |
| Balance as at July 1 | 3,225,156,930 | 3,144,584,786 |
| Share of profit for the period / year | 626,504,654 | 428,075,707 |
| Share of other comprehensive income / (loss) | 582,670,788 | (347,503,563) |
| Dividend received | (404,075,672) | - |
| Balance as at June 30 | 4,030,256,700 | 3,225,156,930 |

Summarized financial information in respect of the Company's associate as at March 31 (June 30) is set out below:

| | The Bank of Khyber | |
|---|----------------------|--------------------|
| | March 31, 2024 | June 30, 2023 |
| | Un-audited | Un-audited |
| | -----Rupees----- | |
| Total assets | 392,679,242,000 | 345,762,514,000 |
| Total liabilities | 374,738,916,000 | 328,873,320,000 |
| Revenue | 11,432,774,000 | 9,601,237,000 |
| Profit for the period / year | 2,564,755,000 | 1,752,436,000 |
| Other comprehensive income / (loss) for the period / year | 1,270,342,000 | (1,422,620,719) |
| Total comprehensive income for the period / year | 3,835,097,000 | 329,815,281 |

| | 2024 | 2023 |
|-----------------------------|--------------------|--------------------|
| | -----Rupees----- | |
| 9 LONG TERM DEPOSITS | | |
| Utility companies | 13,545,270 | 13,228,520 |
| Others | 13,320,745 | 13,085,745 |
| | 26,866,015 | 26,314,265 |
| 10 STORES AND SPARES | | |
| Stores | 115,050,961 | 113,581,104 |
| Spare parts | 571,336,143 | 482,392,061 |
| Others | 42,695,174 | 32,651,713 |
| | 729,082,278 | 628,624,878 |

10.1 This includes provision for slow moving amounting to Rs 8,591,420 million (June 2023: Rs 8,591,420 million)

| | Note | 2024 | 2023 |
|--------------------------|-------------|-----------------------|-----------------------|
| | | -----Rupees----- | |
| 11 STOCK-IN-TRADE | | | |
| Raw materials | 11.2 & 11.3 | 7,275,675,208 | 9,788,455,953 |
| Packing materials | 11.2 | 1,675,887,192 | 2,229,628,657 |
| Work-in-process | 31 | 395,261,776 | 640,053,565 |
| Finished goods | 11.2 | 3,292,708,526 | 3,226,783,842 |
| | | 12,639,532,702 | 15,884,922,017 |

11.1 Stock-in-trade of the Company is under hypothecation charge against short term finances as mentioned in note no. 26.

| | 2024 | | |
|---|----------------------|----------------------|----------------------|
| | Raw material | Packing material | Finished goods |
| 11.2 Reconciliation for stock-in-trade | | | |
| Stock-in-trade | 7,401,117,168 | 1,705,909,345 | 3,301,768,780 |
| Provision for slow moving | | | |
| - opening | (91,762,675) | (113,264,077) | - |
| - charge | (99,472,330) | (73,500,000) | (16,000,000) |
| - Write-off | 65,793,045 | 156,741,924 | 6,939,746 |
| - closing | (125,441,960) | (30,022,153) | (9,060,254) |
| Stock-in-trade-net | 7,275,675,208 | 1,675,887,192 | 3,292,708,526 |
| | | | |
| | 2023 | | |
| | Raw materials | Packing materials | Finished goods |
| | ----- Rupees ----- | | |
| Stock-in-trade | 9,880,218,628 | 2,342,892,734 | 3,226,783,842 |
| Provision for slow moving | | | |
| - opening | (47,738,834) | (127,297,185) | - |
| - charge for the year | (103,654,713) | (104,961,339) | - |
| - Write-off | 59,630,872 | 118,994,447 | - |
| - closing | (91,762,675) | (113,264,077) | - |
| Stock-in-trade-net | 9,788,455,953 | 2,229,628,657 | 3,226,783,842 |

11.3 This includes raw material in transit amounting to Rs. 874,959,257 (June 30, 2023: Rs. 1,945,268,243).

| | Note | 2024 | 2023 |
|------------------------------------|------|-----------------------|-----------------------|
| | | -----Rupees----- | |
| 12 TRADE DEBTS | | | |
| Considered good | | | |
| - export - secured | | 6,623,249,023 | 5,805,638,355 |
| - local - unsecured | | 6,721,181,795 | 4,857,344,865 |
| | | 13,344,430,818 | 10,662,983,220 |
| Allowance for expected credit loss | 12.2 | (209,366,262) | (158,464,042) |
| Trade debts - net | | 13,135,064,556 | 10,504,519,178 |

12.1 Trade debts of the Company is under hypothecation charge against short term finances as mentioned in note no. 26.

| | | 2024 | 2023 |
|--|-------------|------------------|----------------|
| | | -----Rupees----- | |
| 12.2 Allowance for expected credit loss | Note | | |
| Balance at the beginning of the year | | (158,464,042) | (107,970,640) |
| Charge during the year | 32 | (50,902,220) | (50,493,402) |
| Balance at the end of the year | | (209,366,262) | (158,464,042) |
| 12.3 Age analysis of trade debts | | | |
| Not Due | | 11,412,844,325 | 9,377,984,075 |
| More than 45 days but not more than 3 months | | 897,971,108 | 542,862,019 |
| More than 3 months but not more than 6 months | | 745,881,013 | 398,539,140 |
| More than 6 months but not more than 1 year | | 150,949,205 | 235,981,637 |
| More than 1 year | | 136,785,167 | 107,616,349 |
| | | 13,344,430,818 | 10,662,983,220 |
| 13 LOANS AND ADVANCES | | | |
| Loans - secured - employees | 13.1 | 164,959,605 | 99,845,955 |
| Advances - unsecured | | | |
| - suppliers | | 4,555,845,193 | 2,852,094,901 |
| - LC margins | 13.2 | 106,234 | 265,496,495 |
| | | 4,720,911,032 | 3,217,437,351 |
| 13.1 | | | |
| These represents interest free loan that are to be paid within a period of one year in equal monthly installments as per policy. Any outstanding loan due from an employee at the time of leaving the service is adjustable against the final settlement of staff. | | | |
| | | 2024 | 2023 |
| | Note | -----Rupees----- | |
| 13.2 | | | |
| Allied Bank Limited | | 106,234 | 63,748,128 |
| Habib Bank Limited | | - | 181,457,668 |
| Meezan Bank Limited | | - | 8,127,380 |
| Soneri Bank Limited | | - | 12,163,319 |
| | | 106,234 | 265,496,495 |
| 14 LOANS TO SUBSIDIARIES AND ASSOCIATE - unsecured | | | |
| <i>Subsidiaries</i> | | | |
| - Ismail Resin (Private) Limited | 14.1 | 7,962,000,000 | - |
| - Hudson Pharma (Private) Limited | 14.1 | 691,900,000 | - |
| <i>Associate</i> | | | |
| - Innovita Nutrition (Private) Limited | 14.1 | 217,900,000 | - |
| | | 8,871,800,000 | - |
| 14.1 | | | |
| The Company entered into short term financing agreement with its Subsidiaries / Associate for extending revolving line of credit for meeting their working capital requirements. These carry mark-up at the rates ranging from 22.17% to 23% per annum | | | |
| 15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS | Note | 2024 | 2023 |
| | | -----Rupees----- | |
| Trade deposits - unsecured | | 26,654,386 | 286,277,691 |
| Short term prepayments | | 10,031,972 | 551,840 |
| | | 36,686,358 | 286,829,531 |
| 16 SHORT TERM INVESTMENTS | | | |
| Held at: | | | |
| Amortised cost | 16.1 | 613,192,616 | 316,812,927 |
| Fair value through other comprehensive income | 16.2 | 863,887,055 | 834,465,000 |
| Fair value through profit and loss | 16.3 | 90,421,644 | - |
| | | 1,567,501,315 | 1,151,277,927 |
| 16.1 | | | |
| These investments are made in term deposit receipts and T- bills of various banks at the rates range from 20% to 24% (June 2023: 13% to 18%). The fair of T -bills amounts to Rs. 130.11 millions (2023: 137.65 million) which is determined using the prices / rates available on Mutual Funds Association of Pakistan | | | |
| 16.2 | | | |
| These investments are made in term finance certificates in various banks, The fair value of these certificates range from 95.33% to 99.35% of their face value (June 2023: 95.33% to 99.38%). | | | |
| 16.3 | | | |
| This investment are made in listed equity securities. | | | |

| | | | 2024 | 2023 |
|--|---|-------------------------|-----------------------|--|
| | | | -----Rupees----- | |
| 17 OTHER RECEIVABLES | Note | | | |
| Export rebate | | | 55,837,645 | 36,605,266 |
| Sales tax carry forward | | | 3,369,243,098 | 1,092,963,220 |
| Markup receivable | 17.1 | | 832,564,763 | - |
| Other receivables | 17.2 & 17.3 | | 397,278,231 | 100,402,027 |
| | | | <u>4,654,923,737</u> | <u>1,229,970,513</u> |
| 17.1 | This represents markup receivable from associated/subsidiary companies as referred in note.14.1 of this unconsolidated financial statements for the year ended June 30, 2024. | | | |
| 17.2 | This amount includes Rs. 100.217 million (June 2023; Rs. 100.217 million) due from Nazir of the Sindh High Court as referred in note 28.1.3. | | | |
| 17.3 | These includes advance paid during the year to the Nazir of Court as mentioned in note no. 28.1.10 of this unconsolidated financial statements for the year ended June 30, 2024. | | | |
| 18 TAXATION AND LEVIES - net | Note | | 2024 | 2023 |
| | | | -----Rupees----- | |
| Advance income tax / levies | | | 2,595,256,020 | 2,111,135,890 |
| Provision for levies and taxation | 38 | | (1,067,560,761) | (1,107,304,825) |
| | | | <u>1,527,695,259</u> | <u>1,003,831,065</u> |
| 19 CASH AND BANK BALANCES | | | | |
| Cash in hand | | | 28,246,622 | 5,723,588 |
| Cash at banks: | | | | |
| - current accounts - conventional | | | 246,210,030 | 1,123,432,695 |
| - current accounts - Islamic | | | 536,907,109 | 401,061,764 |
| | | | <u>811,363,761</u> | <u>1,530,218,047</u> |
| 20 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL | | | | |
| | | Number of Shares | | |
| | | 2024 | 2023 | |
| | | 53,072,940 | 53,072,940 | Ordinary shares of Rs. 10 each fully paid in cash |
| | | 13,284,000 | 13,284,000 | Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation |
| | | <u>66,356,940</u> | <u>66,356,940</u> | |
| | | | <u>663,569,400</u> | <u>663,569,400</u> |
| 21 RESERVES | Note | | | |
| Capital reserve | | | | |
| - Share premium | 21.1 | | 1,472,531,500 | 1,472,531,500 |
| - Reserve arising due to amalgamation | 21.2 | | 916,862,067 | 916,862,067 |
| Revenue Reserve | | | | |
| - Remeasurement of investment in associate | | | (206,233,725) | (701,503,895) |
| - Unrealized loss on remeasurement of investment classified as fair value through OCI - net of tax | | | (12,466,400) | (11,962,300) |
| - Unappropriated profit | | | 21,374,623,488 | 15,376,236,485 |
| Total reserves | | | <u>23,545,316,930</u> | <u>17,052,163,857</u> |
| 21.1 | This represents share premium amount pertains to issue of shares at premium. This reserve can be utilized by the Company for the purpose specified in section 81(2) of the Companies Act, 2017. | | | |
| 21.2 | This represents reserve created under scheme of arrangement for amalgamation of an Astro Plastics (Private) Limited with the Company. | | | |
| 21.3 | Movement of the total reserves have been reflected in the unconsolidated statement of changes in equity. | | | |
| 22 LONG TERM FINANCES - secured | Note | | 2024 | 2023 |
| | | | ----- Rupees ----- | |
| Long term finances - secured - conventional | 22.1 | | 14,969,070,557 | 17,218,177,780 |
| Long term finances - secured - islamic | 22.2 | | 5,056,438,243 | 5,973,953,620 |
| | | | <u>20,025,508,800</u> | <u>23,192,131,400</u> |

22.1 **CONVENTIONAL**

| Financier / Facility type | Installments mode | Repayment period | Mark-up (Rate) | Number of Installments | 2024 ----- Rupees ----- | 2023 |
|--|----------------------|---------------------|-------------------------------|---------------------------|----------------------------|----------------------|
| Habib Bank Limited | | | | | | |
| - Term Finance - FCY | Monthly | 2021-2024 | 1 month EURIBOR + 1.75% | 36 | - | 37,536,947 |
| - SBP-LTFF | Quarterly | 2018-2030 | SBP + 0.25% | 36 | 203,233,743 | 258,425,301 |
| - SBP-LTFF | Quarterly | 2021-2030 | SBP + 0.25% | 34 | 1,027,916,524 | 1,202,042,649 |
| - SBP-TERF | Quarterly | 2022-2031 | SBP + 1.25% | 36 | 179,897,103 | 207,817,224 |
| - Term finance | Quarterly | 2025-2033 | 3 month KIBOR + 1.25% | 32 | 98,280,464 | 98,279,764 |
| - Term finance | Monthly | 2024-2028 | 1 month KIBOR + 0.75% | 48 | 1,351,304,700 | 1,130,505,670 |
| Bank Al-Habib Limited | | | | | | |
| - SBP-LTFF | Quarterly | 2019-2029 | SBP + 0.75% | 32 | 189,118,690 | 239,118,000 |
| - SBP-LTFF | Quarterly | 2020-2029 | SBP + 0.50% | 32 | 30,327,600 | 37,415,000 |
| MCB Bank Limited | | | | | | |
| - SBP-LTFF | Quarterly | 2018-2028 | SBP + 0.75% | 36 | 135,392,466 | 169,457,553 |
| - SBP-LTFF | Quarterly | 2020-2030 | SBP + 0.25% | 36 | 298,124,682 | 352,335,158 |
| - SBP-TERF | Quarterly | 2024-2031 | SBP + 1% | 32 | 332,497,442 | 377,849,792 |
| - Term finance | Monthly | 2024-2029 | 3 months KIBOR + 0.80% | 60 | 883,333,338 | 1,000,000,000 |
| Allied Bank Limited | | | | | | |
| - SBP-LTFF | Semi-annual | 2022-2031 | SBP +0.25%/0.75 % | 18 | 1,263,485,500 | 1,457,858,000 |
| - Term finance | Monthly | 2021-2024 | 3 months KIBOR + 0.25% | 48 | - | 100,000,012 |
| - Term finance | Quarterly | 2024-2027 | 3 months KIBOR + 1% | 16 | 183,750,000 | 245,000,000 |
| Pak Brunei Investment Company Limited | | | | | | |
| - SBP-LTFF | Quarterly | 2020-2029 | SBP + 0.5% | 32 | 305,319,300 | 367,994,300 |
| - SBP-LTFF | Quarterly | 2021-2030 | SBP + 0.5% | 32 | 127,603,000 | 151,434,800 |
| Balance carried forward | | | | | 6,609,584,552 | 7,433,070,170 |

| Financier / Facility type | Installments mode | Repayment period | Mark-up (Rate) | Number of Installments | 2024 ----- Rupees ----- | 2023 ----- |
|--|----------------------|---------------------|-----------------------------|---------------------------|----------------------------|----------------|
| Balance brought forward | | | | | 6,609,584,552 | 7,433,070,170 |
| Pak Oman Investment Company Limited | | | | | | |
| - SBP-LTFF | Quarterly | 2022-2030 | SBP + 1.5% | 32 | 299,563,918 | 363,770,621 |
| - SBP-LTFF | Quarterly | 2025-2032 | SBP + 1.5% | 32 | 286,272,937 | 286,519,000 |
| Bank Al falah Limited | | | | | | |
| - Term finance | Quarterly | 2022-2025 | 6 month KIBOR + 0.75% | 16 | 125,000,000 | 250,000,000 |
| - Term finance | Quarterly | 2023-2026 | 3 month KIBOR + 0.75% | 16 | 300,000,000 | 450,000,000 |
| - SBP-LTFF | Quarterly | 2017-2029 | SBP+0.5% | 40/36 | 183,929,368 | 241,381,235 |
| - SBP-REFF | Quarterly | 2025-2035 | SBP+0.5% | 40 | 199,927,000 | 199,927,000 |
| JS Bank Limited | | | | | | |
| - SBP-LTFF | Quarterly | 2022-2030 | SBP+0.30% | 32 | 85,154,341 | 101,374,217 |
| - SBP-LTFF | Quarterly | 2025-2033 | SBP+1.50% | 32 | 499,994,918 | 400,845,950 |
| Habib Metropolitan Bank Limited | | | | | | |
| - SBP-TERF | Semi Annual | 2024-2031 | SBP+1.50% | 16 | 1,043,895,371 | 1,097,677,000 |
| The Bank of Punjab | | | | | | |
| - SBP-TERF | Quarterly | 2023-2031 | SBP + 1.25% | 32 | 1,410,015,365 | 1,495,913,586 |
| - Term finance | Monthly | 2022-2027 | 1 month KIBOR + 0.75% | 60 | 291,666,667 | 391,666,671 |
| Pak Kuwait Investment Company (Private) Limited | | | | | | |
| - Syndicated Term Finance | Monthly | 2024-2027 | 3 month KIBOR + 0.75% | 36 | 1,670,238,096 | - |
| National Bank of Pakistan | | | | | | |
| - SBP-LTFF | Quarterly | 2021-2030 | SBP+0.65% | 36 | 643,841,860 | 747,434,248 |
| - SBP-TERF | Quarterly | 2022-2031 | SBP+1% | 36 | 374,171,830 | 422,987,081 |
| - SBP-FFSAP | Quarterly | 2023-2030 | SBP+0.75% | 28 | 109,774,000 | 129,734,000 |
| Askari Bank Limited | | | | | | |
| - SBP-REFF | Quarterly | 2021-2031 | SBP+0.50% | 40 | 143,966,875 | 167,001,575 |
| - Term finance | Monthly | 2019-2024 | 1 month KIBOR + 0.50% | 48 | - | 91,666,679 |
| Balance carried forward | | | | | 14,276,997,098 | 14,270,969,033 |

| Financier / Facility type | Installments mode | Repayment period | Mark-up (Rate) | Number of Installments | 2024 ----- Rupees ----- | 2023 |
|---|-------------------|------------------|---------------------------|------------------------|----------------------------|-----------------|
| Balance brought forward | | | | | 14,276,997,098 | 14,270,969,033 |
| - Term finance | Monthly | 2023-2027 | 1 month KIBOR + 0.75% | 48 | 312,500,000 | 437,499,998 |
| - Syndicated Term Finance | Monthly | 2024-2029 | 1 month KIBOR + 0.80% | 60 | 3,824,999,996 | 4,250,000,000 |
| Soneri Bank Limited | | | | | | |
| - Term finance | Monthly | 2019-2025 | 1 month KIBOR + 0.75% | 60 | 91,666,682 | 191,666,679 |
| - Term finance | Monthly | 2023-2028 | 1 month KIBOR + 0.75% | 60 | 341,666,673 | 441,666,669 |
| PAIR Investment Company Limited | | | | | | |
| - Term finance | Quarterly | 2021-2025 | 3 month KIBOR + 0.75% | 16 | 56,250,000 | 131,250,000 |
| - SBP-REFF | Quarterly | 2023-2033 | SBP+0.50% | 40 | 192,928,138 | 199,519,941 |
| - Term finance | Monthly | 2024-2028 | 1 month KIBOR + 0.75% | 48 | 262,500,000 | - |
| - SBP-LTFF | Quarterly | 2025-2033 | SBP+1.50% | 32 | 23,500,000 | 23,500,000 |
| Total long term loan - secured | | | | | 19,383,008,587 | 19,946,072,320 |
| Less: Current portion of long term finances shown under current liabilities | | | | | (4,413,938,030) | (2,727,894,540) |
| | | | | | 14,969,070,557 | 17,218,177,780 |
| 22.2 ISLAMIC | | | | | | |
| Financier / Facility type | Installments mode | Repayment period | Mark-up (Rate) | Number of Installments | | |
| MCB Islamic Bank Limited | | | | | | |
| - SBP ITERF | Quarterly | 2023-2030 | SBP+0.75% | 32 | 307,745,796 | 349,986,000 |
| - Islamic financing | Quarterly | 2023-2028 | 3 months KIBOR + 0.75% | 20 | 210,000,000 | 270,000,000 |
| Dubai Islamic Bank Pakistan Limited | | | | | | |
| - SBP ILTFF | Quarterly | 2022-2027 | SBP+1% | 20 | 129,727,985 | 189,166,035 |
| - SBP ILTFF | Quarterly | 2024-2030 | SBP+1% | 20 | 399,877,005 | 412,638,448 |
| Meezan Bank Limited | | | | | | |
| - Islamic financing | Monthly | 2024-2030 | 1 months KIBOR + 0.85% | 72 | 550,000,002 | 600,000,000 |
| - Islamic financing | Monthly | 2024-2026 | 1 month KIBOR + 1% | 24 | 421,875,007 | 562,500,007 |
| Balance carried forward | | | | | 2,019,225,795 | 2,384,290,490 |

| Financier / Facility type | Installments mode | Repayment period | Mark-up (Rate) | Number of Installments | 2024 | 2023 |
|---|-------------------|------------------|--------------------------|------------------------|------------------------|-----------------|
| | | | | | ----- Rupees ----- | |
| Balance brought forward | | | | | 2,019,225,795 | 2,384,290,490 |
| - Islamic financing | Monthly | 2024-2025 | 1 month KIBOR + 0.85% | 18 | 172,222,227 | 258,333,339 |
| - Syndicated | Monthly | 2024-2028 | 3 month KIBOR + 0.80% | 60 | 3,200,000,007 | 4,000,000,000 |
| Faysal Bank Limited | | | | | | |
| - SBP-IL/TF | Quarterly | 2021-2030 | SBP+1% | 36 | 191,519,726 | 224,827,504 |
| - Islamic financing | Monthly | 2025-2029 | 1 month KIBOR + 0.50% | 60 | 1,000,000,000 | - |
| Bank Islami Pakistan Limited | | | | | | |
| - Islamic financing | Quarterly | 2023-2028 | 3 month KIBOR + 0.65% | 20 | 375,000,000 | 475,000,000 |
| Total long term loan - secured | | | | | 6,957,967,755 | 7,342,451,333 |
| Less: Current portion of long term finances shown under current liabilities | | | | | (1,901,529,512) | (1,368,497,713) |
| | | | | | 5,056,438,243 | 5,973,953,620 |

22.3 These represent financings for property, plant and equipment. The above mentioned facilities are secured by way of creation of equitable mortgage and first pari-passu / ranking charge over present and future fixed assets of the Company and personal guarantees of directors.

22.4 The Company's total limit for long term loan amounting to Rs. 35,849 million. (June 2023: Rs. 34,187 million)

22.5

| | June 30, 2024 | | | June 30, 2023 | | |
|--------------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | -----Rupees----- | | | | | |
| | Conventional | Islamic | Total | Conventional | Islamic | Total |
| At beginning of the year | 19,946,072,320 | 7,342,451,333 | 27,288,523,653 | 15,415,662,067 | 7,654,387,206 | 23,070,049,273 |
| Obtained during the year | 2,647,544,522 | 1,000,000,000 | 3,647,544,522 | 7,342,147,636 | 142,163,389 | 7,484,311,025 |
| Repaid during the year | (3,210,608,255) | (1,384,483,578) | (4,595,091,833) | (2,811,737,383) | (454,099,262) | (3,265,836,645) |
| | 19,383,008,587 | 6,957,967,755 | 26,340,976,342 | 19,946,072,320 | 7,342,451,333 | 27,288,523,653 |
| Less: Current maturity | (4,413,938,030) | (1,901,529,512) | (6,315,467,542) | (2,727,894,540) | (1,368,497,713) | (4,096,392,253) |
| | 14,969,070,557 | 5,056,438,243 | 20,025,508,800 | 17,218,177,780 | 5,973,953,620 | 23,192,131,400 |

| 23 DEFERRED LIABILITIES | Note | 2024 | 2023 |
|--|------|----------------------|---------------|
| | | ----- Rupees ----- | |
| Provision for staff gratuity scheme - unfunded | 23.1 | 828,185,577 | 696,630,495 |
| Deferred tax liability | 23.3 | 2,341,310,617 | 1,777,653,106 |
| | | 3,169,496,194 | 2,474,283,601 |

23.1 Provision for staff gratuity scheme - unfunded

In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2024 using the "Projected Unit Credit Method". Provision has been made in these unconsolidated financial statements to cover obligations in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation and disclosures in respect of above-mentioned schemes are as follows:

23.1.1 Risk on account of staff gratuity scheme - unfunded

The Company faces the following risk on account of staff gratuity scheme.

23.1.2 Final salary risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

23.1.3 Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

23.1.4 Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

23.2 Significant actuarial assumptions

2024

2023

Financial assumptions

Discount rate (per annum)

14.75%

16.25%

Expected rate of increase in salaries (per annum)

14.75%

16.25%

Demographic assumptions

Mortality rates (for death in service)

Adjusted
SLIC 2001-2005
60 years

Adjusted
SLIC 2001-2005
60 years

Retirement assumption

23.2.1 Statement of Financial Position reconciliation

Note

----- Rupees -----

Present value of defined benefit obligation

23.2.3

828,185,577

696,630,495

Net liability in statement of financial position

23.2.4

828,185,577

696,630,495

23.2.2 Maturity profile

1-5 Years

599,504,592

524,153,414

6-10 Years

957,833,576

929,808,926

10 Years onwards

19,900,031,726

24,836,247,794

Weighted average duration

8 Years

8 Years

23.2.3 Movement in the staff gratuity scheme

Note

----- Rupees -----

Present value of defined benefit obligation as at July 1

696,630,495

565,497,677

Current service cost

184,937,661

108,135,073

Interest cost

100,584,103

70,360,341

Remeasurement on obligation

23.2.7

1,336,119

21,589,876

Payments during the year

(112,349,348)

(59,441,980)

Benefits payable transferred to short term liability

(42,953,453)

(9,510,492)

Present value of defined benefit obligation as at June 30

828,185,577

696,630,495

23.2.4 Movement in the net liability at reporting date is as follows:

Opening balance of net liability

696,630,495

565,497,677

Charge for the year

23.2.5

285,521,764

178,495,414

Remeasurements recognized in 'OCI'

23.2.7

1,336,119

21,589,876

Payments during the year

(112,349,348)

(59,441,980)

Benefits payable transferred to short term liability

(42,953,453)

(9,510,492)

Closing balance of net liability

828,185,577

696,630,495

23.2.5 The amounts recognized in the unconsolidated statement of profit or loss account against staff gratuity scheme are as follows:

| | | |
|----------------------|--------------------|--------------------|
| Current service cost | 184,937,661 | 108,135,073 |
| Interest cost | 100,584,103 | 70,360,341 |
| Charge for the year | <u>285,521,764</u> | <u>178,495,414</u> |

23.2.6 For the year ended June 30, 2025, expected provisions to the staff retirement benefit scheme is Rs. 248.518 million.

| | 2024 | 2023 |
|--|--------------------|-------------------|
| | ----- Rupees ----- | |
| 23.2.7 Remeasurement recognized in 'other comprehensive income' | | |
| Experience losses | 1,336,119 | 21,589,876 |
| Related deferred tax | (387,475) | (4,749,773) |
| | <u>948,644</u> | <u>16,840,103</u> |

23.2.8 Amounts for the current and previous four years are as follows:

| Comparison for five years | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|
| | -----Rupees----- | | | | |
| Present value of the staff gratuity scheme | <u>828,185,577</u> | <u>696,630,495</u> | <u>565,497,677</u> | <u>447,306,385</u> | <u>436,910,01</u> |

23.2.9 The sensitivity of the staff gratuity scheme to changes in the weighted principal assumption is:

| | Change in assumptions | Impact on defined benefit obligation | |
|--------------------|-----------------------|--------------------------------------|------------------------|
| | | Increase in assumption | Decrease in assumption |
| | | -----Rupees----- | |
| Discount rate | 1% | 769,275,603 | 895,799,558 |
| Salary growth rate | 1% | 896,834,924 | 797,274,621 |

23.2.10 The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the staff gratuity scheme to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognized within the unconsolidated statement of financial position.

23.3 Deferred taxation

The details of deferred tax on temporary differences are as follows:

| | 2024 | 2023 |
|--|----------------------|----------------------|
| | ----- Rupees ----- | |
| - accelerated tax depreciation allowances | 2,926,265,855 | 1,871,225,378 |
| - provision for gratuity | (252,630,319) | (153,258,709) |
| - allowance for expected credit loss | (60,716,216) | (34,862,090) |
| - investment in associates at fair value through OCI | 264,091,357 | 143,326,392 |
| - STI - Term finance certificates | 783,680 | (1,781,868) |
| - provision for stores and spares | (2,491,512) | (1,890,112) |
| - provision for stock in trade | (45,084,593) | (45,105,885) |
| - provision for finished good | (2,627,474) | - |
| - Excess of min tax over NTR | (486,280,162) | - |
| Deferred tax liability | <u>2,341,310,616</u> | <u>1,777,653,106</u> |

23.3.1 The movement in temporary differences is as follows:

| | Balance as at July 1, 2022 | Recognized in Statement of profit or loss | Recognized in Statement of other comprehensive income | Balance as at June 30, 2023 | Recognized in Statement of profit or loss | Recognized in statement of other comprehensive income | Balance as at June 30, 2024 |
|--|----------------------------|---|---|-----------------------------|---|---|-----------------------------|
| | -----Rupees----- | | | | | | |
| Provision for gratuity | (133,174,703) | (15,334,233) | (4,749,773) | (153,258,709) | (98,984,134) | (387,475) | (252,630,319) |
| Allowance for expected credit loss | (25,427,086) | (9,435,004) | - | (34,862,090) | (25,854,126) | - | (60,716,216) |
| Investment in associates at fair value through OCI | 131,240,570 | 64,211,356 | (52,125,534) | 143,326,392 | 33,364,347 | 87,400,618 | 264,091,357 |
| Provision for stores & spares | (2,023,279) | 133,167 | - | (1,890,112) | (601,400) | - | (2,491,512) |
| Provision for stock in trade | (41,220,994) | (3,884,891) | - | (45,105,885) | 21,292 | - | (45,084,593) |
| Provision for finished good | - | - | - | - | (2,627,474) | - | (2,627,474) |
| Accelerated tax depreciation allowances | 1,866,214,417 | 5,010,961 | - | 1,871,225,378 | 1,055,040,477 | - | 2,926,265,855 |
| Short term investment | (2,355,000) | 1,790,832 | (1,217,698) | (1,781,868) | 2,771,448 | (205,900) | 783,680 |
| Excess of min tax over NTR | - | - | - | - | (486,280,162) | - | (486,280,162) |
| | 1,793,253,925 | 42,492,188 | (58,093,005) | 1,777,653,106 | 476,850,268 | 86,807,243 | 2,341,310,616 |

| | Note | 2024 | 2023 |
|------------------------------------|------|-----------------------|----------------------|
| | | ----- Rupees ----- | |
| 24 TRADE AND OTHER PAYABLES | | | |
| Trade creditors | | 6,749,032,744 | 5,907,554,310 |
| Accrued liabilities | | 3,292,191,115 | 1,960,049,469 |
| Gratuity payable | 24.1 | 42,953,453 | 9,510,492 |
| Workers' profit participation fund | 24.2 | 327,812,206 | 333,060,046 |
| Workers' welfare fund | | 143,876,652 | 144,967,468 |
| Other liabilities | | 14,316,325 | 13,870,460 |
| | | 10,570,182,495 | 8,369,012,245 |

24.1 This represents benefits payable transferred to short term liability (note 23.2.3).

| | Note | 2024 | 2023 |
|--|------|----------------------|----------------------|
| | | ----- Rupees ----- | |
| 24.2 Workers' profit participation fund | | | |
| Balance at the beginning of the year | | 333,060,046 | 165,092,738 |
| Contribution for the year | 34 | 378,622,766 | 381,493,334 |
| Interest on funds utilized in the Company's business | 36 | 20,432,440 | 2,208,112 |
| | | 732,115,252 | 548,794,184 |
| Less: Payments made during the year | | (404,303,046) | (215,734,138) |
| Balance at the end of the year | | 327,812,206 | 333,060,046 |
| 25 ACCRUED MARK-UP | | | |
| Accrued mark-up on: | | | |
| Conventional | | | |
| - long term finances - secured | | 247,029,755 | 265,469,799 |
| - short term finances - secured | | 648,747,415 | 687,556,038 |
| Islamic | | | |
| - long term finances - secured | | 86,298,928 | 111,352,976 |
| - short term finances - secured | | 448,895,575 | 27,219,938 |
| | | 1,430,971,673 | 1,091,598,751 |

| 26 | SHORT TERM FINANCES - secured | Note | 2024 | 2023 |
|----|---|------|-----------------------|-----------------------|
| | | | ----- Rupees ----- | |
| | From banking companies | | | |
| | Term finances - conventional | 26.1 | 300,000,000 | 1,649,997,917 |
| | Term finances - islamic | 26.2 | 693,522,849 | 452,236,440 |
| | Export refinances | 26.3 | 9,160,500,000 | 7,565,500,000 |
| | Finance against discounting of export bills / receivables | 26.4 | 329,336,128 | - |
| | Running finance utilized under mark-up arrangements | 26.5 | 3,453,317,296 | 5,440,548,535 |
| | | | 13,936,676,273 | 15,108,282,892 |

26.1 These represent facilities for term finances arranged from various banks aggregating to Rs.1,805 million (June 2023: Rs. 6,365 million). These are secured against pari-passu / ranking hypothecation charge over stocks and book debts of the Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 20.83% to 24.69% per annum (June 2023: 16.20% to 22.20% per annum).

26.2 These represent facilities for term finances arranged from various banks aggregating to Rs. 800 million (June 2023: Rs. 800 million). These are secured against pari-passu / ranking hypothecation charge over stocks and book debts of the Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 20.20% to 23.28% per annum (June 2023: 12.64% to 22.27% per annum).

26.3 These represent facilities for export refinance arranged from various banks aggregating to Rs. 9,160.50 million (June 2023: Rs. 7,665 million). These were secured against pari-passu / ranking hypothecation charge of stocks, book debts and lien on export letters of credits of the Company along with the personal guarantees of the directors. These carried mark-up at the rate ranging from 0.25% to 1% above the State Bank of Pakistan (SBP) rate per annum (June 2023: 0.25% to 1% above SBP rate per annum).

26.4 These represent facilities for finances against discounting of export bills / receivable arranged from various banks aggregating to Rs 1,471 million (June 2023: Rs 1400 million). These are secured against pari-passu/ranking hypothecation charge of stocks, book debts and lien on export letters of credits of the Company along with the personal guarantees of the directors. These carried mark-up at the rate 1% above the State Bank of Pakistan (SBP) rate per annum (June 2023: 1% above SBP rate per annum).

26.5 These represent facilities for running finances available from various banks aggregated to Rs. 10,499.50 million (June 2023: Rs. 9,155 million). These are secured against pari-passu/ ranking hypothecation charge of stocks and book debts and personal guarantees of the directors. These carry mark-up at the rates ranging from 21.61% to 23.91% per annum (June 2023: 14.50% to 22.98% per annum).

27 ISLAMIC REDEEMABLE SUKUK

During the year, the Company has raised short term financing in the form of privately placed Islamic Redeemable Sukuk to meet the working capital requirements. This carries profit ranges from 22.06% to 22.35% per annum having maturity of six months from the date of its drawdown.

28 CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

28.1.1 The Ministry of Industries has declared the BOPET film manufacturing project of the Company as Pioneer Industry due to which import of capital goods shall be duty free. The Company approached the Board of Investment (BOI) for the permission of imports who entertained the request and was in the process of evaluating the permission of import vide SRO 41(I)/2009. In the meantime, the Company imported some capital goods and as per section 81 of the Customs Act, 1969, issued post-dated cheques in favour of Collector of Custom amounting to Rs. 557.403 million (2023: Rs. 557.403 million) for provisional clearance of goods. However, due to delay on the part of Federal Board of Revenue, the formal SRO to endorse the decision of Ministry of Industries is still awaited. The Company had filed the subject Constitutional Petition in the High Court of Sindh vide D-2666 on May 13, 2015 to refrain FBR and Pakistan Customs to encash the securities submitted against the provisional release of the plant and machineries, and also to issue formal notification to endorse the earlier decision of the Ministry of Industries dated August 15, 2012. The High Court has passed interim order dated May 13, 2015, in favour of the Company which is still operative and last hearing was set up on March 04, 2024 which was adjourned without proceeding. The management of the Company is confident that exemption shall be granted on duties related to import of capital goods against BOPET project retrospectively based on legal counsel's opinion.

- 28.1.2** The Company has filed various Suits/Petitions in the High Court of Sindh against the Federation of Pakistan and others against the orders of Commissioner (Inland Revenue) who refused to issue exemption certificates under section 148 of the Income Tax Ordinance 2001 (the Ordinance) on 22 October, 2018, in order to avail the benefit of exemption from advance tax at import stage on plant and machineries as per SRO 947 of 2008, and the Company would not pay any tax on income from business under the ordinance on the basis of brought forward assessed losses available to the Company, advance taxes deducted during the financial years and carried forward tax refunds from fiscal year 2015-16 and onwards. The High Court had allowed the Company and ordered the concerned authorities to release the goods on furnishing of bank guarantees with the Nazir of the High Court and the concerned collectorate against all consignments which were released under similar grounds. The total quantum of bank guarantees involved in above suits / petitions was Rs. 463.632 million (June 2023: Rs 463.632 million). The Company's legal counsel is of the opinion that Company has a good prima facie case and there will be no financial liability on the Company.
- 28.1.3** The Company had filed Constitutional Petition 620-K of 2015 on November 27, 2015 against Federation of Pakistan, Federal Board of Revenue and Collectorate of Custom in the Supreme Court of Pakistan against the operation of SRO 170(I)/2013 dated March 04, 2013 which required 8% duty on import of Poly Ethylene Terephthalate (PET Resin). In this connection the High Court vide order dated March 12, 2013 directed those custom duties at the rate of 3% to be paid by the Company to custom authorities and insofar as differential amount is concerned, 2.5% shall be deposited in cash and 2.5% shall be paid through post-dated cheques to the Nazir of the High Court. In this connection, the Company had deposited pay orders amounting to Rs. 100.217 million (2023: Rs. 100.217 million) and issued post-dated cheques amounting to Rs. 100.217 million (2023: Rs. 100.217 million) in favour of Nazir of the High Court as directed. Further, the Company had filed petition in the High Court of Sindh for rationalization of duty structure on PET Resin. The main grievance of the Company was for classifying the Pet Resin (Film Grade) and Pet Resin (Yarn Grade) under the same PCT Heading has already been redresses in Fiscal Budget (2015-16) and from 01st July 2015, the raw material for BOPET film manufacturing i.e., PET Resin – Film Grade is being imported on the same rate as applicable to PET Resin – Yarn Grade. However, the retrospective relief on the previous consignments had been regretted by the High Court which was challenged in the Honorable Supreme Court of Pakistan. Supreme Court of Pakistan via its order 17621/22 dated September 30, 2022 had disposed off the case and Alternate Dispute Resolution Committee (ADRC) has been formed the last meeting was held on dated August 08, 2023. The ADRC has decided the matter in favour of the Company and now the Company has applied for implementation of ADRCs decision.
- 28.1.4** During the fiscal year 2017, Federal Board of Revenue had issued a show cause notice (SCN) on the basis of scrutiny of sales tax returns of various tax periods which revealed that the Company has claimed the input tax of Astro Plastics (Private) Limited (APL) amounting to Rs. 477.804 million (June 2023: Rs. 477.804 million) in their sales tax returns. In response to SCN, the Company has given the reference of the letter dated: October 2016 sent to the Federal Board of Revenue in which it has categorically mentioned that the High Court of Sindh, at Karachi, has sanctioned the petition no. J.Misc. 13/ 2016 for amalgamation by way of merger of APL and its members with and into Ismail Industries Limited and its members and the Company has claimed the input sales tax on that basis. However, the Company has filed Suit in the High Court of Sindh vide No.1539/2017 on June 13, 2017 and obtained the stay order from the Court. In the year 2020, subject suit was withdrawn by the Company, to pursue the remedy available under section 134A of the Income Tax Ordinance, 2001 i.e., Alternative Dispute Resolution Committee which is still in process. As per the legal counsel, the Company has reasonable grounds to believe that it will not have to incur any financial liability.
- 28.1.5** The Company had filed sale tax reference no. A.823 of 2015 on August 28, 2015 with the High Court of Sindh upon the dismissal of appeal filed by the Company before the Appellate Tribunal for tax year 2013 regarding sales tax audit. The High Court has restrained the Commissioner Inland Revenue from initiating the proceeding on the basis of the order passed by the Appellate Tribunal as well as operation of the Order / Judgement passed by the Tribunal has also been suspended. In the year 2020, subject suit was withdrawn by the Company, to pursue the remedy available under section 134A of the Income Tax Ordinance, 2001 i.e., Alternative Dispute Resolution Committee which is still in process. The Company's legal counsel is confident that the case will be decided in favour of the Company.

- 28.1.6** The Company had filed the Constitutional Petition 2752/2011 on August 09, 2011 in the High Court of Sindh against the Excise and Taxation Department in respect of infrastructure cess / fee being charged by the Government of Sindh on Imports and prayed to declare that Sindh Finance (Amendment) Act, 2009 and / or rules made thereunder to be unconstitutional, illegal, void ab initio, and of no legal effect. In all the five versions of the law i.e. Sindh Finance Act / Ordinance, the incidence of tax arise upon ensuring of goods entering or leaving the province and such goods enter or leave the country through air or sea. Furthermore, import and export are within the exclusive domain of the federal legislature i.e. the Sindh legislature throughout lacked the jurisdiction to impose the levy. The imported goods were not released by the custom authorities without paying the infrastructure cess / fee charged by the Government of Sindh. Subsequently, the High Court ordered the custom authority to release the goods upon furnishing Bank Guarantee. In 2021, the case had been disposed off by the High Court in favour of Excise and Taxation Department. However, the Company along with the industry has challenged the applicability of said order in Honorable Supreme of Pakistan through case number 4978 of 2021 and the Court has granted the stay order on September 01, 2021 upon providing the fresh bank guarantees equivalent to the amount already provided to the High Court, keeping the previously furnished bank guarantees operative and enforceable against the release of all future consignments of imported goods and restrained the authorities to take any coercive action against the Company. The total quantum of bank guarantees involved is Rs. 1,067.38 million (June 2023: Rs 863 million).
- 28.1.7** Through Finance Act, 2019, the Government had reduced tax credit available on new investments under Section 65-B from 10% to 5% in FY-2019 and Nil from onward. The Company has challenged the provision of Finance Act, 2019 before the High Court of Sindh on December 19, 2019 against the Federation of Pakistan and obtained the interim relief of claiming 10% tax credit on all investments already planned including its ancillary costs. The case was disposed off by the Honourable High Court of Sindh during the year in favour of the Company which has been challenged by the department in Honourable Supreme Court of Pakistan. The management and Company's legal council are confident that the case will be decided in favour of the Company.
- 28.1.8** In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the subject, where it had up held that the earlier introduction of GIDC Act 2011 was unconstitutional and ultra vires on the ground, amongst others, that GIDC was a 'Fee' and not a 'Tax' and the same suit was also filed against Federation of Pakistan, OGRA , SSGC and SNGPL in different Honourable High Courts of Pakistan by Industry at Large. In May 2015, 'the Government passed the GIDC Act, 2015 and the Company has challenged that GIDC Act 2015 and filed a writ petition in the High Court of Sindh including retrospective treatment of the provisions of the GIDC 'Act, 2015..In October 2015, Sindh High Court (SHC) decided this suit in favour of the Company. However, the Government filed an appeal in Honorable Supreme Court of Pakistan, where the Company was not party to such litigation. The Honorable Supreme Court of Pakistan has disposed off the case on 13 August, 2020 and instructed the gas distribution companies to recover the outstanding amount in 24 equal instalments only from those consumers who have already passed the burden of GIDC cost to their customers. Based on the judgement of the Supreme Court, the Company has obtained the stay order from the High Court of Sindh on 16th September, 2020 against the gas distribution companies for recovering of outstanding GIDC and disconnection of gas supply. The last hearing of this case was held on January 10, 2022. The cumulative differential amount of GIDC not yet recognised in these books amount to Rs 826 million (June 2023: Rs 826 million) (inclusive of Sales Tax). The management and its legal counsel are of the view that there is no need to maintain any provision against this liability and has a good prima facie case.
- 28.1.9** During the year 2023, the Board of Revenue (BOR) has issued a notice to the Company in accordance with section 73 of the Stamp Act, 1899 for inspection of books of accounts and subsequently issued a demand notice of Rs. 297.907 million as a stamp duty due against various contracts undertaken by the Company during the year 2021 and 2022. The Company challenged the said demand notice and filed a Constitutional Petition D-8084 of 2022 on 26 December 2022 against BOR in the Honorable High Court of Sindh (SHC) and cited that section 73 of the Stamp Act, 1899 allows the representative of BOR to inspect documents available in public office only and inclusion of private office under the definition of Public Office is ultra vires and against the principles of natural justice. SHC has granted stay order to the Company against the impugned demand notice and restrained the BOR from taking any coercive action against the plaintiff. The matter is still pending in the SHC. The management and its legal counsel are of the view that there is no need to maintain any provision against this liability and has a good prima facie case.

28.1.10 The Company had filed a Suit (-2123/2023) before the High Court of Sindh and challenged the OGRA notification bearing no. OGRA-(10)-3(8)/2023 dated November 08, 2023 for increase in the price of natural gas and different prices for industrial and captive connection where the same is used for self-consumption by industrial undertaking. The Court vide its order dated December 18, 2023 passed an interim stay order in favour of the Company and suspended the afore-mentioned notification by allowing to pay monthly gas charges as per previous notification and directed the Company to pay the differential amount by way of cash in favour of the Nazir of Court. The cumulative differential amount is approximately Rs 296.88 million (inclusive of sales tax) which has not been recorded in these unconsolidated financial statements.

28.1.11 With reference to the contingency in associated company, The Bank of Khyber (BOK), please refer the note 22 of interim financial statement of March 31, 2024.

| | 2024 | 2023 |
|--|-----------------------|-----------------------|
| | ----- Rupees ----- | |
| 28.2 Commitments | | |
| 28.2.1 Outstanding letters of guarantee | <u>3,556,961,846</u> | <u>3,065,474,545</u> |
| 28.2.2 Cross Corporate guarantees issued by the Company on behalf of Subsidiary companies | <u>11,575,907,534</u> | <u>4,838,811,644</u> |
| 28.2.3 Outstanding letters of credit for: | | |
| - capital expenditure | <u>28,162,778</u> | <u>726,605,896</u> |
| - raw material | <u>3,483,351,988</u> | <u>5,585,776,940</u> |
| 28.2.4 The Company's share of commitments of associated companies. | | |
| - Guarantees | <u>9,399,674,096</u> | <u>9,129,399,388</u> |
| - Commitments | <u>11,150,593,451</u> | <u>10,570,628,182</u> |

| 31 COST OF SALES | Note | Food segment | | | Plastic segment | | | Total | |
|--|------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------|--|
| | | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | | |
| Raw materials consumed | | 49,227,259,231 | 40,016,107,380 | 10,596,732,675 | 10,460,026,500 | 59,823,991,906 | 50,476,133,880 | | |
| Packing materials consumed | | 11,072,498,806 | 10,101,185,836 | 430,559,207 | 383,702,719 | 11,503,058,013 | 10,484,888,555 | | |
| Stores and spares consumed | | 1,066,640,308 | 901,938,736 | 233,684,620 | 173,608,552 | 1,300,324,928 | 1,075,547,288 | | |
| Salaries, wages and other benefits | 31.1 | 4,620,178,465 | 3,984,499,332 | 457,975,179 | 416,316,905 | 5,078,153,644 | 4,400,816,237 | | |
| Electricity, gas, fuel and lubricants | | 2,402,046,028 | 1,223,361,266 | 1,002,114,755 | 566,547,907 | 3,104,160,783 | 1,789,909,173 | | |
| Repairs and maintenance | | 273,949,722 | 228,499,661 | 50,376,837 | 33,491,956 | 324,326,559 | 261,991,617 | | |
| Printing and stationery | | 34,849,131 | 30,868,196 | 2,143,716 | 1,553,623 | 36,992,847 | 32,421,819 | | |
| Insurance | | 83,220,842 | 46,440,162 | 27,083,030 | 19,607,065 | 110,303,872 | 66,047,227 | | |
| Rent, rates and taxes | | 45,985,448 | 10,503,362 | 12,568,899 | 5,383,633 | 58,554,347 | 15,886,995 | | |
| Water charges | | 51,476,095 | 38,830,314 | 9,229,563 | 7,232,413 | 60,705,658 | 46,062,727 | | |
| Postage and telephone | | 12,527,764 | 11,026,490 | 3,714,246 | 1,554,422 | 16,242,010 | 12,580,912 | | |
| Travelling and conveyance | | 21,802,284 | 14,025,251 | 2,538,219 | 762,792 | 24,340,503 | 14,788,043 | | |
| Vehicle running and maintenance | | 57,481,227 | 46,453,005 | 24,028,838 | 22,304,488 | 81,510,065 | 68,757,493 | | |
| Depreciation | 6.3 | 2,091,426,628 | 1,453,057,630 | 661,747,068 | 721,709,452 | 2,753,173,696 | 2,174,767,082 | | |
| Laboratory expenses | | 76,993,672 | 56,851,590 | - | - | 76,993,672 | 56,851,590 | | |
| Fees and subscription | | 8,453,222 | 4,505,880 | 1,101,885 | 1,514,668 | 9,555,107 | 6,020,548 | | |
| Legal and professional charges | | 2,540,000 | 225,000 | 375,000 | - | 2,915,000 | 225,000 | | |
| Cartage inward | | 49,122,818 | 36,514,382 | 13,089,080 | 12,629,784 | 62,211,898 | 49,144,166 | | |
| Other manufacturing expenses | | 19,991,894 | 16,886,998 | 6,011,009 | 4,538,828 | 26,002,903 | 21,425,826 | | |
| | | 70,918,443,585 | 58,221,780,471 | 13,535,073,826 | 12,832,485,706 | 84,453,517,411 | 71,054,266,178 | | |
| Work-in-process at the beginning of the year | | 195,656,685 | 272,168,168 | 444,396,880 | 142,499,215 | 640,053,565 | 414,667,383 | | |
| Work-in-process at the end of the year | | (198,267,364) | (195,656,685) | (196,994,412) | (444,396,880) | (395,261,776) | (640,053,565) | | |
| Trial production cost | | (2,610,679) | 76,511,483 | 247,402,468 | (301,897,665) | 244,791,789 | (225,386,182) | | |
| Cost of goods manufactured | | 70,915,832,906 | 58,174,823,619 | 13,782,476,294 | 12,530,588,041 | 84,698,309,200 | 70,705,411,661 | | |
| Stock of finished goods at the beginning of the year | | 3,000,737,794 | 2,169,520,134 | 226,046,048 | 286,941,854 | 3,226,783,842 | 2,456,461,988 | | |
| Purchase of finished goods | | 240,413,407 | 538,666,052 | - | - | 240,413,407 | 538,666,052 | | |
| Insurance claim | | (3,592,917) | (60,400) | (3,891,500) | - | (7,484,417) | (60,400) | | |
| Stock of finished goods at year end | | (3,098,520,487) | (3,000,737,794) | (194,188,039) | (226,046,048) | (3,292,708,526) | (3,226,783,842) | | |
| | | 139,037,797 | (292,612,008) | 27,966,509 | 60,895,806 | 167,004,306 | (231,716,202) | | |
| | | 71,054,870,703 | 57,882,211,612 | 13,810,442,803 | 12,591,483,847 | 84,865,313,506 | 70,473,695,459 | | |

31.1 This includes expense recognised in respect of staff gratuity fund amounting to Rs. 107.62 million (2023:Rs. 123.61 million)

| | | 2024 | 2023 |
|--|--|----------------------|----------------------|
| | Note | ----- Rupees ----- | |
| 34 OTHER OPERATING EXPENSES | | | |
| Contribution to: | | | |
| - workers' profits participation fund | | 378,622,766 | 381,493,334 |
| - workers' welfare fund | | 143,876,651 | 144,967,468 |
| Auditors' remuneration | 34.1 | 6,048,500 | 5,500,000 |
| Donations | 34.2 | 320,327,108 | 281,155,739 |
| Other | | 5,977,768 | 9,743,551 |
| | | 854,852,793 | 822,860,092 |
| 34.1 Auditor's remuneration | | | |
| Audit fee - unconsolidated | | 3,500,000 | 3,000,000 |
| Audit fee - consolidated | | 1,000,000 | 900,000 |
| Fee for statutory certification | | 500,000 | 500,000 |
| Fee for half yearly review | | 600,000 | 600,000 |
| Out-of-pocket expense | | 448,500 | 500,000 |
| | | 6,048,500 | 5,500,000 |
| 34.2 Donation to the following organizations exceed 10% of total donation | | | |
| - Al Mustafa Welfare Trust | | 197,833,417 | 168,263,764 |
| | | 197,833,417 | 168,263,764 |
| 34.2.1 | None of the donations were made to any donee in which a director or his spouse had any interest at any time during the year. | | |
| | | 2024 | 2023 |
| 35 OTHER INCOME | | ----- Rupees ----- | |
| Income from financial assets | | | |
| Exchange gain - net | | 411,569,323 | 1,402,889,926 |
| Income from short term investments | | 335,258,077 | 174,115,265 |
| Income from non financial assets | | | |
| Recovery from the sale of production scrap | | 330,535,036 | 217,805,602 |
| Gain on disposal of property, plant and equipment-net | | 79,197,745 | 55,173,717 |
| Processing income | | 92,647,629 | 107,496,556 |
| Others | | 59,635,133 | 37,949,627 |
| | | 1,308,842,943 | 1,995,430,693 |
| 36 FINANCE COST | | | |
| Mark up on: | | | |
| - long term finances - conventional | | 2,722,337,866 | 974,657,713 |
| - long term finances - islamic | | 1,184,567,015 | 1,223,875,850 |
| - short term finances - conventional | | 1,937,415,018 | 1,326,504,715 |
| - short term finances - islamic | | 2,095,297,031 | 639,159,148 |
| Markup Income on loan to subsidiaries and associate | | (832,564,763) | - |
| Interest on workers' profits participation fund | | 20,432,440 | 2,208,112 |
| Finance charge on lease liabilities | | - | 274,423 |
| Bank charges | | 256,670,866 | 232,763,768 |
| | | 7,384,155,473 | 4,399,443,729 |

37 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

| | 2024 | | | 2023 | | |
|----------------------------------|-------------------------|-------------------|----------------------|-------------------------|-------------------|--------------------|
| | Chief executive officer | Director | Executives | Chief executive officer | Director | Executives |
| | -----Rupees----- | | | | | |
| Managerial remuneration | 20,000,000 | 16,800,000 | 937,395,387 | 16,800,000 | 14,400,000 | 728,291,519 |
| Gratuity | 1,048,272 | - | 46,378,507 | 880,548 | - | 34,234,141 |
| Bonus | - | - | 46,378,507 | - | - | 34,234,141 |
| Leave encashment | - | - | 39,830,240 | - | - | 31,408,569 |
| Reimbursement of expenses | | | | | | |
| Utilities | 1,700,000 | 1,416,668 | - | 1,500,000 | 1,250,000 | - |
| | 22,748,272 | 18,216,668 | 1,069,982,641 | 19,180,548 | 15,650,000 | 828,168,370 |
| Number of persons | 1 | 1 | 213 | 1 | 1 | 150 |

In addition to the above, Company maintained cars are provided to the chief executive officer, directors and executives.

37.1 The remuneration has been allocated as follows:

| | 2024 | | | 2023 | | |
|-----------------------------------|-------------------------|-------------------|----------------------|-------------------------|-------------------|--------------------|
| | Chief executive officer | Director | Executives | Chief executive officer | Director | Executives |
| | -----Rupees----- | | | | | |
| Cost of goods sold | - | - | 377,885,867 | - | - | 306,734,537 |
| Selling and distribution expenses | - | - | 424,621,408 | - | - | 325,527,770 |
| Administrative expenses | 22,748,272 | 18,216,668 | 267,475,366 | 19,180,548 | 15,650,000 | 195,906,063 |
| | 22,748,272 | 18,216,668 | 1,069,982,641 | 19,180,548 | 15,650,000 | 828,168,370 |
| Number of persons | 1 | 1 | 213 | 1 | 1 | 150 |

37.2 Bonus is given to employees as per the Company's policy.

| | 2024 | 2023 |
|-------------|--------------------|--------------------|
| | (Restated) | |
| | ----- Rupees ----- | |
| 38 Taxation | | |
| - Current | 60,611,351 | 64,166,352 |
| - Deferred | 476,850,266 | 42,492,188 |
| | 537,461,617 | 106,658,540 |

38.1 RELATIONSHIP BETWEEN TAX EXPENSES AND ACCOUNTING PROFIT

The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements as the total income of the Company attracts minimum tax and FTR under income tax ordinance, 2001.

| 39 EARNINGS PER SHARE - Basic and diluted | | 2024 | 2023 |
|---|---------|--------------------|------------------|
| Basic earnings per share | | ----- Rupees ----- | |
| Profit for the year | | 6,132,049,527 | 6,381,684,583 |
| | | Number of shares | |
| Weighted average number of shares outstanding as at year end | | 66,356,940 | 66,356,940 |
| Basic earnings per share | | 92.41 | 96.17 |
| Diluted earnings per share | | | |
| There is no dilutive potential ordinary shares outstanding as at June 30, 2024 & June 30, 2023. | | | |
| 40 NUMBER OF EMPLOYEES | | 2024 | 2023 |
| | | -----Numbers ----- | |
| Number of employees as at the year end | | 2,923 | 3,053 |
| Average number of employees during the year | | 2,601 | 2,848 |
| 41 CASH GENERATED FROM OPERATIONS | | ----- Rupees ----- | |
| Profit before levies and taxation | Note | 7,676,460,554 | 7,531,481,595 |
| Adjustments for non-cash and other items: | | | |
| Depreciation and amortization | 6.3 & 7 | 3,005,180,960 | 2,401,927,438 |
| Gain on disposal of property, plant and equipment-net | 35 | (79,197,745) | (55,173,717) |
| Provision for staff gratuity scheme - unfunded | 23.2.5 | 285,521,764 | 178,495,414 |
| Finance cost | 36 | 7,384,155,473 | 4,399,443,729 |
| Share of profit from associated company - net | 8.1 | (626,504,654) | (428,075,707) |
| Provision for slow moving - stock in trade | | 172,972,330 | 208,616,052 |
| Allowance for expected credit loss | | 50,902,220 | 50,493,402 |
| Unrealized exchange loss / (gain) | | 38,599,770 | (25,977,542) |
| Unrealized gain on short term investment | | (45,015,395) | (1,595,808) |
| Unrealized exchange gain on borrowings | | - | (101,247,409) |
| | | 17,863,075,277 | 14,158,387,447 |
| Working capital changes | | | |
| Increase in current assets | | | |
| Stores and spares | | (100,457,400) | (119,526,849) |
| Stock-in-trade | | 3,072,416,985 | (7,755,680,280) |
| Trade debts | | (2,689,301,098) | (4,783,813,401) |
| Loans and advances | | (1,503,473,681) | (1,254,092,197) |
| Loans to subsidiaries and associate | | (8,871,800,000) | - |
| Trade deposits and short term prepayments | | 250,143,173 | (249,517,211) |
| Other receivables | | (3,424,953,224) | (1,112,230,022) |
| | | (13,267,425,245) | (15,274,859,960) |
| Increase / (Decrease) in current liabilities | | | |
| Trade and other payables | | 2,127,470,526 | 4,895,167,275 |
| Advances from customers - unsecured | | 251,154,538 | 616,952,864 |
| | | 2,378,625,064 | 5,512,120,139 |
| Net decrease in working capital | | (10,888,800,181) | (9,762,739,821) |
| Cash generated from operations | | 6,974,275,096 | 4,395,647,626 |

| 42 | FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES | Note | 2024 ----- Rupees ----- | 2023 |
|------|--|------|----------------------------|-----------------------|
| 42.1 | Financial instruments by category | | | |
| | Financial assets | | | |
| | At amortized cost | | | |
| | Long term deposits | 9 | 26,866,015 | 26,314,265 |
| | Trade debts | 12 | 13,344,430,818 | 10,662,983,220 |
| | Loans and advances | 13 | 106,234 | 265,496,495 |
| | Loans to subsidiaries and associate | 14 | 8,871,800,000 | - |
| | Trade deposits - unsecured | 15 | 26,654,386 | 286,277,691 |
| | Other receivables | 17 | 1,229,842,994 | 100,402,027 |
| | Cash and bank balances | 19 | 811,363,761 | 1,530,218,047 |
| | Short term investments | 16 | 613,192,616 | 316,812,927 |
| | At fair value through OCI | | | |
| | Short term investments | 16 | 863,887,055 | 834,465,000 |
| | At fair value through profit and loss | | | |
| | Short term investments | 16 | 90,421,644 | - |
| | Total financial assets | | 25,878,565,523 | 14,022,969,672 |
| | Financial liabilities | | | |
| | At amortized cost | | | |
| | Long term finances | 22 | 26,340,976,342 | 27,288,523,653 |
| | Trade and other payables | 24 | 10,098,493,637 | 7,893,415,577 |
| | Accrued mark-up | 25 | 1,430,971,673 | 1,091,598,751 |
| | Short term finances | 26 | 13,936,676,273 | 15,108,282,892 |
| | Islamic redeemable sukuk | 27 | 10,000,000,000 | - |
| | Unclaimed dividend | | 5,228,293 | 5,069,267 |
| | Total financial liabilities | | 61,812,346,218 | 51,386,890,140 |

42.2 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market)

There are few transfers of level 3 short term investment to level 1 as it become listed during the year.

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

Level 2: Non active markets the fair value of financial instruments of non active market is based on inputs available in the market.

The fair value of financial instruments traded in active markets is based on market value of financial instrument at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The following table analysis within the fair value hierarchy of the Company's financial assets (by class) measured at fair value at June 30, 2024:

| Financial assets | 2024 | | | |
|---|-------------------|---------|---------|-------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | -----Rupees ----- | | | |
| Financial investments: fair value through OCI | 863,887,055 | - | - | 863,887,055 |
| Financial investments: fair value through Profit and Loss | 90,421,644 | - | - | 90,421,644 |
| | 2023 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| | -----Rupees ----- | | | |
| Financial investments: fair value through OCI | 834,465,000 | | - | 834,465,000 |

42.3 Financial risk management

The board of directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

42.3.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful for recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored.

Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, other receivables and deposits with financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Trade debts

The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The majority of the customers have been transacting with the company for several years. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Bank balances

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counter-parties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with the credit ratings are tabulated below:

| | Short- term Ratings | 2024 | 2023 |
|------------------------------|---------------------|--------------------|-------------|
| | | ----- Rupees ----- | |
| Allied Bank Limited | A1+ | 7,556 | 121,466,071 |
| Bank Al Falah Limited | A1+ | 9,610,837 | 21,093,712 |
| Bank Al Habib Limited | A1+ | 12,808,580 | 20,544,213 |
| Bank Islami Pakistan Limited | A1 | 615,678 | 282,855,292 |

| | | | |
|---------------------------------------|-----|--------------------|----------------------|
| Dubai Islamic Bank Pakistan Limited | A1+ | 6,648,060 | 23,062,537 |
| Habib Bank Limited | A1+ | 4,991,903 | 471,725,894 |
| Habib Metropolitan Bank Limited | A1+ | 54,984,476 | 68,656,854 |
| JS Bank Limited | A1+ | 105,464,453 | 149,319,867 |
| MCB Bank Limited | A1+ | 413,155 | 52,246,194 |
| MCB Islamic Bank Limited | A1 | 11,547,665 | 51,586,951 |
| Meezan Bank Limited | A1+ | 527,392,315 | 150,306,513 |
| National Bank Of Pakistan | A1+ | 1,534,337 | 5,201,189 |
| Samba Bank Limited | A1 | 17,185 | 16,185 |
| Soneri Bank Limited | A1+ | 993,457 | 30,186,697 |
| Summit Bank Limited | - | 1,314,471 | 313,971 |
| Standard Chartered Bank Limited | A1+ | 1,352,523 | 1,181,241 |
| Bank of Punjab | A1+ | 9,958,594 | 41,949,567 |
| Askari Bank Limited | A1+ | 27,306,097 | 32,732,561 |
| Industrial & Commercial Bank of China | - | 1,199,695 | - |
| Al Barka Bank Limited | A1 | 4,956,102 | 48,950 |
| | | 783,117,139 | 1,524,494,459 |

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | Note | 2024 ----- Rupees ----- | 2023 |
|-------------------------------------|------|----------------------------|-----------------------|
| Long term deposits | 9 | 26,866,015 | 26,314,265 |
| Trade debts | 12 | 13,135,064,556 | 10,504,519,178 |
| Loans and advances | 13 | 106,234 | 265,496,495 |
| Loans to subsidiaries and associate | 14 | 8,871,800,000 | - |
| Trade deposits - unsecured | 15 | 26,654,386 | 286,277,691 |
| Short term investments | 16 | 613,192,616 | 316,812,927 |
| Bank balances | 19 | 783,117,139 | 1,524,494,459 |
| Other receivables | 17 | 1,229,842,994 | 100,402,027 |
| | | 24,686,643,940 | 13,024,317,042 |

To reduce the exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating.

As at June 30 the Company has certain trade debts that are past due but are not considered to be impaired. The amounts as at June 30 are as follows:

| | Note | 2024 ----- Rupees ----- | 2023 |
|---|------|----------------------------|----------------------|
| More than 45 days but not more than 3 months | | 897,971,108 | 542,862,019 |
| More than 3 months but not more than 6 months | | 745,881,013 | 398,539,140 |
| More than 6 months but not more than 1 year | | 150,949,205 | 235,981,637 |
| More than 1 year | | 136,785,167 | 107,616,349 |
| | 12.3 | 1,931,586,493 | 1,284,999,145 |

In respect of trade debts, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade debts consists of a large number of customers. Based on historical information about customer default rates management consider the credit quality of trade debts that are not past due and impaired to be good. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

42.3.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Based on the above, management believes the liquidity risk is insignificant.

As at the reporting date the Company's financial liabilities have contractual maturities as summarized below:

Effective rates of return/mark-up on financial liabilities are as follows:

| | | 2024 | | | |
|---|----|----------------------------|-----------------------|------------------------|-------------------------|
| | | Effective rate of interest | Carrying amount | Maturity upto one year | Maturity after one year |
| Note | | -----Rupees----- | | | |
| Financial liabilities - Interest bearing | | | | | |
| Long term finances - secured | | | | | |
| Conventional | 22 | 13.46% | 19,383,008,587 | 4,413,938,030 | 14,969,070,557 |
| Long term finances - secured | | | | | |
| Islamic | | 19.0% | 6,957,967,755 | 1,901,529,512 | 5,056,438,243 |
| Short term finances - secured - conventional | | | | | |
| | 26 | 20.83% to 24.69% | 13,243,153,424 | 13,243,153,424 | - |
| Short term finances - secured - Islamic | | | | | |
| | 26 | 20.20% to 23.28% | 693,522,849 | 693,522,849 | - |
| Islamic redeemable sukuk | | | | | |
| | 27 | 22.06% to 22.35% | 10,000,000,000 | 10,000,000,000 | - |
| Non - interest bearing | | | | | |
| Trade and other payables | | | | | |
| | 24 | - | 10,098,493,637 | 10,098,493,637 | - |
| Accrued mark-up | | | | | |
| | 25 | - | 1,430,971,673 | 1,430,971,673 | - |
| Unclaimed dividend | | | | | |
| | | | 5,228,293 | - | - |
| | | | 61,812,346,218 | 41,781,609,125 | 20,025,508,800 |

| | | 2023 | | | |
|---|----|----------------------------|-----------------------|------------------------|-------------------------|
| | | Effective rate of interest | Carrying amount | Maturity upto one year | Maturity after one year |
| Note | | -----Rupees----- | | | |
| Financial liabilities - Interest bearing | | | | | |
| Long term finances - secured - conventional | | | | | |
| | 22 | 9.01% | 19,946,072,320 | 2,727,894,540 | 17,218,177,780 |
| Long term finances - secured - Islamic | | | | | |
| | | 16.3% | 7,342,451,333 | 1,368,497,713 | 5,973,953,620 |
| Short term finances - secured - conventional | | | | | |
| | 26 | 16.20% to 22.20% | 14,656,046,452 | 14,656,046,452 | - |
| Short term finances - secured - Islamic | | | | | |
| | 26 | 12.64% to 22.27% | 452,236,440 | 452,236,440 | - |
| Non - interest bearing | | | | | |
| Trade and other payables | | | | | |
| | 24 | - | 7,893,415,577 | 7,893,415,577 | - |
| Accrued mark-up | | | | | |
| | 25 | - | 1,091,598,751 | 1,091,598,751 | - |
| Unclaimed dividend | | | | | |
| | | | 5,069,267 | - | - |
| | | | 51,386,890,140 | 28,189,689,473 | 23,192,131,400 |

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2024, if interest rates on long term financing had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been affected by Rs. 263.41 million (June 2023: Rs. 272.89 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At June 30, 2024, if interest rates on short term borrowings had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been affected by Rs. 139.37 million (June 2023: Rs. 151.08 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

42.3.3 Market risk

Market risk is the risk that fair value of future cash flows of the financial instrument may fluctuate as a result of changes in market prices. Market prices comprise of three types of risks namely foreign currency risk, interest rate risk and other price risk, such as equity risk.

a) Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of financial asset or a liability may fluctuate due to changes in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in US Dollars.

Exposure to Foreign currency risk

The Company is exposed to foreign exchange risk arising from currency value fluctuations due to the following:

| | 2024 | 2023 |
|------------------------------------|---------------------------|--------------------|
| | ----- Amount in USD ----- | |
| Trade debts | 23,756,273 | 20,221,659 |
| Cash and bank balances | 2,031,982 | 3,353,064 |
| Trade and other payables | (4,757,133) | (7,333,407) |
| Loans and advances | 381 | 924,753 |
| Advance from customer | (381,211) | (738,013) |
| | 20,650,292 | 16,428,056 |
| Off balance sheet exposures | | |
| Letter of credit | (12,382,715) | (21,986,704) |
| Net Exposure | 8,267,577 | (5,558,648) |

The following significant exchange rates were applied during the year.

| | Rupee per USD | |
|---------------------|---------------|--------|
| Average rate | 282.95 | 246.30 |
| Reporting date rate | 278.80 | 287.10 |

Foreign currency sensitivity analysis

A 10 percentage strengthening of the PKR against the USD at June 30, 2023 would have effect on the equity and profit and loss of the company as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2024.

| | 2024 | 2023 |
|--|--------------------|---------------|
| | ----- Rupees ----- | |
| Strengthening of PKR against respective currencies | (230,500,060) | 159,588,797 |
| Weakening of PKR against respective currencies | 230,500,060 | (159,588,797) |

As at 30 June 2024, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollar with all other variables being constant, profit before tax for the year would have been lower / higher by Rs. 230.5 million (2023:Rs.159.59 million) mainly as a result of foreign exchange gains / losses on translation of dollar denominated financial assets.

The maximum exposure to foreign currency risk in Pakistani rupee at the reporting date is as follows:

| | Note | 2024 ----- Rupees ----- | 2023 |
|------------------|------|----------------------------|----------------------|
| Export debtors | 12 | 6,623,249,023 | 5,805,638,355 |
| Import creditors | | 1,326,288,585 | 2,105,421,016 |
| | | <u>7,949,537,608</u> | <u>7,911,059,371</u> |

b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument may fluctuate because of the changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and running finance facilities. At the reporting date the interest rate profile of the Company's mark-up bearing financial instruments is as follows:

| | 2024 ----- Rupees ----- | 2023 |
|----------------------------------|----------------------------|----------------------|
| Variable rate instruments | | |
| Financial liabilities | 7,027,015,760 | 7,125,035,488 |
| | <u>7,027,015,760</u> | <u>7,125,035,488</u> |

As at 30 June 2024, if KIBOR had been 100 bps lower/higher with all other variables held constant, profit before tax for the year would have been higher/lower by Rs. 70.27 million. (2023: Rs. 71.25 million) mainly because of higher/lower interest expense on variable rate instruments.

c) Equity risk

It is the risk that the listed equity securities are susceptible to market price risk, arising from uncertainties about future values of the investment securities.

43 CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue bonus / right shares. There were no changes in the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The Company's capital includes share capital and reserves. As at reporting date the capital of the Company is as follows:

| | 2024 ----- Rupees ----- | 2023 |
|---------------|----------------------------|-----------------------|
| Share capital | 663,569,400 | 663,569,400 |
| Reserves | 23,545,316,930 | 17,052,163,857 |
| | <u>24,208,886,330</u> | <u>17,715,733,257</u> |

The Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investments requirements and expectations of the shareholders. Debt is calculated as total borrowings (long term finances). The Company's capital signifies equity as reported in statement of financial position and includes share capital and accumulated losses.

The Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2024 and 2023 were as follows:

| | 2024 ----- Rupees ----- | 2023 |
|-----------------------|----------------------------|-----------------------|
| Total borrowings | 26,340,976,342 | 27,288,523,653 |
| Total equity | 24,208,886,330 | 17,715,733,257 |
| Total equity and debt | <u>50,549,862,672</u> | <u>45,004,256,910</u> |
| Net gearing ratio (%) | 52.1% | 60.6% |

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk.

44 PLANT CAPACITY AND ACTUAL PRODUCTION

| | 2024 | | 2023 | |
|-----------------|----------------|-------------------|----------------|-------------------|
| | Metric Ton | | Metric Ton | |
| | Rated Capacity | Actual Production | Rated Capacity | Actual Production |
| Food processing | 298,356 | 192,644 | 219,932 | 123,317 |
| Plastic film | 63,000 | 35,580 | 63,000 | 34,121 |

The Company has enhanced the production capacity in food processing by 78,424 metric tons. Production utilization was as per the market demand.

45 TRANSACTION WITH RELATED PARTIES

Related parties comprise associated undertakings, directors of the Company and key management personnel. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements, are as follows:

Key Management Personnel (KMP)

| Name | Direct shareholding % |
|-----------------------|-----------------------|
| Mr. Ahmed Muhammad | 15.22 |
| Mr. Munsarim Saif | 0.000009 |
| Mr. Ghulam Farooq | Nil |
| Mr. Ahmed Raza Parekh | Nil |

Hudson Pharma (Private) Limited (Subsidiary Company - 78.53% shareholding)

| | 2024 | 2023 |
|---------------------------------|--------------------|---------------|
| | ----- Rupees ----- | |
| Investment made during the year | - | 400,000,000 |
| - Purchase of fixed assets | - | 184,215,834 |
| - Payment against purchases | - | (184,215,834) |

Innovita Nutrition (Private) Limited (Associated Company - Common Directorship)

| | | |
|---------------------------------|---------------|---------------|
| - Purchase of raw material | 1,278,063,918 | 106,818,235 |
| - Payment against purchases | (845,656,918) | (539,225,235) |
| - Advance to Associated Company | - | (432,407,000) |

Ismail Resin (Private) Limited. (Subsidiary Company - 75% shareholding)

| | | |
|---------------------------------|-----------------|---------------|
| Investment made during the year | - | 1,125,000,000 |
| - Purchase of raw material | 3,422,359,826 | 106,818,235 |
| - Payment against purchases | (3,422,359,826) | (539,225,235) |

Salaries & benefits to KMP

Post employment benefit to KMP

| | |
|------------|------------|
| 66,925,668 | 60,959,004 |
| 2,463,910 | 2,296,187 |

Plastiflex Films (Private) Limited
(Associated Company - Common Directorship)

| | 2024 | 2023 |
|--------------------------------------|--------------------|--------------|
| | ----- Rupees ----- | |
| - Purchase of raw & packing material | 22,190,118 | 52,029,928 |
| - Metallization of raw material | (15,097,951) | (5,122,395) |
| - Sales of raw & packing material | (578,288) | - |
| - Recovery against Sales | 15,097,951 | 3,774,945 |
| - Payment against purchases | (22,190,118) | (56,392,939) |
| - Receivable from associate | 578,288 | - |

46 NON- ADJUSTING EVENT

46.1 The board of directors in its meeting held on August 28, 2024 has proposed final dividend in respect of the year ended June 30, 2024 of Rs. 10 per share (2023: Rs. 2 per share) for approval of the members at the annual general meeting. The unconsolidated financial statements for the year ended June 30, 2024 do not include the effect of proposed dividend, which will be accounted for in the unconsolidated financial statements for the year ending June 30, 2025.

47 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue on August 28, 2024 by the board of directors of the Company.


Munsarim Saifullah
 Chief Executive Officer


Maqsood Ismail Ahmed
 Director


Ahmed Raza Parekh
 Chief Financial Officer



**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

INDEPENDENT AUDITOR'S REPORT

To the members of Ismail Industries Limited

Report on the Audit of the Consolidated Financial Statement

Opinion

We have audited the annexed consolidated financial statements of **Ismail Industries Limited** and **its subsidiaries** (the Group), which comprise the consolidated statement of financial position as at **June 30, 2024**, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of the 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

| S. No. | Key Audit Matter | How the matter was addressed in our audit |
|--------|--|--|
| 1. | Valuation of Stock-in-trade As at June 30, 2024 the Group's total stock-in-trade balance amounting to Rs. 23.22 billion as disclosed in note 11 which represents 41.88% of the total current assets of the Group. The value of | In response to this matter, our audit procedures included the following: <ul style="list-style-type: none">Reviewed the management procedure for valuation of stock-in-trade and |

| | |
|--|--|
| <p>stock-in-trade is based on the moving weighted average cost method for raw materials and packing materials, weighted average cost method for work in process and lower of weighted average cost and net realizable value (NRV) for finished goods, and invoice value plus other charges for stock in transit.</p> <p>The Group is required to measure its stock-in-trade at the lower of cost and NRV. There is an element of judgement involved relating to the valuation, which is required for the estimation of the net realizable value and allowance for slow-moving and obsolete stock-in-trade. Such estimation is made after taking into consideration factors such as movement in prices, current and expected future market demands and pricing competitions.</p> <p>This was the key audit matter because of its materiality and significance in terms of judgements involved in estimating the NRV of underlying stock-in-trade.</p> | <p>evaluating the NRV of stock in trade.</p> <ul style="list-style-type: none"> • Observed physical counts at major locations to ascertain the condition and existence of stock-in-trade. • Tested the valuation method used by the management in valuation of stock in trade. • Reviewed stock-in-trade turnover ratios, understood and evaluated the appropriateness of the basis of identification of the obsolete stock-in-trade, tested the accuracy of the aging analysis of stock-in-trade, on a sample basis, tested the cost of goods with underlying invoices and expenses incurred in accordance with stock-in-trade valuation method and reviewed the minutes of the relevant meetings at the management and board level to identify any indicators of obsolescence. • Compared the NRV to the cost of stock in trade whether any adjustment is required to value stock in trade in accordance with the accounting policy; and • Assessed the adequacy of the disclosures on stock-in-trade in the consolidated financial statements. |
|--|--|

Information Other than the Consolidated Financial Statements and Auditor’s 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 consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.


- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is **Khurram Jameel**.


Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
Date: August 30, 2024
UDIN: AR20241009398ejZXDUS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

| | Note | 2024 ----- Rupees ----- | 2023 |
|---|------|----------------------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 6 | 45,375,973,507 | 38,374,111,226 |
| Right-of-use assets | 6.1 | 33,057,637 | 42,412,010 |
| Intangible assets | 7 | 166,669 | 2,226,707 |
| Goodwill | | 12,173,553 | 12,173,553 |
| Long term investments | 8 | 4,030,256,700 | 3,225,156,930 |
| Long term deposits | 9 | 33,723,873 | 33,172,123 |
| Total non-current assets | | 49,485,351,939 | 41,689,252,548 |
| Current assets | | | |
| Stores and spares | 10 | 833,723,521 | 655,628,210 |
| Stock-in-trade | 11 | 23,221,200,551 | 16,276,555,986 |
| Trade debts | 12 | 14,830,151,839 | 10,669,814,953 |
| Loans and advances | 13 | 4,833,392,538 | 3,352,311,584 |
| Loan to associate | 14 | 217,900,000 | - |
| Trade deposits and short term prepayments | 15 | 55,832,485 | 313,867,170 |
| Short term investments | 16 | 1,719,987,562 | 1,671,884,971 |
| Other receivables | 17 | 6,731,547,229 | 2,320,979,357 |
| Taxation and levies - net | 18 | 2,090,723,549 | 1,115,183,469 |
| Cash and bank balances | 19 | 907,770,494 | 1,651,166,603 |
| Total current assets | | 55,442,229,768 | 38,027,392,303 |
| Total assets | | 104,927,581,707 | 79,716,644,851 |

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

| | Note | 2024 ----- Rupees ----- | 2023 |
|---|------|----------------------------|-----------------------|
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorized share capital 250,000,000 (2023: 250,000,000) ordinary shares of Rs. 10 each | | 2,500,000,000 | 2,500,000,000 |
| Issued, subscribed and paid-up share capital | 20 | 663,569,400 | 663,569,400 |
| Non-controlling interest | 21 | 893,490,560 | 1,180,807,449 |
| Reserves | 22 | 21,104,363,249 | 15,543,088,252 |
| Total shareholders' equity | | 22,661,423,209 | 17,387,465,101 |
| Non-current liabilities | | | |
| Long term finances - secured | 23 | 24,383,606,017 | 27,813,006,872 |
| Lease liabilities | 24 | 9,516,997 | 22,111,918 |
| Deferred liabilities | 25 | 3,222,790,455 | 2,519,366,746 |
| Total non-current liabilities | | 27,615,913,469 | 30,354,485,536 |
| Current liabilities | | | |
| Trade and other payables | 26 | 15,716,621,643 | 10,418,992,220 |
| Accrued mark-up | 27 | 1,647,973,120 | 1,200,346,240 |
| Short term finances - secured | 28 | 18,892,769,104 | 15,108,282,892 |
| Islamic redeemable sukuk | 29 | 10,000,000,000 | - |
| Current portion of: | | | |
| - long term finances - secured | 23 | 6,924,498,079 | 4,208,884,532 |
| - lease liabilities | 24 | 13,180,666 | 10,826,930 |
| Unclaimed dividend | | 5,228,293 | 5,069,267 |
| Advances from customers - unsecured | | 1,449,974,124 | 1,022,292,133 |
| Total current liabilities | | 54,650,245,029 | 31,974,694,214 |
| Total liabilities | | 82,266,158,498 | 62,329,179,750 |
| Total equity and liabilities | | 104,927,581,707 | 79,716,644,851 |
| Contingencies and commitments | 30 | | |

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.


Munsarim Saifullah
Chief Executive Officer


Maqsood Ismail Ahmed
Director


Ahmed Raza Parekh
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2024

| | | 2024 | (Restated) 2023 |
|---|------|------------------------|------------------------|
| | Note | ----- Rupees ----- | |
| Sales | 31 | 131,335,598,074 | 100,643,731,994 |
| Sales returns, discounts and direct expenses | | (3,043,756,574) | (2,244,975,388) |
| Export rebate | | 19,232,379 | 31,217,117 |
| | | (3,024,524,195) | (2,213,758,271) |
| | | 128,311,073,879 | 98,429,973,723 |
| Sales tax | | (11,343,533,030) | (8,786,430,060) |
| Sales - net | | 116,967,540,849 | 89,643,543,663 |
| Cost of sales | 33 | (92,647,488,472) | (71,079,444,949) |
| Gross profit | | 24,320,052,377 | 18,564,098,714 |
| Selling and distribution expenses | 34 | (8,922,227,339) | (7,383,241,930) |
| Administrative expenses | 35 | (1,977,359,101) | (1,367,302,931) |
| Operating profit | | 13,420,465,937 | 9,813,553,853 |
| Other operating expenses | 36 | (879,643,311) | (824,790,805) |
| Other income | 37 | 1,467,978,585 | 2,096,511,615 |
| | | 14,008,801,211 | 11,085,274,663 |
| Finance cost | 38 | (8,038,003,682) | (4,459,624,481) |
| | | 5,970,797,529 | 6,625,650,182 |
| Share of profit from associated company - net | 8.1 | 626,504,654 | 428,075,707 |
| Profit before levies and income tax | | 6,597,302,183 | 7,053,725,889 |
| Levies - Final and Minimum tax | | (1,143,451,624) | (1,053,804,051) |
| Taxation | 40 | (546,648,480) | (106,658,540) |
| Profit for the year | | 4,907,202,079 | 5,893,263,298 |
| Profit for the year attributable to: | | | |
| Shareholders of the Holding Company | | 5,195,692,092 | 5,999,711,211 |
| Non-controlling interest | | (288,490,013) | (106,447,913) |
| | | 4,907,202,079 | 5,893,263,298 |
| Earnings per share - basic and diluted | 41 | 78.30 | 90.42 |

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.


Munsarim Saifullah
Chief Executive Officer


Maqsood Ismail Ahmed
Director


Ahmed Raza Parekh
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2024

| | Note | 2024 ----- Rupees ----- | 2023 |
|---|--------|----------------------------|----------------------|
| Profit for the year | | 4,907,202,079 | 5,893,263,298 |
| Other comprehensive income: | | | |
| <i>Items that may be reclassified to unconsolidated statement of profit or loss in subsequent periods</i> | | | |
| <i>Items that will not be reclassified to unconsolidated statement of profit or loss in subsequent periods:</i> | | | |
| Gain / (loss) on remeasurements of staff gratuity scheme - net of tax | 25.2.7 | 4,703,839 | (18,919,071) |
| Unrealized loss on remeasurement of investment classified as fair value through OCI - net of tax | | (504,100) | (4,317,300) |
| Share of other comprehensive income / (loss) from associate - net of tax | | 495,270,170 | (295,378,016) |
| Other comprehensive income / (loss) | | 499,469,909 | (318,614,387) |
| Total comprehensive income for the year | | 5,406,671,988 | 5,574,648,911 |
| Total comprehensive income for the year attributable to : | | | |
| Shareholders of the Holding Company | | 5,693,988,877 | 5,681,548,588 |
| Non-controlling interest | | (287,316,889) | (106,899,677) |
| | | 5,406,671,988 | 5,574,648,911 |

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.


Munsarim Saifullah
Chief Executive Officer


Maqsood Ismail Ahmed
Director


Ahmed Raza Parekh
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2024

| | Total Reserves | | | | | | Non-controlling Interest | Total shareholders' equity |
|--|----------------------|-----------------------|--|--|-----------------------|-----------------------|--------------------------|----------------------------|
| | Capital reserve | | Revenue reserve | | | Total reserves | | |
| | Share premium | Amalgamation reserves | Remeasurement of investment in associate | Remeasurement of investments at fair value through OCI | Unappropriated profit | | | |
| Issued, subscribed and paid-up share capital | | | | | | | | |
| Balance as at July 01, 2022 | 1,472,531,500 | 916,862,067 | (406,125,879) | (7,645,000) | 8,814,914,136 | 10,790,536,824 | 812,707,126 | 12,266,813,350 |
| Profit for the year | - | - | - | - | 5,999,711,211 | 5,999,711,211 | (106,447,913) | 5,893,263,298 |
| Loss on remeasurement of staff gratuity scheme - net of tax - note 25.2.7 | - | - | - | - | (18,467,307) | (18,467,307) | (451,764) | (18,919,071) |
| Unrealised loss on remeasurement of investment classified as fair value through OCI - net of tax | - | - | - | (4,317,300) | - | (4,317,300) | - | (4,317,300) |
| Share of other comprehensive loss from associate - net of tax | - | - | (295,378,016) | - | - | (295,378,016) | - | (295,378,016) |
| Other comprehensive loss | - | - | (295,378,016) | - | (18,467,307) | (318,102,623) | (451,764) | (318,614,387) |
| Total comprehensive income | - | - | (295,378,016) | (4,317,300) | 5,981,243,904 | 5,681,548,588 | (106,899,677) | 5,574,648,911 |
| NCI recognized on acquisition | - | - | - | - | - | - | 475,000,000 | 475,000,000 |
| Final cash dividend paid for the year ended June 30, 2022 @ Rs.4 per share | - | - | - | - | (265,427,760) | (265,427,760) | - | (265,427,760) |
| Interim cash dividend paid for the year ended June 30, 2023 @ Rs. 10 per share | - | - | - | - | (663,569,400) | (663,569,400) | - | (663,569,400) |
| Balance as at June 30, 2023 | 1,472,531,500 | 916,862,067 | (701,503,895) | (11,962,300) | 13,867,160,880 | 15,543,088,252 | 1,180,807,449 | 17,387,465,101 |
| Profit for the year | - | - | - | - | 5,195,692,092 | 5,195,692,092 | (288,490,013) | 4,907,202,079 |
| Loss on remeasurement of staff gratuity scheme - net of tax - note 25.2.7 | - | - | - | - | 3,530,715 | 3,530,715 | 1,173,124 | 4,703,839 |
| Unrealised loss on remeasurement of investment classified as fair value through OCI - net of tax | - | - | - | (504,100) | - | (504,100) | - | (504,100) |
| Share of other comprehensive income from associate-net of tax | - | - | 495,270,170 | - | - | 495,270,170 | - | 495,270,170 |
| Other comprehensive income | - | - | 495,270,170 | (504,100) | 3,530,715 | 498,296,785 | 1,173,124 | 499,469,909 |
| Total comprehensive income | - | - | 495,270,170 | (504,100) | 5,199,222,807 | 5,693,988,877 | (287,316,889) | 5,406,671,988 |
| Final cash dividend for the year ended June 30, 2023 @ Rs. 2 per share | - | - | - | - | (132,713,880) | (132,713,880) | - | (132,713,880) |
| Balance as at June 30, 2024 | 1,472,531,500 | 916,862,067 | (206,233,725) | (12,466,400) | 18,933,669,807 | 21,104,363,249 | 893,490,560 | 22,661,423,209 |

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.


Munsarim Saifullah
Chief Executive Officer


Maqsood Ismail Ahmed
Director


Ahmed Raza Parekh
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024

| | Note | 2024 ----- Rupees ----- | 2023 |
|--|--------|----------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 43 | 6,178,766,603 | 4,967,707,852 |
| Gratuity paid | 25.2.3 | (128,849,779) | (79,999,247) |
| Income tax and levies paid - net | | (2,188,789,918) | (1,066,408,417) |
| Long term deposits - net | | (551,750) | (5,781,697) |
| Net cash generated from operating activities | | 3,860,575,156 | 3,815,518,491 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure (including CWIP) | | (10,567,873,249) | (11,492,677,674) |
| NCI recognized on investment | | - | 475,000,000 |
| Payments for short-term investment | 16 | (3,797,196) | (357,631,523) |
| Receipts from associate against dividend - net | | 404,075,672 | - |
| Proceeds from disposal of property, plant and equipment | 6.6 | 226,097,445 | 182,877,706 |
| Net cash used in investing activities | | (9,941,497,328) | (11,192,431,491) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| (Payments) / Receipts from long term finances - net | | (713,787,308) | 7,500,134,801 |
| Lease repayments | | (10,241,185) | (18,351,675) |
| Short term finance obtained - net | | 2,976,342,088 | 1,737,050,819 |
| Receipts from islamic redeemable sukuk | | 10,000,000,000 | - |
| Interest / mark-up paid | | (7,590,376,802) | (3,918,305,280) |
| Dividend paid | | (132,554,854) | (927,972,446) |
| Net cash generated from financing activities | | 4,529,381,939 | 4,372,556,219 |
| Net decrease in cash and cash equivalents | | (1,551,540,233) | (3,004,356,781) |
| Cash and cash equivalents at the beginning of the year | | (3,789,381,932) | (785,025,151) |
| Cash and cash equivalents at the end of the year | | (5,340,922,165) | (3,789,381,932) |
| Cash and cash equivalents at the end of the year comprise of: | | | |
| Cash and bank balances | 19 | 907,770,494 | 1,651,166,603 |
| Running finance utilized under mark-up arrangements | 28.5 | (6,248,692,659) | (5,440,548,535) |
| | | (5,340,922,165) | (3,789,381,932) |

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.


Munsarim Saifullah
Chief Executive Officer


Maqsood Ismail Ahmed
Director


Ahmed Raza Parekh
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

1 LEGAL STATUS AND OPERATIONS

1.1 The Group consist of:

Holding Company : Ismail Industries Limited

Subsidiary Companies : Hudson Pharma (Private) Limited and Ismail Resin (Private) Limited

a) Ismail Industries Limited

Ismail Industries Limited (the Holding Company) was incorporated in Karachi, Pakistan as a private limited company on June 21, 1988. On November 01, 1989 the Company was converted into a public limited company. The registered office of the Holding Company is situated at 17 - Bangalore Town, Shahrah-e-Faisal, Karachi, Pakistan. Previously the shares of the Holding Company were listed on the Karachi and Lahore Stock Exchanges. However, due to integration of these Stock Exchanges into Pakistan Stock Exchange Limited effective from January 11, 2016 the shares of the company are now quoted on Pakistan Stock Exchange Limited. Principal activities of the Holding Company are manufacturing and trading of sugar confectionery items, biscuits, snacks, nutritional products, flour, cast polypropylene (CPP) and biaxially-oriented polyethylene terephthalate (BOPET) film under the brands of 'CandyLand', 'Bisconni', 'Snackcity', 'Ismail Nutrition', Ghiza' and 'Astro Films' respectively.

In addition to above registered office, geographical location and addresses of manufacturing units of the Holding Company are as under:

Factories:

| | |
|---|---|
| Unit-1 | Unit-6 |
| C-230, Hub H.I.T.E., Balochistan. | D-91, D-92 & D-94 North Western Zone, Port Qasim. |
| Unit-2 | Unit-7 |
| B-140, Hub H.I.T.E., Balochistan. | E164-168, North Western Zone, Port Qasim. |
| Unit-3 | Unit-8 |
| G-1, Hub H.I.T.E., Balochistan. | E154-157, North Western Zone, Port Qasim. |
| Unit-4 | Unit-9 |
| G-22, Hub H.I.T.E., Balochistan. | G-1A, Hub H.I.T.E., Balochistan. |
| Unit-5 | Unit-10 |
| 38-C, Sundar Industrial Estate, Raiwind Road, Lahore. | E164-168, North Western Zone, Port Qasim. |

Further, the Holding Company's liaison offices and warehouses are situated in Karachi, Hyderabad, Sukkur, Multan, Lahore, Islamabad, Faisalabad and Peshawar.

b) Hudson Pharma (Private) Limited

Hudson Pharma (Private) Limited (HPPL) was incorporated in Pakistan as a private limited company on May 5, 2010. The registered office of the Subsidiary Company is located at 17, Bangalore Town, Main Shahrah-e-Faisal, Karachi. Principal activities of the Subsidiary Company are manufacturing, processing, compounding, formulating, importing, exporting, packaging, marketing, wholesale and retail, trading and selling of all kinds of pharmaceutical, animal health, allied consumer products, drugs, medicines and derma products.

In addition to above, geographical location and addresses of manufacturing units of the Subsidiary Company are as under:

Factory:

D-93, North Western Industrial Zone, Port Qasim.

Administrative office:

24/1 - Bangalore Co-operative Housing Society, Block 7/8, Bangalore Town, Karachi.

c) Ismail Resin (Private) Limited

Ismail Resin (Private) Limited (IRPL) was incorporated in Karachi, Pakistan on January 13, 2021. The registered office of the Company is situated at 17 - Bangalore Town, Shahrah-e-Faisal, Karachi, Pakistan. Principal activities of the Company are manufacturing and selling of Polyester Resin.

In addition to above, geographical location and addresses of manufacturing units of the Subsidiary Company are as under:

Unit 1

A-39 North Western Zone, Port Qasim, Karachi.

Unit 2

Plot No. EZ/1/P-II-A Eastern Industrial Zone, Port Qasim, Karachi.

2 SIGNIFICANT EVENTS AND TRANSACTIONS

2.1 During the year following significant transaction has been executed as mentioned below.

- a) The Group has raised financing through issue of islamic redeemable sukkuk as mentioned in note 29 of this consolidated financial statements.
- b) One of the Subsidiary company Ismail Resin (Private) Limited has started the commercial production during the year.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the 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.

3.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policies.

3.3 Functional and presentation currency

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pakistani Rupee, which is the Group's functional and presentation currency. The figures have been rounded off to the nearest Rupee.

3.4 Basis of Consolidation

These consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Companies.

A company is a subsidiary, if the Holding Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors. The Holding company can govern the financial & operating policies of subsidiary.

Subsidiary Company is consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiary company are prepared for the same reporting period as the Holding Company, using consistent accounting policies.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of a subsidiary is less than hundred percent and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income for the year, even if that results in a deficit balance.

The assets, liabilities, income and expenses of Subsidiary Company are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the Subsidiary Company's shareholders' equity in these consolidated financial statements.

3.5 Reclassification for better presentation

Prior year figures- have been rearranged and/or reclassified, wherever necessary, for better presentation.

The Group has reclassified the amount of taxes paid and charged to the statement of profit and loss over income tax, subject to and determined using general enacted rate of taxation under ITO, 2001 classified as current income tax in the statement of profit and loss account to levy as reflected in statement of profit and loss and note 40 of these unconsolidated financial statement.

3.6 Standard, Amendments and Interpretations to Approved Accounting Standards

3.6.1 Standards, amendments and interpretations to the published standards that may be relevant to the Group and adopted in the current year

There were certain amendments to accounting and reporting standards which became effective for the Group for the current year. However, these are considered not to be relevant or to have any significant impact on the Group's financial reporting and, therefore, have not been disclosed in these consolidated financial statements.

3.6.2 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Group

There are certain amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Group's consolidated financial statements and operations and, therefore, have not been disclosed in these consolidated financial statements.

3.6.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Further, certain IFRS have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

4 USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements in conformity with the approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, 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 the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is 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.

In the process of applying the Group's accounting policies, management has made the following accounting estimates and judgments which are significant to the consolidated financial statements:

| | Note |
|---------------------------------------|-----------------|
| a) Property, plant and equipment | 4.1 & 5.1 |
| b) Right-of-use assets | 5.1.2 |
| c) Intangible assets | 5.2 |
| d) Stock-in-trade, stores and spares | 4.2 , 5.7 & 5.8 |
| e) Taxation and levies - net | 4.4 & 5.14 |
| f) Staff retirement benefits | 4.5 & 5.13 |
| g) Provisions | 5.15 |
| h) Impairment of non-financial assets | 5.3 |
| i) Contingent liabilities | 5.23 |
| j) Impairment of financial assets | 4.3 & 5.25.5 |

4.1 Property, plant and equipment

The Group reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Group uses the technical resources available with the Group. Any change in estimates in the future might affect the carrying amount of respective item of property, plant and equipment with corresponding effects on the depreciation charge and impairment.

4.2 Stock-in-trade, stores and spares

The Group's management reviews the net realizable value (NRV) of stock-in-trade, stores and spares to assess any diminution in the respective carrying values and wherever required, provision for impairment is made.

4.3 Trade debts and other receivables

Impairment loss against doubtful trade and other debts is recorded in accordance with basis mentioned in note 5.25.5 of these consolidated financial statements.

4.4 Taxation and levies - net

In making the estimate for taxation and levies made by the Group, the management refers to the current income tax laws and the decisions of appellate authorities on certain issues in the past.

4.5 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 25.1 to these consolidated financial statements for valuation of present value of staff gratuity scheme. Any changes in these assumptions in future years might affect the amounts recognized in those years.

5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

5.1 Property, plant and equipment

5.1.1 Owned

Property, plant and equipment including leasehold land and all additions except capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of property, plant and equipment comprises acquisition cost and directly attributable cost of bringing the assets to its working condition. Borrowing cost including the exchange risk fee (if any) that are directly attributable to the acquisition, construction and production of a qualifying asset is capitalized as part of the cost during the period in which activities that are necessary to prepare the asset for its intended use are carried out.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. Normal repairs and maintenance are charged to the consolidated statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Depreciation on assets other than leasehold land is calculated so as to write-off the assets over their expected economic lives under the diminishing balance method at rates given in note no. 6 to the consolidated financial statements. Depreciation on leasehold land is charged to the consolidated statement of profit or loss, applying the straight-line method at rates given in note no. 6 to these consolidated financial statements whereby the cost is written off over the lease term. Depreciation is charged from the month when the asset is available for use and ceased from the month of disposal.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as other income or expense.

5.1.2 Right-of-use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability, any lease payments made at or before the commencement date, plus any initial direct costs incurred, 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 diminishing balance method as given in note no. 6.1 of these consolidated financial statements of June 30, 2024. The right-of-use assets is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight line basis over the lease term.

5.1.3 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets start operation. Impairment losses, if any, are recorded on the basis as defined in note 5.3.

5.2 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis applying straight line method and impairment losses if any are recorded on the basis as defined in note 5.3.

Useful lives of intangible operating assets are reviewed, at each reporting date and adjusted if the impact of amortization is significant.

5.3 Impairment of non-financial assets

Assets that are subject to depreciation/amortization including capital work-in-progress are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's 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 they are separately identifiable (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.4 Investments in subsidiaries

Investment in subsidiaries are recognized and carried at cost in these consolidated financial statements. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is the higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the consolidated statement of profit or loss in the year in which they are occurred.

5.5 Investments in associates

Associates are all entities over which the Group has significant influence but not control, generally Grouping a shareholding between 20% and 50% of the voting rights or common directorship. Investments in associates are accounted for using the equity method of accounting unless other law and regulations prescribe different criteria. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss and other comprehensive income / loss of the associate after the date of acquisition.

5.6 Long term deposits

These are stated at amortized cost which represents the fair value of consideration given.

5.7 Stores and spares

All stores, spares and loose tools either imported or purchased locally are charged to the consolidated statement of profit or loss when consumed and are valued at lower of weighted moving average cost or estimated NRV except for items-in-transit which are stated at invoice value plus other incidental charges paid thereon up to the reporting date. Provision is made for obsolete and slow moving items where necessary and is recognized in the consolidated statement of profit or loss.

5.8 Stock-in-trade

These are valued at the lower of cost or net realizable value. Cost is determined as follows:

| | Types of stock | Valuation method |
|----|---------------------------|--|
| a) | Raw and packing materials | weighted average cost method |
| b) | Work-in-process | weighted average cost method |
| c) | Finished goods | lower of weighted average cost or net realizable value |
| d) | Goods in-transit | invoice value plus other charges incurred thereon |
| e) | Trading goods | lower of weighted average cost or net realizable value |

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realizable value and an allowance is recorded against the inventory balances for any such declines.

5.9 Trade debts and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

5.10 Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise of cash in hand and bank balances, short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term running finances under mark up arrangements.

5.11 Interest / Mark-up bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

Loans and borrowings are subsequently stated at amortized cost with any difference between the proceeds (net of transaction cost) and the redemption value is recognized in the consolidated statement of profit or loss except for any amount included in the cost of property, plant and equipment over the period of the borrowing using the effective interest method.

5.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (those that take a substantial period of time to get ready for their intended use) are capitalized as part of the cost of the relevant asset. All other borrowing costs are charged to the consolidated statement of profit or loss in the year in which they are incurred.

5.13 Staff retirement benefits - staff gratuity scheme

The Group operates an unfunded gratuity scheme covering all its permanent employees with one or more years of service with the Group. Provision for gratuity is made to cover obligation under the scheme in respect of employees who have completed the minimum qualifying period. Provision has been made in accordance with actuarial recommendations summarized in note no. 23.1 using the projected unit credit method.

5.14 Taxation

5.14.1 Current

The charge for current tax is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or in accordance with the final tax regime, where applicable, of the Income Tax Ordinance, 2001 (the Ordinance) or the minimum tax under section 113 of the Ordinance or Alternate Corporate Tax (ACT) under section 113C of the Ordinance, whichever is higher. Further, levies are accounted for in accordance with the requirement of IFRIC - 21.

5.14.2 Deferred

Deferred tax is recognized using the statement of financial position liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The carrying amount of the deferred tax asset is reviewed at each reporting date and is recognized only to the extent that it is probable that future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the reporting date.

5.15 Provisions

Provisions are recognized in these consolidated statement of financial position when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

5.16 Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services.

5.17 Foreign currency translation

Transactions in foreign currencies are accounted for in Pakistani Rupee at the rate of exchange prevailing at the date of transaction. Monetary assets and monetary liabilities in foreign currencies as at the reporting date are expressed in Pakistani Rupee at rates of exchange prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences are taken to the consolidated statement of profit or loss.

5.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker for allocating resources and assessing performance of the operating segments. Operating segment comprises of food and plastic division.

5.19 Dividend distribution

Dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

5.20 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Group to do so.

5.21 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

5.22 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares for the effects of all dilutive potential ordinary shares.

5.23 Contingent liabilities

Contingent liability is disclosed when:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- b) a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.24 Operating, administrative and selling expenses

These expenses are recognized in the consolidated statement of profit or loss upon utilization of the services or as incurred except as specifically stated in these consolidated financial statements.

5.25 Financial Instruments - Initial recognition and subsequent measurement

5.25.1 Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortized cost as the case may be.

5.25.2 Classification of financial assets

The Group classifies its financial assets in the following categories:

- at fair value through profit or loss ("FVTPL")
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortized cost.

The Group determines the classifications of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

5.25.3 Classification of financial liabilities

The Group classifies its financial liabilities at amortised cost.

5.25.4 Subsequent measurement

i) Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income/(loss).

ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus the transaction cost that are directly attributable to the acquisition or issue of the financial assets or financial liabilities and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets and liabilities held at FVTPL are included in the consolidated statement of profit or loss in the period in which they arise.

Where the management has opted to recognize a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

5.25.5 Impairment of financial assets

The Group recognizes loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost and FVTOCI at an amount equal to life time ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determine to have low credit risk at the reporting date, in which case twelve months' ECL is recorded. The following were either determine to have low or there was no credit risk since initial recognition and at the reporting date:

- long term investment;
- long term deposits;
- loans and advances;
- trade deposits;
- short term investment;
- other receivables; and
- bank balances

Loss allowance for trade debts are always measured at an amount equal to life time ECLs.

Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve months ECLs are portion of ECL that result from default events that are possible within twelve months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash short falls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Group expects to receive).

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in entirety or a portion thereof.

5.25.6 Derecognition

i) Financial assets

The Group derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfer the financial assets and substantially all the associated risks and reward of ownership to another entity. On derecognition of financial assets measured at amortized cost, the difference between the assets carrying value and the sum of the consideration received and receivable, is recognized in the consolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve reclassified to the consolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the consolidated statement of profit or loss, but is transferred to retain earnings.

ii) Financial liabilities

The Group derecognizes its financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of profit or loss.

5.25.7 Off-setting of financial assets and liabilities

Financial assets and liabilities are off set and the net amount is reported in these consolidated statement of financial position if the Group has a legal right to set-off the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.26 Revenue

The Group is in the business of manufacturing and sale of goods. Revenue from contracts with customers is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods net of discount and sales related indirect taxes. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

The following are the specific recognition criteria that must be met before revenue is recognized:

- a) Revenue from local sale of goods is recognized when the goods are dispatched and in case of export sales, when the goods are shipped i.e. when performance obligation are satisfied.
- b) Processing income is recognized when services are rendered.
- c) Gain or loss on sale of investments is taken to income in the period in which it arises.
- d) Interest income is recognized on an accrual basis using the effective interest method.
- e) Dividend is recognized when the right to receive is established.
- f) Other income is recognized when the right to receive is established, and the amount and timing of related receipt is virtually certain.

5.27 Service Revenue

The Group is in the business of rendering of services. Revenue from contracts with customers is recognized when services are rendered to the customer and thereby the performance obligation is satisfied, at amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

5.28 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Holding Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested for impairment annually and whenever there is an indication that the value may be impaired, and carried at cost less accumulated impairment losses, if any. Impairment losses on goodwill are not reversed.

Note

Rupees

6 PROPERTY, PLANT AND EQUIPMENT

Operating assets
Capital work in progress - at cost

| | 2024 | 2023 |
|--|----------------|----------------|
| | 44,254,184,171 | 26,889,151,820 |
| | 1,121,789,336 | 11,484,959,406 |
| | 45,375,973,507 | 38,374,111,226 |
| | 33,057,637 | 42,412,010 |

6.1 Right-of-use assets

6.2 Detailed movement of operating assets and right-of-use assets are as follows;

| Year ended June 30, 2024 | Operating assets | | | | | | | | Right-of-use assets | | | |
|---|----------------------|-------------------|----------------------------|-----------------------|------------------------|----------------------|--------------------|----------------------|--------------------------|-----------------------|-------------------|-------------------|
| | Leasehold land | Freehold land | Building on leasehold land | Plant and machinery | Furniture and fittings | Equipments | Computers | Vehicles | Cooling tower & chillers | Grand total | Vehicles | Grand total |
| As at June 30, 2023 | | | | | | | | | | | | |
| Cost | 2,077,383,592 | 88,688,580 | 7,660,078,004 | 29,137,135,178 | 224,594,498 | 569,328,228 | 172,131,255 | 1,329,021,159 | 29,400,000 | 41,287,760,494 | 46,899,400 | 46,899,400 |
| Accumulated depreciation | (84,218,195) | - | (2,683,521,419) | (10,849,039,166) | (68,708,912) | (209,537,050) | (66,755,990) | (425,596,609) | (11,433,333) | (14,398,608,674) | (4,487,390) | (4,487,390) |
| Net book value | 1,993,165,397 | 88,688,580 | 4,976,756,585 | 18,288,096,012 | 155,885,586 | 359,791,178 | 105,377,265 | 903,424,550 | 17,966,667 | 26,889,151,820 | 42,412,010 | 42,412,010 |
| July 01, 2023 | | | | | | | | | | | | |
| Opening net book value | 1,993,165,397 | 88,688,580 | 4,976,756,585 | 18,288,096,012 | 155,885,586 | 359,791,178 | 105,377,265 | 903,424,550 | 17,966,667 | 26,889,151,820 | 42,412,010 | 42,412,010 |
| Additions / Transfers from CWIP | 584,306,400 | - | 5,258,843,398 | 13,596,152,131 | 136,869,930 | 768,195,672 | 25,656,302 | 561,019,486 | - | 20,931,043,319 | - | - |
| Transfer from right-of-use assets to owned assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Cost | - | - | - | - | - | - | - | - | - | - | - | - |
| Accumulated depreciation | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposal | - | - | - | (37,463,826) | - | - | (6,762,930) | (232,017,117) | - | (276,243,873) | - | - |
| Cost | - | - | - | 31,069,037 | - | - | 2,989,618 | 98,216,881 | - | 132,275,536 | - | - |
| Accumulated depreciation | - | - | - | (6,394,789) | - | - | (3,773,312) | (133,800,236) | - | (143,968,337) | - | - |
| Depreciation charge for the year | (22,669,829) | - | (69,018,330) | (2,370,039,990) | (20,577,356) | (68,305,288) | (23,811,788) | (216,820,048) | (9,800,002) | (3,422,042,631) | (9,354,373) | (9,354,373) |
| Closing net book value | 2,554,801,968 | 88,688,580 | 9,545,581,653 | 29,507,813,364 | 272,178,160 | 1,059,681,562 | 103,448,467 | 1,113,823,752 | 8,166,665 | 44,254,184,171 | 33,057,637 | 33,057,637 |
| As at June 30, 2024 | | | | | | | | | | | | |
| Cost | 2,661,689,992 | 88,688,580 | 12,918,921,402 | 42,695,823,483 | 361,464,428 | 1,337,523,900 | 191,024,627 | 1,658,023,528 | 29,400,000 | 61,942,559,940 | 46,899,399 | 46,899,399 |
| Accumulated depreciation | (106,888,024) | - | (3,373,339,749) | (13,188,010,119) | (89,286,268) | (277,842,338) | (87,576,160) | (544,199,776) | (21,233,335) | (17,688,375,769) | (13,841,762) | (13,841,762) |
| Net book value | 2,554,801,968 | 88,688,580 | 9,545,581,653 | 29,507,813,364 | 272,178,160 | 1,059,681,562 | 103,448,467 | 1,113,823,752 | 8,166,665 | 44,254,184,171 | 33,057,637 | 33,057,637 |
| Depreciation rate (%) | 1 | 10 | 10 | 10 | 10 | 10 | 20 | 20 | 33 | 20 | 20 | 20 |

Year ended June 30, 2023

| | Operating assets | | | | | | | | Right-of-use assets | | | |
|---|----------------------|-------------------|----------------------------|-----------------------|------------------------|--------------------|--------------------|--------------------|--------------------------|-----------------------|-------------------|-------------------|
| | Leasehold land | Freehold land | Building on leasehold land | Plant and machinery | Furniture and fittings | Equipment | Computers | Vehicles | Cooling tower & chillers | Grand total | Vehicles | Grand total |
| As at June 30, 2022 | | | | | | | | | | | | |
| Cost | 1,493,762,896 | 88,688,580 | 6,832,581,113 | 25,577,456,104 | 143,441,917 | 471,013,356 | 155,059,123 | 992,736,928 | 29,400,000,000 | 35,784,140,017 | 50,006,263 | 50,006,263 |
| Accumulated depreciation | (57,690,826) | - | (2,211,900,753) | (9,033,221,546) | (57,479,539) | (177,322,506) | (47,260,991) | (321,799,196) | (1,633,333) | (11,908,308,690) | (23,344,489) | (23,344,489) |
| Net book value | 1,436,072,070 | 88,688,580 | 4,620,680,360 | 16,544,234,558 | 85,962,378 | 293,690,850 | 107,798,132 | 670,937,732 | 27,766,667 | 23,875,831,327 | 26,661,774 | 26,661,774 |
| July 01, 2022 | | | | | | | | | | | | |
| Opening net book value | 1,436,072,070 | 88,688,580 | 4,620,680,360 | 16,544,234,558 | 85,962,378 | 293,690,850 | 107,798,132 | 670,937,732 | 27,766,667 | 23,875,831,327 | 26,661,774 | 26,661,774 |
| Additions / Transfers from CWIP | 583,620,696 | - | 827,496,891 | 3,592,416,915 | 81,542,336 | 98,843,982 | 23,453,296 | 476,181,579 | - | 5,683,555,695 | 46,899,400 | 46,899,400 |
| Transfer From leased assets to owned assets | | | | | | | | | | | | |
| Cost | - | - | - | - | - | - | - | 50,006,263 | - | 50,006,263 | (50,006,263) | (50,006,263) |
| Accumulated depreciation | - | - | - | - | - | - | - | (25,644,419) | - | (25,644,419) | 25,644,419 | 25,644,419 |
| Disposal | - | - | - | - | - | - | - | 24,361,844 | - | 24,361,844 | (24,361,844) | (24,361,844) |
| Cost | - | - | - | (32,737,841) | (389,755) | (529,110) | (6,381,164) | (189,903,611) | - | (229,941,481) | - | - |
| Accumulated depreciation | - | - | - | 4,139,543 | 299,665 | 367,816 | 3,632,304 | 94,383,265 | - | 102,822,593 | - | - |
| Depreciation charge for the year | (26,527,569) | - | (471,420,666) | (1,819,957,163) | (90,090) | (161,294) | (2,748,860) | (95,320,346) | - | (127,118,888) | - | - |
| Closing net book value | 1,993,165,397 | 88,688,580 | 4,976,756,585 | 18,288,096,012 | 155,885,586 | 359,791,178 | 105,377,265 | 903,424,550 | 17,966,667 | 26,889,151,820 | 42,412,010 | 42,412,010 |
| As at June 30, 2023 | | | | | | | | | | | | |
| Cost | 2,077,383,592 | 88,688,580 | 7,660,078,004 | 29,137,135,178 | 224,594,498 | 569,328,228 | 172,131,255 | 1,329,021,159 | 29,400,000 | 41,287,760,494 | 46,899,400 | 46,899,400 |
| Accumulated depreciation | (84,218,195) | - | (2,683,321,419) | (10,849,039,166) | (68,708,912) | (209,537,050) | (66,753,990) | (425,596,609) | (11,433,333) | (14,398,608,674) | (4,487,390) | (4,487,390) |
| Net book value | 1,993,165,397 | 88,688,580 | 4,976,756,585 | 18,288,096,012 | 155,885,586 | 359,791,178 | 105,377,265 | 903,424,550 | 17,966,667 | 26,889,151,820 | 42,412,010 | 42,412,010 |
| Depreciation rate (%) | 1 | 10 | 10 | 10 | 10 | 10 | 20 | 20 | 33 | 20 | 20 | 20 |

6.3 Property plant and equipment of the Company is under charge against long term finances as mentioned in note no. 23.

6.4 The expenses have been allocated to the consolidated statement of profit or loss as follows:

| | 2024 | 2023 |
|--|---------------|---------------|
| Depreciation charge of operating assets | 3,161,121,629 | 2,317,551,872 |
| Cost of sales | 115,349,118 | 92,764,935 |
| Selling and distribution expenses | 145,571,884 | 157,161,351 |
| Administrative expenses | 3,422,042,631 | 2,567,478,158 |
| Depreciation relating to right-of-use assets | 775,296 | 2,758,633 |
| Cost of sales | 5,057,077 | 1,540,459 |
| Selling and distribution expenses | 3,522,000 | 2,488,229 |
| Administrative expenses | 9,354,373 | 6,787,321 |

6.5 Particulars of immovable property (i.e. land and building) in the name of the Group companies are as follows:

| Locations | Usage of immovable property | * Total area |
|--|----------------------------------|-----------------|
| 17 - Bangalore Town, Shahrah-e-Faisal, Karachi. | Registered office / Head office | 1000 sq. yd |
| C-230, Hub H.I.T.E., Balochistan. | Manufacturing facility - Unit 1 | 7.54 acres |
| B-140, Hub H.I.T.E., Balochistan. | Manufacturing facility - Unit 2 | 4.59 acres |
| G-1, Hub H.I.T.E., Balochistan. | Manufacturing facility - Unit 3 | 3.486 acres |
| G-22, Hub H.I.T.E., Balochistan. | Manufacturing facility - Unit 4 | 9.00 acres |
| 38-C, Sundar Industrial Estate, Raiwind Road, Lahore. | Manufacturing facility - Unit 5 | 4.02 acres |
| D-91, D-92 & D-94 North Western Zone, Port Qasim. | Manufacturing facility - Unit 6 | 7.50 acres |
| E164-168, North Western Zone, Port Qasim. | Manufacturing facility - Unit 7 | 2.74 acres |
| E154-157, North Western Zone, Port Qasim. | Manufacturing facility - Unit 8 | 5.04 acres |
| G-1A, Hub H.I.T.E., Balochistan. | Manufacturing facility - Unit 9 | 3.185 acres |
| E164-168, North Western Zone, Port Qasim. | Manufacturing facility - Unit 10 | 3.50 acres |
| D-101/M, D-101/N, S.I.T.E area, Nooriabad, District Jamshoro, Sindh. | For future expansion | 20.50 acres |
| PT2-24-2402, Pearl Tower, Plot # 7 (R9) Crescent Bay, Karachi. | Administrative purpose | 2,209.57 sq. ft |
| Sabzi mandi road, Chak no. 241 Dist. Faisalabad. | For future expansion | 0.88 acres |
| 39-B, Sundar Industrial Estate, Raiwind Road, Lahore. | For future expansion | 1.138 acres |
| EIZ/1/P-II-B, Eastern industrial Zone, Port Qasim. | For future expansion | 15 acres |
| Plot 1,2,3 Hub H.I.T.E Balochistan | For future expansion | 8.37 acres |
| D-93, North Western Industrial Zone, Port Qasim. | Manufacturing facility - HPPL | 2.5 acres |
| Unit 1 : A-39 North Western Zone, Port Qasim, Karachi. | Manufacturing facility - IRPL | 4.7 acres |
| Unit 2 : A-40 North Western Zone, Port Qasim. | Manufacturing facility - IRPL | 4.7 acres |
| Unit 3 : Plot No. EZ/1/P-II-A Eastern Industrial Zone Port Qasim. | Manufacturing facility - IRPL | 15 acres |

* The covered area includes multi-storey buildings.

6.6 Following are the particulars of the disposed assets having a book value exceed five hundred thousand rupees.

| Cost | Accumulated depreciation | Net book amount | Sale proceeds | Gain / (loss) | Particulars of buyer | Relationship | Mode of disposal |
|----------------------------|--------------------------|------------------|-------------------|------------------|----------------------|--------------|------------------|
| Rupees | | | | | | | |
| Plant and Machinery | | | | | | | |
| 11,159,087 | 9,545,083 | 1,614,004 | 3,000,000 | 1,385,996 | Nasa Engineering | Independent | Negotiation |
| 14,242,484 | 11,530,516 | 2,711,968 | 3,000,000 | 288,032 | Nasa Engineering | Independent | Negotiation |
| 12,062,254 | 9,993,436 | 2,068,818 | 3,000,000 | 931,182 | Nasa Engineering | Independent | Negotiation |
| 37,463,825 | 31,069,035 | 6,394,790 | 9,000,000 | 2,605,210 | | | |
| Vehicles | | | | | | | |
| Toyota Fortuner | | | | | | | |
| 5,881,050 | 4,235,807 | 1,645,243 | 10,500,000 | 8,854,757 | Ali Raza Kazmi | Independent | Negotiation |
| 6,690,350 | 4,471,527 | 2,218,823 | 2,673,920 | 455,097 | Zeeshan Ali Khan | Independent | Negotiation |
| 12,571,400 | 8,707,334 | 3,864,066 | 13,173,920 | 9,309,854 | | | |
| Honda Civic | | | | | | | |
| 3,023,500 | 2,109,593 | 913,907 | 1,104,400 | 190,493 | Adeel Ahmed | Employee | Company Policy |
| 2,946,060 | 1,920,360 | 1,025,700 | 1,155,016 | 129,316 | Arif Nomani | Employee | Company Policy |
| 3,637,041 | 1,724,442 | 1,912,599 | 4,285,387 | 2,372,788 | Omar Ali Mansoor | Employee | Company Policy |
| 9,606,601 | 5,754,395 | 3,852,206 | 6,544,803 | 2,692,597 | | | |

| Cost | Accumulated depreciation | Net book amount | Sale proceeds | Gain / (loss) | Particulars of buyer | Relationship | Mode of disposal |
|----------------------|--------------------------|-------------------|-------------------|-------------------|-----------------------|--------------|------------------|
| Toyota Yaris | | | | | | | |
| 2,439,994 | 1,164,690 | 1,275,304 | 1,963,533 | 688,229 | Furqan hameed | Employee | Company Policy |
| 2,352,325 | 897,019 | 1,455,306 | 2,057,625 | 602,319 | Haris Khan | Employee | Company Policy |
| 2,352,325 | 922,111 | 1,430,214 | 2,057,625 | 627,411 | Amir Khan | Employee | Company Policy |
| 2,220,719 | 818,211 | 1,402,508 | 1,968,476 | 565,968 | Aqeel Kamal | Employee | Company Policy |
| 2,220,719 | 842,393 | 1,378,326 | 3,013,978 | 1,635,652 | Adil Masood | Employee | Company Policy |
| 2,220,719 | 963,298 | 1,257,421 | 1,787,169 | 529,748 | Usman Javed | Employee | Company Policy |
| 2,825,500 | 1,317,938 | 1,507,562 | 1,878,525 | 370,963 | Ghulam Abbas | Employee | Company Policy |
| 2,220,719 | 818,211 | 1,402,508 | 3,350,000 | 1,947,492 | Nasir Khan | Independent | Negotiation |
| 2,352,324 | 862,518 | 1,489,806 | 2,112,495 | 622,689 | Qaiser siddiqui | Employee | Company Policy |
| 2,744,625 | 1,095,410 | 1,649,215 | 1,542,096 | (107,119) | Haider Nawab akhtar | Employee | Company Policy |
| 2,572,454 | 780,311 | 1,792,143 | 3,579,981 | 1,787,838 | Waqas Afzal | Employee | Company Policy |
| 2,572,454 | 682,557 | 1,889,897 | 2,150,072 | 260,175 | Saadullah | Employee | Company Policy |
| 2,572,454 | 878,064 | 1,694,390 | 2,310,077 | 615,687 | Shahzad hussain iqbal | Employee | Company Policy |
| 2,572,454 | 910,648 | 1,661,806 | 2,310,077 | 648,271 | Tahir Mehmood | Employee | Company Policy |
| 2,572,454 | 971,815 | 1,600,639 | 4,500,000 | 2,899,361 | Efu General insurance | Independent | Company Policy |
| 2,572,454 | 1,003,828 | 1,568,626 | 2,979,976 | 1,411,350 | Humayon Iqbal | Employee | Company Policy |
| 2,419,836 | 642,062 | 1,777,774 | 2,342,426 | 564,652 | Aamir Sultan | Employee | Company Policy |
| 5,012,625 | 1,831,279 | 3,181,346 | 2,310,077 | (871,269) | Waqar Azeem | Employee | Company Policy |
| 3,287,758 | 964,408 | 2,323,350 | 2,807,170 | 483,820 | Muhammad Faisal | Employee | Company Policy |
| 3,565,476 | 678,430 | 2,887,046 | 3,735,630 | 848,584 | Abdul Rasheed | Employee | Company Policy |
| 53,670,388 | 19,045,201 | 34,625,187 | 50,757,008 | 16,131,821 | | | |
| Tucson | | | | | | | |
| 7,334,300 | 855,668 | 6,478,632 | 8,000,000 | 1,521,368 | Imran Khan | Employee | Company Policy |
| 7,334,300 | 855,668 | 6,478,632 | 8,000,000 | 1,521,368 | | | |
| Suzuki Cultus | | | | | | | |
| 1,521,367 | 747,294 | 774,073 | 1,135,260 | 361,187 | Irfan Ali Khan | Employee | Company Policy |
| 1,542,567 | 816,943 | 725,624 | 1,099,220 | 373,596 | Muhammad Awais | Employee | Company Policy |
| 1,542,567 | 699,571 | 842,996 | 1,243,380 | 400,384 | M Asim Khan | Employee | Company Policy |
| 1,735,043 | 431,208 | 1,303,835 | 2,650,000 | 1,346,165 | Amir | Independent | Negotiation |
| 1,542,567 | 747,287 | 795,280 | 1,207,340 | 412,060 | Waqas Arshad | Employee | Company Policy |
| 7,884,111 | 3,442,303 | 4,441,808 | 7,335,200 | 2,893,392 | | | |
| Kia Picanto | | | | | | | |
| 1,850,091 | 782,382 | 1,067,709 | 1,517,688 | 449,979 | Nigah e Hasnain | Employee | Company Policy |
| 1,850,092 | 717,012 | 1,133,080 | 1,538,479 | 405,399 | Muhammad Yasir | Employee | Company Policy |
| 1,850,092 | 586,272 | 1,263,820 | 2,200,000 | 936,180 | Ali Raza Kazmi | Employee | Company Policy |
| 1,850,092 | 673,432 | 1,176,660 | 1,801,034 | 624,374 | Beenish Raza | Employee | Company Policy |
| 1,850,092 | 762,237 | 1,087,855 | 1,697,083 | 609,228 | Muhammad Wasif | Employee | Company Policy |
| 1,850,466 | 629,157 | 1,221,309 | 1,821,692 | 600,383 | Muhammad Adil Liaquat | Employee | Company Policy |
| 1,897,809 | 528,012 | 1,369,797 | 2,000,947 | 631,150 | Rohan Zafar Sobani | Employee | Company Policy |
| 1,850,466 | 606,541 | 1,243,925 | 1,813,284 | 569,359 | Muhammad Zaheer | Employee | Company Policy |
| 2,256,220 | 506,158 | 1,750,062 | 3,100,000 | 1,349,938 | Efu General insurance | Independent | Company Policy |
| 2,256,220 | 777,142 | 1,479,078 | 2,300,000 | 820,922 | Waqar Hussain | Independent | Negotiation |
| 2,689,060 | 821,656 | 1,867,404 | 2,606,831 | 739,427 | Shah Faisal | Employee | Company Policy |
| 2,696,850 | 677,957 | 2,018,893 | 3,141,950 | 1,123,057 | Makhdoom Hussain | Employee | Company Policy |
| 2,891,732 | 608,870 | 2,282,862 | 3,300,000 | 1,017,138 | Efu General insurance | Independent | Company Policy |
| 27,639,282 | 8,676,828 | 18,962,454 | 28,838,988 | 9,876,534 | | | |
| Honda City | | | | | | | |
| 4,273,094 | 427,309 | 3,845,785 | 4,240,000 | 394,215 | Waqar Hussain | Employee | Company Policy |
| 4,273,094 | 427,309 | 3,845,785 | 4,240,000 | 394,215 | | | |

| Cost | Accumulated depreciation | Net book amount | Sale proceeds | Gain / (loss) | Particulars of buyer | Relationship | Mode of disposal |
|-----------------------|--------------------------|--------------------|--------------------|-------------------|-----------------------|--------------|------------------|
| Suzuki Alto | | | | | | | |
| 1,220,227 | 616,295 | 603,932 | 1,549,774 | 945,842 | Moazam Ali | Employee | Company Policy |
| 1,207,641 | 660,605 | 547,036 | 690,299 | 143,263 | Shahzad Hussain | Employee | Company Policy |
| 1,207,641 | 660,605 | 547,036 | 690,229 | 143,193 | Farhan Ali | Employee | Company Policy |
| 1,212,727 | 611,955 | 600,772 | 813,657 | 212,885 | Waqas Farooq | Employee | Company Policy |
| 1,242,441 | 550,649 | 691,792 | 907,160 | 215,368 | Muhammad Shoaib | Employee | Company Policy |
| 1,242,441 | 647,173 | 595,268 | 743,871 | 148,603 | Hafiz Usman Nawaz | Employee | Company Policy |
| 1,224,786 | 542,171 | 682,615 | 948,284 | 265,669 | Khurram Shahzad | Employee | Company Policy |
| 1,243,166 | 553,622 | 689,544 | 870,828 | 181,284 | Naveed ahmed | Employee | Company Policy |
| 1,203,867 | 574,645 | 629,222 | 847,729 | 218,507 | Amjad Ali khan | Employee | Company Policy |
| 1,203,867 | 509,101 | 694,766 | 1,253,932 | 559,166 | Ali Tariq | Employee | Company Policy |
| 1,203,267 | 443,336 | 759,931 | 1,890,736 | 1,130,805 | Muhammad Daniyal | Employee | Company Policy |
| 1,203,267 | 427,828 | 775,439 | 2,140,000 | 1,364,561 | Atif Sarfaraz | Employee | Company Policy |
| 1,203,267 | 466,867 | 736,400 | 895,965 | 159,565 | Faisal Hayat | Employee | Company Policy |
| 1,203,267 | 521,415 | 681,852 | 862,155 | 180,303 | Saddam Hussain | Employee | Company Policy |
| 1,203,466 | 395,538 | 807,928 | 1,872,140 | 1,064,212 | Saqib Majeed | Employee | Company Policy |
| 1,506,299 | 555,079 | 951,220 | 973,707 | 22,487 | Salman Habib | Employee | Company Policy |
| 1,356,669 | 477,547 | 879,122 | 946,278 | 67,156 | Faheem us Salam | Employee | Company Policy |
| 1,391,927 | 369,324 | 1,022,603 | 1,989,181 | 966,578 | Asfahan Hassan | Employee | Company Policy |
| 1,508,029 | 555,716 | 952,313 | 1,669,421 | 717,108 | Irtakash Waseem | Employee | Company Policy |
| 1,508,029 | 477,976 | 1,030,053 | 1,828,137 | 798,084 | Asad saeed | Employee | Company Policy |
| 1,392,932 | 510,741 | 882,191 | 1,115,426 | 233,235 | M Azimuddin | Employee | Company Policy |
| 2,238,936 | 501,894 | 1,737,042 | 2,106,874 | 369,832 | Muhammad Amin | Employee | Company Policy |
| 2,238,936 | 324,644 | 1,914,292 | 2,232,657 | 318,365 | Shahzad Tariq | Employee | Company Policy |
| 1,331,005 | 766,382 | 564,623 | 704,099 | 139,476 | M Faisal Rauf | Employee | Company Policy |
| 32,698,100 | 12,721,108 | 19,976,992 | 30,542,539 | 10,565,547 | | | |
| Toyota Corolla | | | | | | | |
| 2,410,044 | 1,278,930 | 1,131,114 | 1,126,000 | (5,114) | Noman Shafiq | Employee | Company Policy |
| 2,410,044 | 1,448,597 | 961,447 | 1,435,650 | 474,203 | M Rauf Khan | Employee | Company Policy |
| 2,777,078 | 1,424,023 | 1,353,055 | 2,007,752 | 654,697 | Zahid Iqbal Zia | Employee | Company Policy |
| 2,971,365 | 1,408,822 | 1,562,543 | 2,321,885 | 759,342 | Kamal Akbar | Independent | Negotiation |
| 1,926,750 | 1,334,541 | 592,209 | 766,880 | 174,671 | Mehmood Suleman | Employee | Company Policy |
| 4,032,541 | 1,709,726 | 2,322,815 | 3,412,940 | 1,090,125 | Syed Murtaza Ali | Employee | Company Policy |
| 2,212,850 | 1,504,471 | 708,379 | 871,920 | 163,541 | M Khalid Mehtab | Employee | Company Policy |
| 7,238,867 | 1,049,635 | 6,189,232 | 5,800,000 | (389,232) | Muhammad Waseem | Employee | Company Policy |
| 7,136,295 | 1,070,444 | 6,065,851 | 7,442,000 | 1,376,149 | Efu General Insurance | Independent | Company Policy |
| 2,800,948 | 1,552,806 | 1,248,142 | 1,117,125 | (131,017) | Muhammad Ali Iqbal | Employee | Company Policy |
| 35,916,782 | 13,781,995 | 22,134,787 | 26,302,152 | 4,167,365 | | | |
| 191,594,058 | 73,412,141 | 118,181,917 | 175,734,610 | 57,552,693 | | | |
| 229,057,883 | 104,481,176 | 124,576,707 | 184,734,610 | 60,157,903 | | | |

Aggregate of assets disposed off having net book value not exceeding Rs. 500,000

| Description | Cost | Accumulated depreciation | Net book value | Sale proceed | Gain / (loss) |
|---------------------|--------------------|--------------------------|--------------------|--------------------|-------------------|
| Computers | 6,762,945 | 2,989,586 | 3,773,359 | 2,332,864 | (1,440,495) |
| Vehicles | 40,423,045 | 24,804,774 | 15,618,271 | 39,029,971 | 23,411,700 |
| Sub-total | 47,185,990 | 27,794,360 | 19,391,630 | 41,362,835 | 21,971,205 |
| 2024 - total | 276,243,873 | 132,275,536 | 143,968,337 | 226,097,445 | 82,129,108 |
| 2023 - total | 229,941,481 | 102,822,593 | 127,118,888 | 182,877,706 | 55,758,818 |

All disposals are made through negotiation or otherwise specified in 6.6 of these consolidated financial statements.

| | Note | 2024 | 2023 |
|-------------------------------------|-------|----------------------|-----------------------|
| | | -----Rupees----- | |
| 6.7 Capital work-in-progress | | | |
| Civil works | | 541,779,418 | 2,797,473,664 |
| Plant and machinery | | 528,909,048 | 8,237,988,222 |
| Equipment and fittings | | 51,100,870 | 449,497,520 |
| | 6.7.1 | 1,121,789,336 | 11,484,959,406 |

6.7.1 Movement of capital work in progress:

| | Civil works | Plant and machinery | Equipment and fittings | Total |
|---|------------------------|-------------------------|------------------------|-------------------------|
| -----Rupees----- | | | | |
| Balance as at July 1, 2022 | 1,788,904,193 | 3,808,698,672 | 26,037,400 | 5,623,640,265 |
| Capital expenditure incurred during the year | 1,836,066,362 | 7,265,747,103 | 572,000,639 | 9,673,814,104 |
| Trial production cost incurred - net | - | 123,468,335 | - | 123,468,335 |
| Advances to contractors | - | 269,948,447 | - | 269,948,447 |
| Expenses capitalized | - | 362,542,580 | - | 362,542,580 |
| Transferred to operating fixed assets | (827,496,891) | (3,592,416,915) | (148,540,519) | (4,568,454,325) |
| Balance as at June 30, 2023 | 2,797,473,664 | 8,237,988,222 | 449,497,520 | 11,484,959,406 |
| Capital expenditure incurred during the year | 3,003,149,152 | 4,960,706,465 | 506,668,952 | 8,470,524,569 |
| Expenses capitalized | - | 926,366,492 | - | 926,366,492 |
| Transferred to operating fixed assets | (5,258,843,398) | (13,596,152,131) | (905,065,602) | (19,760,061,131) |
| Balance as at June 30, 2024 | 541,779,418 | 528,909,048 | 51,100,870 | 1,121,789,336 |

| | Note | 2024 | 2023 |
|----------------------------------|------|------------------|------------------|
| | | -----Rupees----- | |
| 7 INTANGIBLE ASSETS | | | |
| As at July 1 | | | |
| Cost | 7.1 | 99,973,357 | 99,973,357 |
| Accumulated amortization | | (97,746,650) | (93,977,917) |
| Opening net book value | | 2,226,707 | 5,995,440 |
| Addition for the year | | - | - |
| Amortization charge for the year | | (2,060,038) | (3,768,733) |
| Closing net book value | | 166,669 | 2,226,707 |
| As at June 30 | | | |
| Cost | | 99,973,357 | 99,973,357 |
| Accumulated amortization | | (99,806,688) | (97,746,650) |
| Closing net book value | | 166,669 | 2,226,707 |
| Amortization rate | | 33.33% | 33.33% |

7.1 Software includes licenses which are amortized on straight line basis over a period of 36 months.

| | Note | 2024 | 2023 |
|-------------------------|--|------------------|------------------|
| | | -----Rupees----- | |
| 7.2 | The amortization charge has been allocated as follows: | | |
| Administrative expenses | 35 | 2,060,038 | 3,768,733 |
| | | 2,060,038 | 3,768,733 |

8 LONG TERM INVESTMENTS

| | Note | 2024 | 2023 |
|---|------|----------------------|----------------------|
| Investment in associated company | | | |
| The Bank of Khyber | 8.1 | 4,030,256,700 | 3,225,156,930 |
| | | 4,030,256,700 | 3,225,156,930 |

8.1 The Bank of Khyber

The total shareholding of the Holding company in the Bank of Khyber (the Bank) is 282,852,970 (June 2023: 269,383,781) shares which represents 24.43% of paid-up capital of the Bank (June 2023: 24.43%). The Bank concludes its annual financial results on December 31 as required by the State Bank of Pakistan for financial institutions. Amounts in these consolidated financial statements have been taken from audited financial statements of the Bank for the year ended December 31, 2023 and unaudited interim financial statement for the three months period ended March 31, 2024 (June 2023: six month period ended June 30, 2023). Adjustment to confirm to the Bank's accounting policies is not warranted as the Bank is not engaged in like transaction under similar circumstances.

The market value of holding in the Bank as at June 30, 2024 was Rs. 3,354.64 million (June 30, 2023: Rs. 3,633.98 million), which is placed in level 1 of the fair value hierarchy.

| | The Bank of Khyber | |
|--|---------------------------|----------------------|
| | 2024 | 2023 |
| | -----Rupees----- | |
| Balance as at July 1 | 3,225,156,930 | 3,144,584,786 |
| Share of profit for the period | 626,504,654 | 428,075,707 |
| Share of other comprehensive income / (loss) | 582,670,788 | (347,503,563) |
| Dividend received | (404,075,672) | - |
| Balance as at June 30 | <u>4,030,256,700</u> | <u>3,225,156,930</u> |

Summarized financial information in respect of the Holding company's associate as at March 31 (June 30) is set out below:

| | The Bank of Khyber | |
|---|---------------------------|--------------------|
| | March 31, 2024 | June 30, 2023 |
| | Un-audited | Un-audited |
| | -----Rupees----- | |
| Total assets | 392,679,242,000 | 345,762,514,000 |
| Total liabilities | 374,738,916,000 | 328,873,320,000 |
| Revenue | 11,432,774,000 | 9,601,237,000 |
| Profit for the period / year | 2,564,755,000 | 1,752,436,000 |
| Other comprehensive income / (loss) for the period / year | 1,270,342,000 | (1,422,620,719) |
| Total comprehensive income for the period / year | <u>3,835,097,000</u> | <u>329,815,281</u> |

9 LONG TERM DEPOSITS

| | 2024 | 2023 |
|-----------------------|-------------------|-------------------|
| | -----Rupees----- | |
| Utility companies | 15,675,128 | 15,358,378 |
| Deposit against lease | 3,478,000 | 3,478,000 |
| Others | 14,570,745 | 14,335,745 |
| | <u>33,723,873</u> | <u>33,172,123</u> |

10 STORES AND SPARES

| | | |
|-------------|--------------------|--------------------|
| Stores | 162,751,580 | 127,010,941 |
| Spare parts | 625,032,500 | 493,434,736 |
| Others | 45,939,441 | 35,182,533 |
| | <u>833,723,521</u> | <u>655,628,210</u> |

10.1 This includes provision for slow moving amounting to Rs 8,591,420 million (June 2023: Rs 8,591,420 million)

11 STOCK-IN-TRADE

| | Note | 2024 | 2023 |
|-------------------|-------------|-----------------------|-----------------------|
| | | -----Rupees----- | |
| Raw materials | 11.2 & 11.3 | 12,682,161,368 | 10,005,337,837 |
| Packing materials | 11.2 | 1,770,158,078 | 2,272,074,000 |
| Work-in-process | 33 | 550,298,195 | 644,262,138 |
| Finished goods | 11.2 | 8,218,582,910 | 3,354,882,011 |
| | | <u>23,221,200,551</u> | <u>16,276,555,986</u> |

11.1 Stock-in-trade of the Group is under hypothecation charge against short term finances as mentioned in note no. 28.

| | 2024 | | |
|---|-----------------------|----------------------|----------------------|
| | Raw material | Packing material | Finished goods |
| 11.2 Reconciliation for stock-in-trade | | | |
| Stock-in-trade | 12,807,603,328 | 1,800,180,231 | 8,227,643,164 |
| Provision for slow moving | | | |
| - opening | (91,762,675) | (113,264,077) | - |
| - charge | (99,472,330) | (73,500,000) | (16,000,000) |
| - Write-off | 65,793,045 | 156,741,924 | 6,939,746 |
| - closing | (125,441,960) | (30,022,153) | (9,060,254) |
| Stock-in-trade-net | 12,682,161,368 | 1,770,158,078 | 8,218,582,910 |
| | 2023 | | |
| | Raw materials | Packing materials | Finished goods |
| | ----- Rupees ----- | | |
| Stock-in-trade | 10,097,100,512 | 2,385,338,077 | 3,354,882,011 |
| Provision for slow moving | | | |
| - opening | (47,738,834) | (127,297,185) | - |
| - charge for the year | (103,654,713) | (104,961,339) | - |
| - Write-off | 59,630,872 | 118,994,447 | - |
| - closing | (91,762,675) | (113,264,077) | - |
| Stock-in-trade-net | 10,005,337,837 | 2,272,074,000 | 3,354,882,011 |

11.3 This includes raw material in transit amounting to Rs. 1,795,009,257 (June 30, 2023: Rs. 2,021,268,243).

| | Note | 2024 | 2023 |
|------------------------------------|------|-----------------------|-----------------------|
| | | -----Rupees----- | |
| 12 TRADE DEBTS | | | |
| Considered good | | | |
| - export - secured | | 7,034,862,252 | 5,805,638,355 |
| - local - unsecured | | 8,004,655,849 | 5,022,640,640 |
| | | 15,039,518,101 | 10,828,278,995 |
| Allowance for expected credit loss | 12.2 | (209,366,262) | (158,464,042) |
| Trade debts - net | | 14,830,151,839 | 10,669,814,953 |

12.1 Trade debts of the Group is under hypothecation charge against short term finances as mentioned in note no. 28.

| | Note | 2024 | 2023 |
|--|------|-----------------------|-----------------------|
| | | -----Rupees----- | |
| 12.2 Allowance for expected credit loss | | | |
| Balance at the beginning of the year | | (158,464,042) | (107,970,640) |
| Charge during the year | 34 | (50,902,220) | (50,493,402) |
| Balance at the end of the year | | (209,366,262) | (158,464,042) |
| 12.3 Age analysis of trade debts | | | |
| Not Due | | 12,967,057,639 | 9,448,930,778 |
| More than 45 days but not more than 3 months | | 959,616,297 | 590,569,095 |
| More than 3 months but not more than 6 months | | 778,412,121 | 423,417,227 |
| More than 6 months but not more than 1 year | | 197,646,877 | 257,745,546 |
| More than 1 year | | 136,785,167 | 107,616,349 |
| | | 15,039,518,101 | 10,828,278,995 |

| 13 LOANS AND ADVANCES | | | |
|------------------------------|------|----------------------|----------------------|
| Loans - secured - employees | | 203,545,236 | 102,209,828 |
| Advances - unsecured | | | |
| - suppliers | | 4,629,741,068 | 2,984,605,261 |
| - LC margins | 13.1 | 106,234 | 265,496,495 |
| | | 4,833,392,538 | 3,352,311,584 |

| | Note | 2024 | 2023 |
|--|-------------|------------------------|-----------------|
| | | -----Rupees----- | |
| 13.1 Allied Bank Limited | | 106,234 | 63,748,128 |
| Habib Bank Limited | | - | 181,457,668 |
| Meezan Bank Limited | | - | 8,127,380 |
| Soneri Bank Limited | | - | 12,163,319 |
| | | 106,234 | 265,496,495 |
| 14 LOAN TO ASSOCIATE | | | |
| - Innovita Nutrition (Private) Limited - Associate | 14.1 | 217,900,000 | - |
| | | 217,900,000 | - |
| 14.1 | | | |
| The Holding company entered into short term financing agreement with its associate for extending revolving line of credit for meeting their working capital requirements. These carry mark-up at the rates ranging from 22.55% to 23% per annum (June 2023: nil). | | | |
| | | 2024 | 2023 |
| | | -----Rupees----- | |
| 15 TRADE DEPOSITS AND SHORT TERM PREPAYMENT | Note | | |
| Trade deposits - unsecured | | 45,800,513 | 312,583,280 |
| Short term prepayments | | 10,031,972 | 1,283,890 |
| | | 55,832,485 | 313,867,170 |
| 16 SHORT TERM INVESTMENTS | | | |
| Held at: | | | |
| Amortised cost | 16.1 | 765,678,863 | 837,419,971 |
| Fair value through other comprehensive income | 16.2 | 863,887,055 | 834,465,000 |
| Fair value through profit and loss | 16.3 | 90,421,644 | - |
| | | 1,719,987,562 | 1,671,884,971 |
| 16.1 | | | |
| These investments are made in term deposit receipts and T- bills of various banks at the rates range from 20% to 24% (June 2023: 13% to 18%). The fair of T -bills amounts to Rs. 130.11 million(2023: 137.65 million which is determined using the prices / rates available on Mutual Funds Association of Pakistan | | | |
| 16.2 | | | |
| These investments are made in listed securities and term finance certificates of various banks, The fair value of these certificates range from 95.33% to 99.35% of their face value (June 2023: 95.33% to 99.38%). | | | |
| 16.3 | | | |
| This investment are made in listed equity securities. | | | |
| | | 2024 | 2023 |
| | | -----Rupees----- | |
| 17 OTHER RECEIVABLES | Note | | |
| Export rebate | | 55,837,645 | 36,605,266 |
| Sales tax carry forward | | 6,251,036,119 | 2,147,972,064 |
| Markup receivable | 17.1 | 23,795,234 | - |
| Other receivables | 17.2 & 17.3 | 400,878,231 | 136,402,027 |
| | | 6,731,547,229 | 2,320,979,357 |
| 17.1 | | | |
| This represents markup receivable from associated company as referred in note.14.1 of this consolidated financial statements for the year ended June 30, 2024. | | | |
| 17.2 | | | |
| This amount includes Rs. 100.217 million (June 2023: Rs. 100.217 million) due from Nazir of the Sindh High Court as referred in note 30.1.4. | | | |
| 17.3 | | | |
| These includes advance paid during the year to the Nazir of the Sindh High Court as mentioned in note no. 30.1.10 of this consolidated financial statements for the year ended June 30, 2024. | | | |
| | | 2024 | 2023 |
| | | -----Rupees----- | |
| 18 TAXATION AND LEVIES - NET | Note | | |
| Advance income tax / levies | | 3,303,973,386 | 2,343,533,498 |
| Provision for levies and taxation | 40 | (1,213,249,837) | (1,228,350,029) |
| | | 2,090,723,549 | 1,115,183,469 |

| 19 CASH AND BANK BALANCES | Note | 2024 | 2023 |
|-----------------------------------|------|--------------------|----------------------|
| | | -----Rupees----- | |
| Cash in hand | | 37,936,784 | 6,126,486 |
| Cash at banks: | | | |
| - current accounts - conventional | | 270,196,126 | 1,240,343,136 |
| - current accounts - Islamic | | 599,637,584 | 404,696,981 |
| | | 907,770,494 | 1,651,166,603 |

20 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| Number of Shares | | | Rupees | |
|-------------------|-------------------|---|--------------------|--------------------|
| 2024 | 2023 | | 2024 | 2023 |
| 53,072,940 | 53,072,940 | Ordinary shares of Rs.10 each fully paid in cash | 530,729,400 | 530,729,400 |
| | | Ordinary shares of Rs.10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation | | |
| 13,284,000 | 13,284,000 | | 132,840,000 | 132,840,000 |
| 66,356,940 | 66,356,940 | | 663,569,400 | 663,569,400 |

21 NON-CONTROLLING INTEREST

Below is summarised financial information of Hudson Pharma (Private) Limited and Ismail Resin (Private) Limited that has a non-controlling interest of 21.47% (2023: 21.47%) and 25% (2023: 25%) stake respectively which is material to the Group. The amounts disclosed are before inter-group eliminations.

| | 2024 | 2023 |
|--|----------------------|-----------------------|
| | -----Rupees----- | |
| Summarised Statement of Financial Position | | |
| Current assets | 16,210,338,299 | 2,589,761,796 |
| Non-current assets | 12,777,059,178 | 9,585,097,767 |
| Current liabilities | (20,600,141,672) | (2,301,246,738) |
| Non-current liabilities | (4,420,908,477) | (4,688,070,535) |
| | 3,966,347,328 | 5,185,542,290 |
| Accumulated NCI | 893,490,560 | 1,180,807,449 |
| Summarised Statement of Profit or Loss and Other Comprehensive Income | | |
| Sales | 11,502,876,294 | 737,747,738 |
| Loss for the year | (1,224,847,445) | (488,421,285) |
| Total comprehensive loss | (1,219,194,962) | (490,500,253) |
| Loss allocated to NCI | (288,490,013) | (106,447,913) |
| Summarised Statement of Cash Flows | | |
| Cash flow from operating activities | (10,952,445,763) | 405,018,532 |
| Cash flow from investing activities | (2,242,416,495) | (5,351,116,020) |
| Cash flow from financing activities | 10,374,945,072 | 4,936,328,913 |
| Net increase / (decrease) in cash and cash equivalents | (2,819,917,186) | (9,768,576) |
| 22 RESERVES | | |
| Capital reserve | | |
| - Share premium | 22.1 | 1,472,531,500 |
| - Reserve arising due to amalgamation | 22.2 | 916,862,067 |
| Revenue Reserve | | |
| - Remeasurement of investment in associate | | (206,233,725) |
| - Unrealized loss on remeasurement of investment classified as fair value through OCI - net of tax | | (12,466,400) |
| - Unappropriated profit | | 18,933,669,807 |
| Total reserves | 22.3 | 21,104,363,249 |

22.1 This represents share premium amount pertains to issue of shares at premium. This reserve can be utilized by Group for the purpose specified in section 81(2) of the Companies Act, 2017.

22.2 This represents reserve created under scheme of arrangement for amalgamation of an Astro Plastics (Private) Limited with Group.

22.3 Movement of the total reserves have been reflected in the consolidated statement of changes in equity.

| 23 LONG TERM FINANCES - secured | | Note | 2024 | 2023 | | |
|---|-------------------|------------------|----------------------------|------------------------|----------------------|----------------------|
| | | | ----- Rupees ----- | | | |
| Long term finances - secured - conventional | | 23.1 | 19,234,667,774 | 21,679,053,252 | | |
| Long term finances - secured - islamic | | 23.2 | 5,148,938,243 | 6,133,953,620 | | |
| | | | 24,383,606,017 | 27,813,006,872 | | |
| 23.1 CONVENTIONAL | | | | | | |
| Financier / Facility type | Installments mode | Repayment period | Mark-up (Rate) | Number of Installments | 2024 | 2023 |
| | | | | | ----- Rupees ----- | |
| Habib Bank Limited | | | | | | |
| - Term Finance - FCY | Monthly | 2021-2024 | 1 month EURIBOR + 1.75% | 36 | - | 37,536,947 |
| - SBP-LTFF | Quarterly | 2018-2030 | SBP + 0.25% | 36 | 203,233,743 | 258,425,301 |
| - SBP-LTFF | Quarterly | 2021-2030 | SBP + 0.25% | 34 | 1,027,916,524 | 1,202,042,649 |
| - SBP-TERF | Quarterly | 2022-2031 | SBP + 1.25% | 36 | 179,897,103 | 207,817,224 |
| - Term finance | Quarterly | 2025-2033 | 3 month KIBOR + 1.25% | 32 | 98,280,464 | 98,279,764 |
| - Term finance | Monthly | 2024-2028 | 1 month KIBOR + 0.75% | 48 | 1,351,304,700 | 1,130,505,670 |
| - SBP-TERF | Quarterly | 2024-2033 | SBP + 1.25% | 32 | 1,167,481,342 | 1,187,641,934 |
| - SBP-LTFF | Quarterly | 2024-2032 | SBP + 1.25% | 32 | 43,847,858 | 44,160,305 |
| - Term finance | Quarterly | 2024-2033 | 3 month KIBOR + 1.25% | 32/20 | 517,221,334 | 406,878,858 |
| Bank Al-Habib Limited | | | | | | |
| - SBP-LTFF | Quarterly | 2019-2029 | SBP + 0.75% | 32 | 189,118,690 | 239,118,000 |
| - SBP-LTFF | Quarterly | 2020-2029 | SBP + 0.50% | 32 | 30,327,600 | 37,415,000 |
| MCB Bank Limited | | | | | | |
| - SBP-LTFF | Quarterly | 2018-2028 | SBP + 0.75% | 36 | 135,392,466 | 169,457,553 |
| - SBP-LTFF | Quarterly | 2020-2030 | SBP + 0.25% | 36 | 298,124,682 | 352,335,158 |
| - SBP-TERF | Quarterly | 2024-2031 | SBP + 1% | 32 | 332,497,442 | 377,849,792 |
| - Term finance | Monthly | 2024-2029 | 3 months KIBOR + 0.80% | 60 | 883,333,338 | 1,000,000,000 |
| Allied Bank Limited | | | | | | |
| - SBP-LTFF | Semi-annual | 2022-2031 | SBP +0.25%/0.75% | 18 | 1,263,485,500 | 1,457,858,000 |
| - Term finance | Monthly | 2021-2024 | 3 months KIBOR + 0.25% | 48 | - | 100,000,012 |
| - SBP-LTFF | Quarterly | 2024-2033 | SBP+1.25% | 32 | 480,517,000 | 489,021,000 |
| - Term finance | Quarterly | 2025-2033 | 3 month KIBOR + 1.25% | 32 | 781,129,000 | 781,129,000 |
| Balance carried forward | | | | | 8,983,108,786 | 9,577,472,167 |

| Financier / Facility type | Installments mode | Repayment period | Mark-up (Rate) | Number of Installments | 2024 ----- Rupees ----- | 2023 ----- |
|--|-------------------|------------------|-----------------------------|------------------------|----------------------------|----------------|
| Balance brought forward | | | | | 8,983,108,786 | 9,577,472,167 |
| - Term finance | Quarterly | 2024-2027 | 3 months KIBOR + 1% | 16 | 183,750,000 | 245,000,000 |
| Pak Brunei Investment Company Limited | | | | | | |
| - SBP-LTFF | Quarterly | 2020-2029 | SBP + 0.5% | 32 | 305,319,300 | 367,994,300 |
| - SBP-LTFF | Quarterly | 2021-2030 | SBP + 0.5% | 32 | 127,603,000 | 151,434,800 |
| Pak Oman Investment Company Limited | | | | | | |
| - SBP-LTFF | Quarterly | 2022-2030 | SBP + 1.5% | 32 | 299,563,918 | 363,770,621 |
| - SBP-LTFF | Quarterly | 2025-2032 | SBP + 1.5% | 32 | 286,272,937 | 286,519,000 |
| Bank Al falah Limited | | | | | | |
| - Term finance | Quarterly | 2022-2025 | 6 month KIBOR + 0.75% | 16 | 125,000,000 | 250,000,000 |
| - Term finance | Quarterly | 2023-2026 | 3 month KIBOR + 0.75% | 16 | 300,000,000 | 450,000,000 |
| - SBP-LTFF | Quarterly | 2017-2029 | SBP+0.5% | 40/36 | 183,929,368 | 241,381,235 |
| - SBP-REFF | Quarterly | 2025-2035 | SBP+0.5% | 40 | 199,927,000 | 199,927,000 |
| - SBP - TERF | Quarterly | 2024 - 2031 | SBP + 1.25% | 32 | 237,868,723 | 249,248,000 |
| JS Bank Limited | | | | | | |
| - SBP-LTFF | Quarterly | 2022-2030 | SBP+0.30% | 32 | 85,154,341 | 101,374,217 |
| - SBP-LTFF | Quarterly | 2025-2033 | SBP+1.50% | 32 | 499,994,918 | 400,845,950 |
| Habib Metropolitan Bank Limited | | | | | | |
| - SBP-TERF | Semi Annual | 2024-2031 | SBP+1.50% | 16 | 1,043,895,371 | 1,097,677,000 |
| The Bank of Punjab | | | | | | |
| - SBP-TERF | Quarterly | 2023-2031 | SBP + 1.25% | 32 | 1,410,015,365 | 1,495,913,586 |
| - Term finance | Monthly | 2022-2027 | 1 month KIBOR + 0.75% | 60 | 291,666,667 | 391,666,671 |
| Pak Kuwait Investment Company (Private) Limited | | | | | | |
| - Syndicated Term Finance | Monthly | 2024-2027 | 3 month KIBOR + 0.75% | 36 | 1,670,238,096 | - |
| National Bank of Pakistan | | | | | | |
| - SBP-LTFF | Quarterly | 2021-2030 | SBP+0.65% | 36 | 643,841,860 | 747,434,248 |
| - Term finance | Quarterly | 2024-2032 | 3 month KIBOR + 2.15% | 32 | 670,312,500 | 345,288,654 |
| - SBP-TERF | Quarterly | 2024-2032 | SBP+2.15% | 32 | 906,249,997 | 1,000,000,000 |
| - SBP-TERF | Quarterly | 2022-2031 | SBP+1% | 36 | 374,171,830 | 422,987,081 |
| - SBP-FFSAP | Quarterly | 2023-2030 | SBP+0.75% | 28 | 109,774,000 | 129,734,000 |
| Balance carried forward | | | | | 18,937,657,977 | 18,515,668,530 |

| Financier / Facility type | Installments mode | Repayment period | Mark-up (Rate) | Number of Installments | 2024 ----- Rupees ----- | 2023 ----- Rupees ----- |
|---|-------------------|------------------|--------------------------|------------------------|----------------------------|----------------------------|
| Balance brought forward | | | | | 18,937,657,977 | 18,515,668,530 |
| Askari Bank Limited | | | | | | |
| - SBP-REFF | Quarterly | 2021-2031 | SBP+0.50% | 40 | 143,966,875 | 167,001,575 |
| - Term finance | Monthly | 2019-2024 | 1 month KIBOR + 0.50% | 48 | - | 91,666,679 |
| - Term finance | Monthly | 2023-2027 | 1 month KIBOR + 0.75% | 48 | 312,500,000 | 437,499,998 |
| - Syndicated Term Finance | Monthly | 2024-2029 | 1 month KIBOR + 0.80% | 60 | 3,824,999,996 | 4,250,000,000 |
| Soneri Bank Limited | | | | | | |
| - Term finance | Monthly | 2019-2025 | 1 month KIBOR + 0.75% | 60 | 91,666,682 | 191,666,679 |
| - Term finance | Monthly | 2023-2028 | 1 month KIBOR + 0.75% | 60 | 341,666,673 | 441,666,669 |
| PAIR Investment Company Limited | | | | | | |
| - Term finance | Quarterly | 2021-2025 | 3 month KIBOR + 0.75% | 16 | 56,250,000 | 131,250,000 |
| - SBP-REFF | Quarterly | 2023-2033 | SBP+0.50% | 40 | 192,928,138 | 199,519,941 |
| - Term finance | Monthly | 2024-2028 | 1 month KIBOR + 0.75% | 48 | 262,500,000 | - |
| - SBP-LTFF | Quarterly | 2025-2033 | SBP+1.50% | 32 | 23,500,000 | 23,500,000 |
| Total long term loan - secured | | | | | 24,187,636,341 | 24,449,440,071 |
| Less: Current portion of long term finances shown under current liabilities | | | | | (4,952,968,567) | (2,770,386,819) |
| | | | | | 19,234,667,774 | 21,679,053,252 |

23.2 ISLAMIC

| Financier / Facility type | Installments mode | Repayment period | Mark-up (Rate) | Number of Installments | 2024 ----- Rupees ----- | 2023 ----- Rupees ----- |
|--|-------------------|------------------|---------------------------|------------------------|----------------------------|----------------------------|
| MCB Islamic Bank Limited | | | | | | |
| - SBP ITERF | Quarterly | 2023-2030 | SBP+0.75% | 32 | 307,745,796 | 349,986,000 |
| - Islamic financing | Quarterly | 2023-2028 | 3 months KIBOR + 0.75% | 20 | 210,000,000 | 270,000,000 |
| Dubai Islamic Bank Pakistan Limited | | | | | | |
| - SBP ILTFF | Quarterly | 2022-2027 | SBP+1% | 20 | 129,727,985 | 189,166,035 |
| - SBP ILTFF | Quarterly | 2024-2030 | SBP+1% | 20 | 399,877,005 | 412,638,448 |
| Meezan Bank Limited | | | | | | |
| - Islamic financing | Monthly | 2024-2030 | 1 months KIBOR + 0.85% | 72 | 550,000,002 | 600,000,000 |
| Balance carried forward | | | | | 1,597,350,788 | 1,821,790,483 |

| Financier / Facility type | Installments mode | Repayment period | Mark-up (Rate) | Number of Installments | 2024 ----- Rupees ----- | 2023 ----- |
|---|-------------------|------------------|------------------------|------------------------|----------------------------|-----------------|
| Balance brought forward | | | | | 1,597,350,788 | 1,821,790,483 |
| - Islamic financing | Monthly | 2024-2026 | 1 month KIBOR + 1% | 24 | 421,875,007 | 562,500,007 |
| - Islamic financing | Monthly | 2024-2025 | 1 month KIBOR + 0.85% | 18 | 172,222,227 | 258,333,339 |
| - Syndicated | Monthly | 2024-2028 | 3 month KIBOR + 0.80% | 60 | 3,200,000,007 | 4,000,000,000 |
| - Islamic financing | Quarterly | 2020 - 2025 | 3 months KIBOR + 0.25% | 20 | 40,000,000 | 80,000,000 |
| - Islamic financing | Monthly | 2024 - 2028 | 1 month KIBOR + 0.8% | 60 | 122,500,000 | 150,000,000 |
| Faysal Bank Limited | | | | | | |
| - SBP-ILTF | Quarterly | 2021-2030 | SBP+1% | 36 | 191,519,726 | 224,827,504 |
| - Islamic financing | Monthly | 2025-2029 | 1 month KIBOR + 0.50% | 60 | 1,000,000,000 | - |
| Bank Islami Pakistan Limited | | | | | | |
| - Islamic financing | Quarterly | 2023-2028 | 3 month KIBOR + 0.65% | 20 | 375,000,000 | 475,000,000 |
| Total long term loan - secured | | | | | 7,120,467,755 | 7,572,451,333 |
| Less: Current portion of long term finances shown under current liabilities | | | | | (1,971,529,512) | (1,438,497,713) |
| | | | | | 5,148,938,243 | 6,133,953,620 |

23.3 These represent financing for property, plant and equipment. The above mentioned facilities are secured by way of creation of equitable mortgage and first pari-passu / ranking charge over present and future fixed assets of the Group and personal guarantees of directors.

23.4 The Group's total limit for long term loan amounting to Rs. 41,219 million. (June 2023: Rs. 40,084 million)

| | June 30, 2024 | | | June 30, 2023 | | |
|--------------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | -----Rupees----- | | | | | |
| | Conventional | Islamic | Total | Conventional | Islamic | Total |
| At beginning of the year | 24,449,440,071 | 7,572,451,333 | 32,021,891,404 | 16,698,616,806 | 7,924,387,206 | 24,623,004,012 |
| Obtained during the year | 3,102,754,668 | 1,000,000,000 | 4,102,754,668 | 10,649,467,081 | 142,163,389 | 10,791,630,470 |
| Repaid during the year | (3,364,558,398) | (1,451,983,578) | (4,816,541,976) | (2,898,643,816) | (494,099,262) | (3,392,743,078) |
| | 24,187,636,341 | 7,120,467,755 | 31,308,104,096 | 24,449,440,071 | 7,572,451,333 | 32,021,891,404 |
| Less: Current maturity | (4,952,968,567) | (1,971,529,512) | (6,924,498,079) | (2,770,386,819) | (1,438,497,713) | (4,208,884,532) |
| | 19,234,667,774 | 5,148,938,243 | 24,383,606,017 | 21,679,053,252 | 6,133,953,620 | 27,813,006,872 |

24 LEASE LIABILITIES

The Subsidiary has entered into Car leasing agreement with a financial institution. These cars (right-of-use assets) are provided to Company's staff. Under the lease agreement, lease rentals are payable in 12 equal quarterly installments. Taxes, repair and maintenance, parts replacement and insurance costs, if any, are borne by the Company. The finance cost associated with lease liabilities are 3 months KIBOR+1% which have been used as a discounting factor. The Company has the option to purchase these cars upon completion of the lease period.

The net carrying amount of right-of-use assets held under lease arrangement is Rs. 33.05 million (June 2023: Rs. 42.412) (refer note 6.1). These are secured against deposits of Rs. 3.478 million, title of ownership of right-of-use assets and personal guarantees of the directors of the Company.

| | Note | 2024 ----- Rupees ----- | 2023 |
|--|------|----------------------------|--------------|
| Present value of lease liabilities | | 22,697,663 | 32,938,848 |
| Less : Current portion | | (13,180,666) | (10,826,930) |
| | 24.1 | 9,516,997 | 22,111,918 |
| 24.1 As at July 1 | | 32,938,848 | 19,221,640 |
| Addition | | - | 27,956,291 |
| Interest expense relating to lease liabilities | 38 | 6,043,827 | 4,112,592 |
| Payment (lease and interest) | | (16,285,012) | (18,351,675) |
| As at June 30 | | 22,697,663 | 32,938,848 |
| Less : Current portion | | (13,180,666) | (10,826,930) |
| | | 9,516,997 | 22,111,918 |

| | 2024 | | | 2023 | | |
|---|------------------------|-----------------------------|--------------------------|------------------------|-----------------------------|--------------------------------|
| | Minimum lease payments | Financial charges allocated | Present value of minimum | Minimum lease payments | Financial charges allocated | Present value of minimum lease |
| | ----- Rupees ----- | | | | | |
| Conventional | | | | | | |
| Up to one year | 16,308,616 | 3,127,950 | 13,180,666 | 15,320,679 | 4,493,749 | 10,826,930 |
| Later than one year but not later than five years | 10,039,366 | 522,369 | 9,516,997 | 25,059,928 | 2,948,010 | 22,111,918 |
| | 26,347,982 | 3,650,319 | 22,697,663 | 40,380,607 | 7,441,759 | 32,938,848 |

| | Note | 2024 ----- Rupees ----- | 2023 |
|--|--------|----------------------------|---------------|
| 25 DEFERRED LIABILITIES | | | |
| Provision for staff gratuity scheme - unfunded | 25.2.1 | 881,479,840 | 741,713,640 |
| Deferred tax liability | | 2,341,310,615 | 1,777,653,106 |
| | | 3,222,790,455 | 2,519,366,746 |

25.1 Provision for staff gratuity scheme - unfunded

In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2024 using the "Projected Unit Credit Method". Provision has been made in these consolidated financial statements to cover obligations in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation and disclosures in respect of above-mentioned schemes are as follows:

25.1.1 Risk on account of staff gratuity scheme - unfunded

The Group faces the following risk on account of staff gratuity scheme.

25.1.2 Final salary risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

25.1.3 Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

25.1.4 Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

25.2 Significant actuarial assumptions

| | 2024 | 2023 |
|---|--|--|
| Financial assumptions | | |
| Discount rate (per annum) | 14.75% | 16.25% |
| Expected rate of increase in salaries (per annum) | 14.75% | 16.25% |
| Demographic assumptions | | |
| Mortality rates (for death in service) | Adjusted SLIC 2001-2005 60 years | Adjusted SLIC 2001-2005 60 years |
| Retirement assumption | | |

25.2.1 Statement of Financial Position reconciliation

Note

----- Rupees -----

| | | | |
|--|--------|-------------|-------------|
| Present value of staff gratuity scheme | 25.2.3 | 881,479,840 | 741,713,640 |
| Net liability in statement of financial position | 25.2.4 | 881,479,840 | 741,713,640 |

25.2.2 Maturity profile

| | | |
|---------------------------|----------------|----------------|
| 1-5 Years | 599,504,592 | 601,137,788 |
| 6-10 Years | 957,833,576 | 1,021,009,161 |
| 10 Years onwards | 19,900,031,726 | 25,076,028,263 |
| Weighted average duration | 8 Years | 8 Years |

25.2.3 Movement in the staff gratuity scheme

| | | | |
|--|--------|---------------|--------------|
| Present value of staff gratuity scheme as at July 1 | | 741,713,640 | 599,355,750 |
| Current service cost | | 212,597,254 | 125,241,516 |
| Past service cost | | 956,586 | - |
| Interest cost | | 105,496,285 | 73,297,996 |
| Remeasurement on staff gratuity scheme | 25.2.7 | (4,316,364) | 23,668,844 |
| Payments during the year | | (128,849,779) | (70,339,974) |
| Benefits payable transferred to associated company | | (6,414,867) | |
| Benefits payable transferred to short term liability | | (39,702,915) | (9,510,492) |
| Present value of staff gratuity scheme as at June 30 | | 881,479,840 | 741,713,640 |

25.2.4 Movement in the net liability at reporting date is as follows:

| | | | |
|--|--------|---------------|--------------|
| Opening balance of net liability | | 741,713,640 | 599,355,750 |
| Charge for the year | 25.2.5 | 319,050,125 | 198,539,512 |
| Remeasurements recognized in 'OCI' | 25.2.7 | (4,316,364) | 23,668,844 |
| Payments during the year | | (128,849,779) | (70,339,974) |
| Benefits payable transferred to associated company | | (6,414,867) | |
| Benefits payable transferred to short term liability | | (39,702,915) | (9,510,492) |
| Closing balance of net liability | | 881,479,840 | 741,713,640 |

25.2.5 The amounts recognized in the consolidated statement of profit or loss account against defined benefit scheme are as follows:

| | | | |
|----------------------|--|-------------|-------------|
| Current service cost | | 212,597,254 | 125,241,516 |
| Past service cost | | 956,586 | - |
| Interest cost | | 105,496,285 | 73,297,996 |
| Charge for the year | | 319,050,125 | 198,539,512 |

25.2.6 For the year ended June 30, 2025, expected provisions to the staff retirement benefit scheme is Rs. 276.273 million.

| | 2024 | 2023 |
|--|--------------------|-------------------|
| | ----- Rupees ----- | |
| 25.2.7 Remeasurement recognized in 'other comprehensive income' | | |
| Experience losses | (4,316,364) | 23,668,844 |
| Related deferred tax | (387,475) | (4,749,773) |
| | <u>(4,703,839)</u> | <u>18,919,071</u> |

25.2.8 Amounts for the current and previous four years are as follows:

| Comparison for five years | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|------------------|-------------|-------------|-------------|-------------|
| | -----Rupees----- | | | | |
| Present value of the defined benefit obligation | 881,479,840 | 741,713,640 | 599,355,750 | 472,523,930 | 458,656,452 |

25.2.9 The sensitivity of the staff gratuity scheme to changes in the weighted principal assumption is:

| | Change in assumptions | Impact on staff gratuity scheme | |
|--------------------|-----------------------|---------------------------------|------------------------|
| | | Increase in assumption | Decrease in assumption |
| -----Rupees----- | | | |
| Discount rate | 1% | 808,968,631 | 941,821,464 |
| Salary growth rate | 1% | 939,931,044 | 844,717,504 |

25.2.10 The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the staff gratuity scheme to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff gratuity scheme recognized within the consolidated statement of financial position.

25.3 Deferred taxation

The details of deferred tax on temporary differences are as follows:

| | 2024 | 2023 |
|--|----------------------|----------------------|
| | ----- Rupees ----- | |
| - accelerated tax depreciation allowances | 2,926,265,855 | 1,871,225,378 |
| - provision for gratuity | (252,630,319) | (153,258,709) |
| - allowance for expected credit loss | (60,716,216) | (34,862,090) |
| - investment in associates at fair value through OCI | 264,091,357 | 143,326,392 |
| - STI - Term finance certificates | 783,680 | (1,781,868) |
| - provision for stores and spares | (2,491,512) | (1,890,112) |
| - provision for stock in trade | (45,084,593) | (45,105,885) |
| - provision for finished good | (2,627,474) | - |
| - Excess of min tax over NTR | (486,280,164) | - |
| Deferred tax liability | <u>2,341,310,615</u> | <u>1,777,653,106</u> |

25.3.1 The movement in temporary differences is as follows:

| | Balance as at July 1, 2022 | Recognized in Statement of profit or loss | Recognized in Statement of other comprehensive income | Balance as at June 30, 2023 | Recognized in Statement of profit or loss | Recognized in statement of other comprehensive income | Balance as at June 30, 2024 |
|--|----------------------------|---|---|-----------------------------|---|---|-----------------------------|
| -----Rupees----- | | | | | | | |
| Provision for gratuity | (133,174,703) | (15,334,233) | (4,749,773) | (153,258,709) | (98,984,135) | (387,475) | (252,630,319) |
| Allowance for expected credit loss | (25,427,086) | (9,435,004) | - | (34,862,090) | (25,854,126) | - | (60,716,216) |
| Investment in associates at fair value through OCI | 131,240,570 | 64,211,356 | (52,125,534) | 143,326,392 | 33,364,347 | 87,400,618 | 264,091,357 |
| Provision for stores & spares | (2,023,279) | 133,167 | - | (1,890,112) | (601,400) | - | (2,491,512) |
| Provision for stock in trade | (41,220,994) | (3,884,891) | - | (45,105,885) | 21,292 | - | (45,084,593) |
| Provision for finished good | - | - | - | - | (2,627,474) | - | (2,627,474) |
| Accelerated tax depreciation allowances | 1,866,214,417 | 5,010,961 | - | 1,871,225,378 | 1,055,040,477 | - | 2,926,265,855 |
| Short term investment | (2,355,000) | 1,790,830 | (1,217,698) | (1,781,868) | 2,771,448 | (205,900) | 783,680 |
| Excess of min tax over NTR | - | - | - | - | (486,280,164) | - | (486,280,164) |
| | <u>1,793,253,925</u> | <u>42,492,186</u> | <u>(58,093,005)</u> | <u>1,777,653,106</u> | <u>476,850,266</u> | <u>86,807,244</u> | <u>2,341,310,615</u> |

| 26 | TRADE AND OTHER PAYABLES | Note | 2024 | 2023 |
|------|---|------|-----------------------|-----------------------|
| | | | ----- Rupees ----- | |
| | Trade creditors | | 11,709,538,559 | 7,316,148,050 |
| | Accrued liabilities | | 3,453,310,652 | 2,055,918,056 |
| | Gratuity payable | 26.1 | 39,702,915 | 9,510,492 |
| | Workers' profit participation fund | 26.2 | 327,812,206 | 333,060,046 |
| | Workers' welfare fund | | 143,876,652 | 144,967,468 |
| | Sales tax payable | | 24,813,796 | 10,517,648 |
| | Other payable | | - | 535,000,000 |
| | Other liabilities | | 17,566,863 | 13,870,460 |
| | | | 15,716,621,643 | 10,418,992,220 |
| 26.1 | This represents benefits payable transferred to short term liability (note 25.2.3). | | | |
| 26.2 | Workers' profit participation fund | | | |
| | Balance at the beginning of the year | | 333,060,046 | 165,092,738 |
| | Contribution for the year | 36 | 378,622,766 | 381,493,334 |
| | Interest on funds utilized in the Group's business | 38 | 20,432,440 | 2,208,112 |
| | | | 732,115,252 | 548,794,184 |
| | Less: Payments made during the year | | (404,303,046) | (215,734,138) |
| | Balance at the end of the year | | 327,812,206 | 333,060,046 |
| 27 | ACCRUED MARK-UP | | | |
| | Accrued mark-up on: | | | |
| | Conventional | | | |
| | - long term finances - secured | | 401,354,586 | 368,300,498 |
| | - short term finances - secured | | 699,506,215 | 687,556,038 |
| | Islamic | | | |
| | - long term finances - secured | | 92,074,231 | 117,269,766 |
| | - short term finances - secured | | 455,038,088 | 27,219,938 |
| | | | 1,647,973,120 | 1,200,346,240 |
| 28 | SHORT TERM FINANCES - secured | | | |
| | From banking companies | | | |
| | Term finances - conventional | 28.1 | 460,800,176 | 1,649,997,917 |
| | Term finances - islamic | 28.2 | 2,693,440,141 | 452,236,440 |
| | Export refinances | 28.3 | 9,160,500,000 | 7,565,500,000 |
| | Finance against discounting of export bills / receivables | 28.4 | 329,336,128 | - |
| | Running finance utilized under mark-up arrangements | 28.5 | 6,248,692,659 | 5,440,548,535 |
| | | | 18,892,769,104 | 15,108,282,892 |
| 28.1 | These represent facilities for term finances arranged from various banks aggregating to Rs.2,805 million (June 2023: Rs. 6,365 million). These are secured against pari-passu / ranking hypothecation charge over stocks and book debts of the Group along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 20.83% to 24.69% per annum (June 2023: 16.20% to 22.20% per annum). | | | |
| 28.2 | These represent facilities for term finances arranged from various banks aggregating to Rs. 2,800 million (June 2023: Rs. 800 million). These are secured against pari-passu / ranking hypothecation charge over stocks and book debts of the Group along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 20.20% to 23.28% per annum (June 2023: 12.64% to 22.27% per annum). | | | |
| 28.3 | These represent facilities for export refinance arranged from various banks aggregating to Rs. 9,160.5 million (June 2023: Rs. 7,665 million). These were secured against pari-passu / ranking hypothecation charge of stocks, book debts and lien on export letters of credits of the Group along with the personal guarantees of the directors. These carried mark-up at the rate ranging from 0.25% to 1% above the State Bank of Pakistan (SBP) rate per annum (June 2023: 0.25% to 1% above SBP rate per annum). | | | |
| 28.4 | These represent facilities for finances against discounting of export bills / receivable arranged from various banks aggregating to Rs 1,471 million (June 2023: Rs 1,400 million). These are secured against pari-passu/ranking hypothecation charge of stocks, book debts and lien on export letters of credits of the Group along with the personal | | | |

guarantees of the directors. These carried mark-up at the rate 1% above the State Bank of Pakistan (SBP) rate per annum (June 2023: 1% above SBP rate per annum).

28.5 These represent facilities for running finances available from various banks aggregated to Rs. 13,299.50 million (June 2023: Rs. 9,155 million). These are secured against pari-passu / ranking hypothecation charge of stocks and book debts and personal guarantees of the directors. These carry mark-up at the rates ranging from 21.61% to 23.91% per annum (June 2023: 14.50% to 22.98% per annum).

29 ISLAMIC REDEEMABLE SUKUK

During the year, the Holding company has raised short term financing in the form of privately placed Islamic Redeemable Sukuk to meet the working capital requirements. This carries profit ranges from 22.06% to 22.35% per annum having maturity of six months from the date of its drawdown.

30 CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

30.1.1 The Ministry of Industries has declared the BOPET film manufacturing project of the Holding company as Pioneer Industry due to which import of capital goods shall be duty free. The Holding company approached the Board of Investment (BOI) for the permission of imports who entertained the request and was in the process of evaluating the permission of import vide SRO 41(I)/2009. In the meantime, the Holding company imported some capital goods and as per section 81 of the Customs Act, 1969, issued post-dated cheques in favour of Collector of Custom amounting to Rs. 557.403 million (2023: Rs. 557.403 million) for provisional clearance of goods. However, due to delay on the part of Federal Board of Revenue, the formal SRO to endorse the decision of Ministry of Industries is still awaited. The Holding company had filed the subject Constitutional Petition in the High Court of Sindh vide D-2666 on May 13, 2015 to refrain FBR and Pakistan Customs to encash the securities submitted against the provisional release of the plant and machineries, and also to issue formal notification to endorse the earlier decision of the Ministry of Industries dated August 15, 2012. The High Court has passed interim order dated May 13, 2015, in favour of the Holding company which is still operative and last hearing was set up on March 04, 2024 which was discharged without proceeding. The management of the Holding company is confident that exemption shall be granted on duties related to import of capital goods against BOPET project retrospectively based on legal counsel's opinion.

30.1.2 The Holding company has filed various Suits/Petitions in the High Court of Sindh against the Federation of Pakistan and others against the orders of Commissioner (Inland Revenue) who refused to issue exemption certificates under section 148 of the Income Tax Ordinance 2001 (the Ordinance) on 22 October, 2018, in order to avail the benefit of exemption from advance tax at import stage on plant and machineries as per SRO 947 of 2008, and the Holding company would not pay any tax on income from business under the ordinance on the basis of brought forward assessed losses available to the Holding company, advance taxes deducted during the financial years and carried forward tax refunds from fiscal year 2015-16 and onwards. The High Court had allowed the Holding company and ordered the concerned authorities to release the goods on furnishing of bank guarantees with the Nazir of the High Court and the concerned collectorate against all consignments which were released under similar grounds. The total quantum of bank guarantees involved in above suits / petitions was Rs. 463.632 million (June 2023: Rs 463.632 million). The Holding company's legal counsel is of the opinion that Holding company has a good prima facie case

30.1.3 During the fiscal year 2017, Federal Board of Revenue had issued a show cause notice (SCN) on the basis of scrutiny of sales tax returns of various tax periods which revealed that the Holding company has claimed the input tax of Astro Plastics (Private) Limited (APL) amounting to Rs. 477.804 million (June 2023: Rs. 477.804 million) in their sales tax returns. In response to SCN, the Holding company has given the reference of the letter dated: October 2016 sent to the Federal Board of Revenue in which it has categorically mentioned that the High Court of Sindh, at Karachi, has sanctioned the petition no. J.Misc. 13/ 2016 for amalgamation by way of merger of APL and its members with and into Ismail Industries Limited and its members and the Holding company has claimed the input sales tax on that basis. However, the Holding company has filed Suit in the High Court of Sindh vide No.1539/2017 on June 13, 2017 and obtained the stay order from the Court. In the year 2020, subject suit was withdrawn by the Holding company, to pursue the remedy available under section 134A of the Income Tax Ordinance, 2001 i.e., Alternative Dispute Resolution Committee which is still in process. As per the legal counsel, the Holding company has reasonable grounds to believe that it will not have to incur any financial liability.

30.1.4 The Holding company had filed Constitutional Petition 620-K of 2015 on November 27, 2015 against Federation of Pakistan, Federal Board of Revenue and Collectorate of Custom in the Supreme Court of Pakistan against the operation of SRO 170(I)/2013 dated March 04, 2013 which required 8% duty on import of Poly Ethylene Terephthalate (PET Resin). In this connection the High Court vide order dated March 12, 2013 directed those custom

duties at the rate of 3% to be paid by the Holding company to custom authorities and insofar as differential amount is concerned, 2.5% shall be deposited in cash and 2.5% shall be paid through post-dated cheques to the Nazir of the High Court. In this connection, the Holding company had deposited pay orders amounting to Rs. 100.217 million (2023: Rs. 100.217 million) and issued post-dated cheques amounting to Rs. 100.217 million (2023: Rs. 100.217 million) in favour of Nazir of the High Court as directed. Further, the Holding company had filed petition in the High Court of Sindh for rationalization of duty structure on PET Resin. The main grievance of the Holding company was for classifying the Pet Resin (Film Grade) and Pet Resin (Yarn Grade) under the same PCT Heading has already been redresses in Fiscal Budget (2015-16) and from 01st July 2015, the raw material for BOPET film manufacturing i.e., PET Resin – Film Grade is being imported on the same rate as applicable to PET Resin – Yarn Grade. However, the retrospective relief on the previous consignments had been regretted by the High Court which was challenged in the Honorable Supreme Court of Pakistan. Supreme Court of Pakistan via its order 17621/22 dated September 30, 2022 had disposed off the case and Alternate Dispute Resolution Committee (ADRC) has been formed the last meeting was held on dated August 08, 2023. The ADRC has decided the matter in favour of the Holding company and now the Holding company has applied for implementation of ADRCs decision.

- 30.1.5** The Holding company had filed sale tax reference no. A.823 of 2015 on August 28, 2015 with the High Court of Sindh upon the dismissal of appeal filed by the Holding company before the Appellate Tribunal for tax year 2013 regarding sales tax audit. The High Court has restrained the Commissioner Inland Revenue from initiating the proceeding on the basis of the order passed by the Appellate Tribunal as well as operation of the Order / Judgement passed by the Tribunal has also been suspended. In the year 2020, subject suit was withdrawn by the Holding company, to pursue the remedy available under section 134A of the Income Tax Ordinance, 2001 i.e., Alternative Dispute Resolution Committee which is still in process. The Holding company's legal counsel is confident that the case will be decided in favour of the Holding company.
- 30.1.6** The Group had filed the Constitutional Petition 2752/2011 on August 09, 2011 and 1550-k/2021 on October 21, 2021 in the High Court of Sindh against the Excise and Taxation Department in respect of infrastructure cess / fee being charged by the Government of Sindh on Imports and prayed to declare that Sindh Finance (Amendment) Act, 2009 and / or rules made thereunder to be unconstitutional, illegal, void ab initio, and of no legal effect. In all the five versions of the law i.e. Sindh Finance Act / Ordinance, the incidence of tax arise upon ensuring of goods entering or leaving the province and such goods enter or leave the country through air or sea. Furthermore, import and export are within the exclusive domain of the federal legislature i.e. the Sindh legislature throughout lacked the jurisdiction to impose the levy. The imported goods were not released by the custom authorities without paying the infrastructure cess / fee charged by the Government of Sindh. Subsequently, the High Court ordered the custom authority to release the goods upon furnishing Bank Guarantee. In 2021, the case had been disposed off by the High Court in favour of Excise and Taxation Department. However, the Group along with the industry has challenged the applicability of said order in Honorable Supreme of Pakistan through case number 4978 and 1633 of 2021 and the Court has granted the stay order on Sep 01, 2021 upon providing the fresh bank guarantees equivalent to the amount already provided to the High Court, keeping the previously furnished bank guarantees operative and enforceable against the release of all future consignments of imported goods and restrained the authorities to take any coercive action against the Group. The total quantum of bank guarantees involved is Rs. 1,292.08 million. (2023: Rs. 917.2 million).
- 30.1.7** Through Finance Act, 2019, the Government had reduced tax credit available on new investments under Section 65-B from 10% to 5% in FY-2019 and Nil from onward. The Holding company has challenged the provision of Finance Act, 2019 before the High Court of Sindh on 19 December, 2019 against the Federation of Pakistan and obtained the interim relief of claiming 10% tax credit on all investments already planned including its ancillary costs. The case was disposed off by the Honourable High Court of Sindh during the year in favour of the Holding company which has been challenged by the department in Honourable Supreme Court of Pakistan. The management and Holding company's legal council are confident that the case will be decided in favour of the Holding company.
- 30.1.8** In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the subject, where it had up held that the earlier introduction of GIDC Act 2011 was unconstitutional and ultra vires on the ground, amongst others, that GIDC was a 'Fee' and not a 'Tax' and the same suit was also filed against Federation of Pakistan, OGRA, SSGC and SNGPL in different Honourable High Courts of Pakistan by Industry at Large. In May 2015, the Government passed the GIDC Act, 2015 and the Holding company has challenged that GIDC Act 2015 and filed a writ petition in the High Court of Sindh including retrospective treatment of the provisions of the GIDC Act, 2015.

In October 2015, Sindh High Court (SHC) decided this suit in favour of the Holding company. However, the Government filed an appeal in Honorable Supreme Court of Pakistan, where the Holding company was not party to such litigation. The Honorable Supreme Court of Pakistan has disposed off the case on 13 August, 2020 and instructed the gas distribution companies to recover the outstanding amount in 24 equal installments only from those consumers who have already passed the burden of GIDC cost to their customers. Based on the judgement of the Supreme Court, the Holding company has obtained the stay order from the High Court of Sindh on 16th September, 2020 against the gas distribution companies for recovering of outstanding GIDC and disconnection of gas supply. The last hearing of this case was held on January 10, 2022. The cumulative differential amount of GIDC not yet recognised in these books amount to Rs 826 million (June 2023: Rs 826 million) (inclusive of Sales Tax). The management and its legal counsel are of the view that there is no need to maintain any provision against this liability and has a good prima facie case.

- 30.1.9** During 2023, the Board of Revenue (BOR) has issued a notice to the Holding company in accordance with section 73 of the Stamp Act, 1899 for inspection of books of accounts and subsequently issued a demand notice of Rs. 297.907 million as a stamp duty due against various contracts undertaken by the Holding company during the year 2021 and 2022. The Holding company challenged the said demand notice and filed a Constitutional Petition D-8084 of 2022 on 26 December 2022 against BOR in the Honorable High Court of Sindh (SHC) and cited that section 73 of the Stamp Act, 1899 allows the representative of BOR to inspect documents available in public office only and inclusion of private office under the definition of Public Office is ultra vires and against the principles of natural justice. SHC has granted stay order to the Holding company against the impugned demand notice and restrained the BOR from taking any coercive action against the plaintiff. The matter is still pending in the SHC. The management and its legal counsel are of the view that there is no need to maintain any provision against this liability and has a good prima facie case.
- 30.1.10** The Holding company had filed a Suit (-2123/2023) before the High Court of Sindh and challenged the OGRA notification bearing no. OGRA-(10)-3(8)/2023 dated November 08, 2023 for increase in the price of natural gas and different prices for industrial and captive connection where the same is used for self-consumption by industrial undertaking. The Court vide its order dated December 18, 2023 passed an interim stay order in favour of the Holding company and suspended the afore-mentioned notification by allowing to pay monthly gas charges as per previous notification and directed the Holding company to pay the differential amount by way of cash in favour of the Nazir of Court. The cumulative differential amount is approximately Rs 296.88 million (inclusive of sales tax) which has not been recorded in these consolidated financial statements.
- 30.1.11** During 2023, the Subsidiary instituted two cases 3032 and 3033 of 2023 dated 11 April 2023 against custom authorities before the Collector of Customs (Appeals) whereby the Subsidiary requested that the pipes and cables imported for PET Resin project should be considered as part of plant and machinery for the purpose of custom duties. Custom authorities have treated this import as industrial and not part of the project and assessed levies accordingly. The Subsidiary approached the Honorable Sindh High Court (SHC) via petition number C.P. 1952 and C.P 1953 of 2023 dated 14 April 2023 and prayed that the consignments should be released against bank guarantees which SHC has accepted and consignments released. Subject petitions are pending at SHC and the Subsidiary's management and its legal counsel believe that the matter will be decided in favour of the Subsidiary. Further during the year, three additional cases were instituted before Collector of Customs (Appeals) of which two cases have been referred to Customs Appellate Tribunal, Karachi. The advisor expects a favorable verdict in these cases. Bank Guarantee involved is Rs. 64.9 million (2023: 27.92 million).
- 30.1.12** With reference to the contingency in associated Group, The Bank of Khyber (BOK), please refer the note 22 of interim financial statement of March 31, 2024.

| | 2024 | 2023 |
|--|--------------------|----------------|
| | ----- Rupees ----- | |
| 30.2 Commitments | | |
| 30.2.1 Outstanding letters of guarantee | 3,997,811,757 | 3,158,894,750 |
| 30.2.2 Cross corporate guarantees issued by the Group on behalf of associated company | 240,000,000 | - |
| 30.2.3 Outstanding letters of credit for: | | |
| - capital expenditure | 395,194,617 | 1,404,832,375 |
| - raw material | 7,841,161,840 | 7,088,433,702 |
| 30.2.4 The Group's share of commitments of associated company: | | |
| - Guarantees | 9,399,674,096 | 9,129,399,388 |
| - Commitments | 11,150,593,451 | 10,570,628,182 |

| | Reportable segment | | | | | | | |
|---|--------------------|------------------|------------------|------------------|------------------------|-----------------|------------------|------------------|
| | Food segment | | Plastic segment | | Pharmaceutical segment | | Total | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | -----Rupees----- | | | | | | | |
| 31 OPERATING RESULTS | | | | | | | | |
| Disaggregation of revenue | | | | | | | | |
| Local sales | 58,499,516,243 | 44,590,523,704 | 20,807,060,289 | 15,263,399,639 | 987,450,581 | 700,048,056 | 80,294,027,113 | 60,553,971,399 |
| Export sales | 45,378,531,732 | 37,950,689,573 | 5,510,016,636 | 1,928,433,951 | 153,022,593 | 210,637,071 | 51,041,570,961 | 40,089,760,595 |
| Sales returns, discounts and direct expenses | 103,878,047,975 | 82,541,213,277 | 26,317,076,925 | 17,191,833,590 | 1,140,473,174 | 910,685,127 | 131,335,598,074 | 100,643,731,994 |
| Add: Export rebate | (2,818,836,362) | (2,060,718,759) | (19,293,319) | (51,434,910) | (205,626,893) | (132,821,719) | (3,043,756,574) | (2,244,975,388) |
| Sales tax | 101,059,211,613 | 80,480,494,518 | 26,297,783,606 | 17,140,398,680 | 934,846,281 | 777,863,408 | 128,291,841,500 | 98,398,756,606 |
| Cost of sales | 19,232,379 | 31,217,117 | - | - | - | - | 19,232,379 | 31,217,117 |
| Gross profit | 101,078,443,992 | 80,511,711,635 | 26,297,783,606 | 17,140,398,680 | 934,846,281 | 777,863,408 | 128,311,073,879 | 98,429,973,723 |
| Selling and distribution expenses | (7,540,339,265) | (6,441,760,893) | (3,756,726,174) | (2,304,553,497) | (46,467,591) | (40,115,670) | (11,343,533,030) | (8,786,430,060) |
| Administrative expenses | 93,538,104,727 | 74,069,950,742 | 22,541,057,432 | 14,835,845,183 | 888,378,690 | 737,747,738 | 116,967,540,849 | 89,643,543,663 |
| Operating profit / (loss) | (71,054,870,703) | (57,882,211,612) | (20,899,396,595) | (12,591,483,847) | (693,221,174) | (605,749,490) | (92,647,488,472) | (71,079,444,949) |
| Unallocated items | 22,483,234,024 | 16,187,739,130 | 1,641,660,837 | 2,244,361,336 | 195,157,516 | 131,998,248 | 24,320,052,377 | 18,564,098,714 |
| Other operating expenses | (7,469,356,029) | (6,473,369,784) | (997,730,945) | (580,215,250) | (455,140,365) | (329,656,896) | (8,922,227,339) | (7,383,241,930) |
| Other income | (1,548,942,330) | (859,553,862) | (248,864,305) | (256,899,782) | (179,552,466) | (250,849,287) | (1,977,359,101) | (1,367,302,931) |
| Finance cost | (9,018,298,359) | (7,332,923,646) | (1,246,595,250) | (837,115,032) | (634,692,831) | (580,506,183) | (10,899,586,440) | (8,750,544,861) |
| Share of profit from associated company - net | 13,464,935,665 | 8,854,815,484 | 395,065,587 | 1,407,246,304 | (439,535,315) | (448,507,935) | 13,420,465,937 | 9,813,553,853 |
| Profit before taxation | (879,643,311) | (824,790,805) | (879,643,311) | (824,790,805) | (879,643,311) | (824,790,805) | (879,643,311) | (824,790,805) |
| Levies and taxation | 1,467,978,585 | 2,096,511,615 | 1,467,978,585 | 2,096,511,615 | 1,467,978,585 | 2,096,511,615 | 1,467,978,585 | 2,096,511,615 |
| Profit for the year | (8,038,003,682) | (4,459,624,481) | (8,038,003,682) | (4,459,624,481) | (8,038,003,682) | (4,459,624,481) | (8,038,003,682) | (4,459,624,481) |
| | 626,504,654 | 428,075,707 | 626,504,654 | 428,075,707 | 626,504,654 | 428,075,707 | 626,504,654 | 428,075,707 |
| | 6,597,302,183 | 7,053,725,889 | 6,597,302,183 | 7,053,725,889 | 6,597,302,183 | 7,053,725,889 | 6,597,302,183 | 7,053,725,889 |
| | (1,690,100,104) | (1,160,462,591) | (1,690,100,104) | (1,160,462,591) | (1,690,100,104) | (1,160,462,591) | (1,690,100,104) | (1,160,462,591) |
| | 4,907,202,079 | 5,893,263,298 | 4,907,202,079 | 5,893,263,298 | 4,907,202,079 | 5,893,263,298 | 4,907,202,079 | 5,893,263,298 |

Note

31 OPERATING RESULTS

Disaggregation of revenue

Local sales

Export sales

Sales returns, discounts and direct expenses

Add: Export rebate

Sales tax

Sales - net

Cost of sales

Gross profit

Selling and distribution expenses

Administrative expenses

Operating profit / (loss)

Unallocated items

Other operating expenses

Other income

Finance cost

Share of profit from associated company - net

Profit before taxation

Levies and taxation

Profit for the year

33

34

35

36

37

38

8.1

40

| | Reportable segment | | | | | | | |
|--------------------------------|--------------------|----------------|-----------------|----------------|------------------------|---------------|-----------------|----------------|
| | Food segment | | Plastic segment | | Pharmaceutical segment | | Total | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | -----Rupees----- | | | | | | | |
| 31.1 Segment assets | 55,093,233,013 | 46,220,297,112 | 40,118,909,066 | 25,195,727,355 | 2,114,052,175 | 2,181,868,771 | 97,326,194,254 | 73,597,893,238 |
| 31.2 Unallocated assets | - | - | - | - | - | - | 7,601,387,453 | 6,118,751,613 |
| 31.3 Segment liabilities | 55,093,233,013 | 46,220,297,112 | 40,118,909,066 | 25,195,727,355 | 2,114,052,175 | 2,181,868,771 | 104,927,581,707 | 79,716,644,851 |
| 31.4 Unallocated liabilities | 9,220,178,262 | 6,085,226,487 | 19,758,760,637 | 11,107,245,977 | 668,256,370 | 962,247,635 | 29,647,195,269 | 18,154,720,099 |
| 31.5 Major Non-cash items | - | - | - | - | - | - | 52,618,963,229 | 44,174,459,651 |
| | 9,220,178,262 | 6,085,226,487 | 19,758,760,637 | 11,107,245,977 | 668,256,370 | 962,247,635 | 82,266,158,498 | 62,329,179,750 |
| 31.6 Capital expenditure | 2,316,878,434 | 1,649,204,359 | 952,544,163 | 764,926,741 | 164,034,443 | 163,903,113 | 3,433,457,040 | 2,578,034,213 |
| -depreciation and amortisation | 250,012,918 | 153,849,811 | 43,324,715 | 26,046,401 | 25,712,492 | 18,643,300 | 319,050,125 | 198,539,512 |
| -gratuity | 2,566,891,352 | 1,803,054,170 | 995,868,878 | 790,973,142 | 189,746,935 | 182,546,413 | 3,752,507,165 | 2,776,573,725 |
| | 6,313,245,196 | 6,039,519,313 | 4,192,317,453 | 5,381,372,418 | 62,310,600 | 229,235,375 | 10,567,873,249 | 11,650,127,106 |

31.7 The Group's export sales have been primarily made to continents in the Asia, Africa, Europe, North America and Australia.

31.8 World food program is the major customer of the Group which constituted 10 percent or more of the Group's revenue.

32 RECONCILIATION OF REPORTABLE SEGMENT SALES, COST OF SALES, ASSETS AND LIABILITIES

32.1 Assets

| | 2024 | 2023 | Note | 2024 | 2023 |
|--------------------------------------|------------------------|-----------------------|------|------------------------|-----------------------|
| | ----- Rupees ----- | | | | |
| Total assets for reportable segments | 97,326,194,254 | 73,597,893,238 | 31.1 | 97,326,194,254 | 73,597,893,238 |
| Administrative capital assets | 1,838,969,638 | 1,730,143,203 | | 1,838,969,638 | 1,730,143,203 |
| Good will | 12,173,553 | 12,173,553 | | 12,173,553 | 12,173,553 |
| Long-term investments | 4,030,256,700 | 3,225,156,930 | 8 | 4,030,256,700 | 3,225,156,930 |
| Short term investments | 1,719,987,562 | 1,151,277,927 | 16 | 1,719,987,562 | 1,151,277,927 |
| Total assets | 104,927,581,707 | 79,716,644,851 | | 104,927,581,707 | 79,716,644,851 |

32.2 Liabilities

| | | | | | |
|---|-----------------------|-----------------------|------|-----------------------|-----------------------|
| Total liabilities for reportable segments | 29,647,195,269 | 18,154,720,099 | 31.3 | 29,647,195,269 | 18,154,720,099 |
| Deferred tax liabilities | 2,341,310,615 | 1,777,653,106 | 25 | 2,341,310,615 | 1,777,653,106 |
| Long term finances - secured | 26,340,976,341 | 27,288,523,653 | 23 | 26,340,976,341 | 27,288,523,653 |
| Short term finances - secured | 13,936,676,273 | 15,108,282,892 | 28 | 13,936,676,273 | 15,108,282,892 |
| Islamic redeemable sukuk | 10,000,000,000 | - | 29 | 10,000,000,000 | - |
| Total liabilities | 82,266,158,498 | 62,329,179,750 | | 82,266,158,498 | 62,329,179,750 |

| 33 COST OF SALES | Note | Food segment | | | Plastic segment | | | Pharmaceutical segment | | | Total |
|--|------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|------------------------|-----------------|--|-------|
| | | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | | |
| | | Rupees | | | | | | | | | |
| Raw materials consumed | | 49,227,259,231 | 40,016,107,380 | 21,006,713,728 | 10,460,026,500 | 158,863,392 | 129,192,428 | 70,392,836,351 | 50,605,326,308 | | |
| Packing materials consumed | | 11,072,498,806 | 10,101,185,836 | 518,947,038 | 383,702,719 | 88,180,233 | 78,875,406 | 11,679,626,077 | 10,563,763,961 | | |
| Stores and spares consumed | | 1,066,640,308 | 901,938,736 | 286,484,416 | 173,608,552 | 11,170,845 | 18,429,116 | 1,364,295,569 | 1,093,976,404 | | |
| Salaries, wages and other benefits | 33.1 | 4,620,178,465 | 3,984,499,332 | 732,392,797 | 475,986,885 | 197,880,213 | 152,743,710 | 5,550,451,475 | 4,613,229,927 | | |
| Electricity, gas, fuel and lubricants | | 2,102,046,028 | 1,223,361,266 | 1,754,409,899 | 566,547,907 | 69,111,371 | 60,256,539 | 3,925,567,298 | 1,850,165,712 | | |
| Repairs and maintenance | | 273,949,722 | 228,499,661 | 63,961,916 | 36,651,956 | 17,511,593 | 25,833,115 | 355,423,231 | 290,984,732 | | |
| Printing and stationery | | 34,849,131 | 30,868,196 | 10,704,442 | 1,553,623 | 2,119,593 | 2,812,400 | 47,673,166 | 35,234,219 | | |
| Insurance | | 83,220,842 | 46,440,162 | 47,690,391 | 25,186,241 | 4,311,413 | 3,536,540 | 135,222,646 | 75,162,943 | | |
| Rent, rates and taxes | | 45,985,448 | 10,503,362 | 87,605,063 | 5,383,633 | 572,980 | 1,323,329 | 134,163,491 | 17,210,324 | | |
| Water charges | | 51,476,095 | 38,830,314 | 19,305,034 | 7,232,413 | - | - | 70,781,129 | 46,062,727 | | |
| Postage and telephone | | 12,527,764 | 11,026,490 | 6,157,752 | 1,554,422 | 4,732,486 | 4,053,003 | 23,418,002 | 16,633,915 | | |
| Travelling and conveyance | | 21,802,284 | 14,025,251 | 8,879,716 | 5,252,997 | 459,456 | 2,611,900 | 31,141,456 | 21,890,148 | | |
| Vehicle running and maintenance | | 57,481,227 | 46,453,005 | 25,503,882 | 22,304,488 | 14,610,500 | 12,475,304 | 97,595,609 | 81,232,797 | | |
| Depreciation | 6.4 | 2,091,426,628 | 1,453,057,630 | 923,629,985 | 733,913,115 | 146,840,312 | 145,543,424 | 3,161,896,925 | 2,332,514,169 | | |
| Laboratory expenses | | 76,993,672 | 56,851,590 | 522,489 | - | 21,299,845 | 29,847,546 | 98,816,006 | 86,699,136 | | |
| Loading/Unloading Chg | | - | - | 6,981,115 | - | - | - | 6,981,115 | - | | |
| Fees and subscription | | 8,453,222 | 4,505,880 | 2,295,205 | 1,514,668 | 2,336,788 | - | 13,085,215 | 6,020,548 | | |
| Legal and professional charges | | 2,540,000 | 225,000 | 3,702,722 | 1,440,000 | - | - | 6,242,722 | 1,665,000 | | |
| Cartage inward | | 49,122,818 | 36,514,382 | 13,089,080 | 12,629,784 | - | - | 62,211,898 | 49,144,166 | | |
| Cost of services | | - | - | - | - | 30,008,969 | 49,590,209 | 30,008,969 | 49,590,209 | | |
| Other manufacturing expenses | | 19,991,894 | 16,886,998 | 6,615,821 | 4,538,828 | 180,015 | 186,264 | 26,787,730 | 21,612,090 | | |
| Expense capitalized | | - | - | - | (86,543,024) | - | - | - | (86,543,024) | | |
| Work-in-process at the beginning of the year | | 70,918,443,585 | 58,221,780,471 | 25,525,592,491 | 12,832,485,706 | 770,190,004 | 717,310,233 | 97,214,226,080 | 71,771,576,411 | | |
| Work-in-process at the end of the year | | 195,656,685 | 272,168,168 | 444,396,880 | 142,499,215 | 4,208,573 | 2,210,991 | 644,262,138 | 416,878,374 | | |
| Trial production cost | | (198,267,364) | (195,656,685) | (348,428,253) | (444,396,880) | (3,602,578) | (4,208,573) | (550,298,195) | (644,262,138) | | |
| Cost of goods manufactured | | (2,610,679) | 76,511,483 | 95,968,627 | (301,897,665) | 605,995 | (1,997,582) | 93,963,943 | (227,383,764) | | |
| Stock of finished goods at the beginning of the year | | 70,915,832,906 | 58,174,823,619 | 25,621,561,118 | 12,530,588,041 | 770,795,999 | 715,312,651 | 97,308,190,023 | 71,420,724,312 | | |
| Purchase of finished goods | | 3,000,737,794 | 2,169,520,134 | 226,046,048 | 286,041,854 | 128,098,169 | 70,178,329 | 3,354,882,011 | 2,526,640,317 | | |
| Cost of promotional samples reclassified to selling expenses | | 240,413,407 | 538,666,052 | - | - | 52,413,564 | 23,988,483 | 292,826,971 | 562,654,535 | | |
| Insurance claim | | (3,592,917) | (60,400) | (3,891,500) | - | (82,343,206) | (75,631,804) | (82,343,206) | (75,631,804) | | |
| Stock of finished goods at the end of the year | | (3,098,520,487) | (3,000,737,794) | (4,944,319,071) | (226,046,048) | (175,743,352) | (128,098,169) | (8,218,582,910) | (3,354,882,011) | | |
| | | 139,037,797 | (292,612,008) | (4,722,164,523) | 60,895,806 | (77,574,825) | (109,563,161) | (4,660,701,551) | (341,279,363) | | |
| | | 71,054,870,703 | 57,882,211,612 | 20,899,396,595 | 12,591,483,847 | 693,221,174 | 605,749,490 | 92,647,488,472 | 71,079,444,949 | | |

33.1 This includes expense recognised in respect of staff gratuity fund amounting to Rs. 141.15 million (2023:Rs. 121.52 million)

| 36 OTHER OPERATING EXPENSES | Note | 2024 ----- Rupees ----- | 2023 |
|--|------|----------------------------|--------------------|
| Contribution to: | | | |
| - workers' profits participation fund | | 378,622,766 | 381,493,334 |
| - workers' welfare fund | | 143,876,651 | 144,967,467 |
| Auditors' remuneration | 36.1 | 7,838,700 | 6,912,880 |
| Exchange loss - net | | 23,000,318 | 517,833 |
| Donations | 36.2 | 320,327,108 | 281,155,740 |
| Other | | 5,977,768 | 9,743,551 |
| | | <u>879,643,311</u> | <u>824,790,805</u> |
| 36.1 Auditor's remuneration | | | |
| Audit fee - unconsolidated | | 3,500,000 | 3,000,000 |
| Audit fee - consolidated | | 1,000,000 | 900,000 |
| Audit fee - subsidiaries | | 1,700,000 | 1,362,880 |
| Fee for statutory certification | | 500,000 | 500,000 |
| Fee for half yearly review | | 600,000 | 600,000 |
| Out-of-pocket expense | | 538,700 | 550,000 |
| | | <u>7,838,700</u> | <u>6,912,880</u> |
| 36.2 Donation to the following organizations exceed 10% of total donation | | | |
| - Al Mustafa Welfare Trust | | 197,833,417 | 168,263,764 |
| | | <u>197,833,417</u> | <u>168,263,764</u> |

36.2.1 None of donations were made to any donee in which a director or his spouse had any interest at any time during the year.

| 37 OTHER INCOME | 2024 ----- Rupees ----- | 2023 |
|---|----------------------------|----------------------|
| Income from financial assets | | |
| Exchange gain - net | 413,985,227 | 1,402,889,926 |
| Rental income from associate | 39,600,000 | - |
| Income from short term investments | 415,660,421 | 174,115,265 |
| Income from non financial assets | | |
| Recovery from the sale of production scrap | 364,321,067 | 222,244,677 |
| Gain on disposal of property, plant and equipment-net | 82,129,108 | 55,758,818 |
| Processing income | 92,647,629 | 107,496,556 |
| Insurance Income | - | 3,238,000 |
| Others | 59,635,133 | 130,768,373 |
| | <u>1,467,978,585</u> | <u>2,096,511,615</u> |
| 38 FINANCE COST | | |
| Mark up on: | | |
| - long term finances - conventional | 3,301,808,327 | 1,257,753,795 |
| - long term finances - islamic | 1,222,173,600 | 1,269,916,568 |
| - short term finances - conventional | 2,065,157,526 | 1,326,504,715 |
| - short term finances - islamic | 2,101,439,544 | 639,159,148 |
| Markup Income on loan to associate | (23,795,234) | - |
| Interest on workers' profits participation fund | 20,432,440 | 2,208,112 |
| Finance charge on lease liabilities | 6,043,827 | 4,112,592 |
| Bank charges | 271,110,144 | 235,969,108 |
| Expense capitalized | (926,366,492) | (275,999,557) |
| | <u>8,038,003,682</u> | <u>4,459,624,481</u> |

39 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

| | 2024 | | | 2023 | | |
|----------------------------------|-------------------------|-------------------|----------------------|-------------------------|-------------------|--------------------|
| | Chief executive officer | Directors | Executives | Chief executive officer | Directors | Executives |
| | -----Rupees----- | | | | | |
| Managerial remuneration | 48,800,000 | 31,200,000 | 1,059,169,455 | 45,600,000 | 28,800,000 | 863,104,442 |
| Gratuity | 1,048,272 | - | 54,739,915 | 880,548 | - | 41,247,215 |
| Bonus | - | - | 49,304,517 | - | - | 35,442,099 |
| Leave encashment | - | - | 44,857,913 | - | - | 33,245,577 |
| Reimbursement of expenses | | | | | | |
| Utilities | 1,700,000 | 1,416,668 | - | 3,000,000 | 2,500,004 | - |
| | 51,548,272 | 32,616,668 | 1,208,071,800 | 49,480,548 | 31,300,004 | 973,039,333 |
| Number of persons | 3 | 2 | 258 | 3 | 2 | 202 |

In addition to the above, Group maintained cars are provided to the chief executive officer, director and executives.

39.1 The remuneration has been allocated as follows:

| | 2024 | | | 2023 | | |
|-----------------------------------|-------------------------|-------------------|----------------------|-------------------------|-------------------|--------------------|
| | Chief executive officer | Directors | Executives | Chief executive officer | Directors | Executives |
| | -----Rupees----- | | | | | |
| Cost of goods sold | - | - | 457,031,162 | - | - | 342,508,419 |
| Selling and distribution expenses | - | - | 464,812,890 | - | - | 372,206,003 |
| Administrative expenses | 51,548,272 | 32,616,668 | 286,227,748 | 49,480,548 | 31,300,004 | 258,324,911 |
| | 51,548,272 | 32,616,668 | 1,208,071,800 | 49,480,548 | 31,300,004 | 973,039,333 |
| Number of persons | 3 | 2 | 258 | 3 | 2 | 202 |

39.2 Bonus is given to employees as per the Group's policy.

| | 2024 | 2023 |
|----------|--------------------|--------------------|
| | ----- Rupees ----- | |
| Current | 69,798,214 | 64,166,352 |
| Deferred | 476,850,266 | 42,492,188 |
| | 546,648,480 | 106,658,540 |

40.1 RELATIONSHIP BETWEEN TAX EXPENSES AND ACCOUNTING PROFIT

The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements as the total income of the Group attracts minimum tax and FTR under income tax ordinance, 2001.

| | 2024 | 2023 |
|---|--------------------|---------------|
| | ----- Rupees ----- | |
| 41 EARNINGS PER SHARE - Basic and diluted | | |
| Basic earnings per share | | |
| Profit for the year attributable to shareholder of the company | 5,195,692,092 | 5,999,711,211 |
| | ----- | |
| | Number of shares | |
| Weighted average number of shares outstanding as at year end | 66,356,940 | 66,356,940 |
| | ----- | |
| Basic earnings per share | 78.30 | 90.42 |
| | ----- | |
| Diluted earnings per share | | |
| There is no dilutive potential ordinary shares outstanding as at June 30, 2024 & June 30, 2023. | | |

| | | 2024 | 2023 |
|-------------|---|-------------------|------------------|
| 42 | NUMBER OF EMPLOYEES | | |
| | Number of employees as at the year end | 3,362 | 3,388 |
| | Average number of employees during the year | 2,988 | 3,154 |
| 43 | CASH GENERATED FROM OPERATIONS | | |
| | | -----Numbers----- | |
| | Profit before taxation | 6,597,302,183 | 7,053,725,889 |
| | Adjustments for non-cash and other items: | | |
| | Depreciation and amortisation | 3,433,457,042 | 2,578,034,212 |
| | Gain on disposal of property, plant and equipment-net | (82,129,108) | (55,758,818) |
| | Provision for staff gratuity scheme - unfunded | 319,050,125 | 198,539,512 |
| | Finance cost | 8,038,003,682 | 4,735,624,038 |
| | Share of profit from associated company - net | (626,504,654) | (428,075,707) |
| | Provision for slow moving - stock in trade | 172,972,330 | 208,616,052 |
| | Allowance for expected credit loss | 50,902,220 | 50,493,402 |
| | Unrealized exchange loss / (gain) | 38,599,770 | (25,977,542) |
| | Unrealized gain on short term investment | (45,015,395) | (1,595,808) |
| | Unrealized exchange gain on borrowings | - | (101,247,409) |
| | | 17,896,638,195 | 14,212,377,821 |
| | Working capital changes | | |
| | Increase in current assets | | |
| | Stores and spares | (178,095,311) | (119,454,893) |
| | Stock-in-trade | (7,117,616,895) | (7,984,062,575) |
| | Trade debts | (4,219,092,606) | (4,867,788,190) |
| | Loans and advances | (1,481,080,954) | (1,358,239,063) |
| | Loans to associate | (217,900,000) | - |
| | Trade deposits and short term prepayments | 258,034,685 | (263,424,282) |
| | Other receivables | (4,410,567,872) | (2,203,238,866) |
| | | (17,366,318,953) | (16,796,207,869) |
| | Increase / (Decrease) in current liabilities | | |
| | Trade and other payables | 5,220,765,370 | 6,915,384,971 |
| | Advances from customers - unsecured | 427,681,991 | 636,152,929 |
| | | 5,648,447,362 | 7,551,537,900 |
| | Net decrease in working capital | (11,717,871,591) | (9,244,669,969) |
| | Cash generated from operations | 6,178,766,603 | 4,967,707,852 |
| 44 | FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES | | |
| 44.1 | Financial instruments by category | | |
| | Financial assets | | |
| | At amortized cost | | |
| | Long term deposits | 33,723,873 | 33,172,123 |
| | Trade debts | 15,039,518,101 | 10,828,278,995 |
| | Loans and advances | 106,234 | 265,496,495 |
| | Loans to associate | 217,900,000 | - |
| | Trade deposits - unsecured | 45,800,513 | 312,583,280 |
| | Other receivables | 424,673,465 | 136,402,028 |
| | Cash and bank balances | 907,770,494 | 1,651,166,603 |
| | Short term investments | 765,678,863 | 837,419,971 |
| | At fair value through OCI | | |
| | Short term investments | 863,887,055 | 834,465,000 |
| | At fair value through profit and loss | | |
| | Short term investments | 90,421,644 | - |
| | Total financial assets | 18,389,480,242 | 14,898,984,494 |

| | Note | 2024 ----- Rupees ----- | 2023 |
|------------------------------------|------|----------------------------|-----------------------|
| Financial liabilities | | | |
| At amortized cost | | | |
| Long term finances | 23 | 31,308,104,096 | 32,021,891,404 |
| Lease liabilities | 24 | 22,697,663 | 32,938,848 |
| Trade and other payables | 26 | 15,220,118,989 | 9,932,877,904 |
| Accrued mark-up | 27 | 1,647,973,120 | 1,200,346,240 |
| Short term finances | 28 | 18,892,769,104 | 15,108,282,892 |
| Islamic redeemable sukuk | 29 | 10,000,000,000 | - |
| Unclaimed dividend | | 5,228,293 | 5,069,267 |
| Total financial liabilities | | 77,096,891,265 | 58,301,406,555 |

44.2 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Group's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market)

There are few transfers of level 3 short term investment to level 1 as it become listed during the year.

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

Level 2: Non active markets The fair value of financial instruments of non active market is based on inputs available in the market.

The fair value of financial instruments traded in active markets is based on market value of financial instrument at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The following table analysis within the fair value hierarchy of the Group's financial assets (by class) measured at fair value at June 30, 2024:

| Financial assets | 2024 | | | |
|---|-------------------|---------|---------|-------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | -----Rupees ----- | | | |
| Financial investments: fair value through OCI | 863,887,055 | - | - | 863,887,055 |
| Financial investments: fair value through Profit and Loss | 90,421,644 | - | - | 90,421,644 |
| | -----Rupees ----- | | | |
| | 2023 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| | -----Rupees ----- | | | |
| Financial investments: fair value through OCI | 834,465,000 | - | - | 834,465,000 |

44.3 Financial risk management

The board of directors of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

44.3.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Group does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful for recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored.

Credit risk of the Group arises principally from the trade debts, loans and advances, trade deposits, other receivables and deposits with financial institutions. The carrying amount of financial assets represents the maximum credit exposure

Trade debts

The Group's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The majority of the customers have been transacting with the Group for several years. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Bank balances

The Group limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counter-parties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with the credit ratings are tabulated below:

| | Short- term Ratings | 2024 ----- Rupees ----- | 2023 |
|---------------------------------------|------------------------|----------------------------|----------------------|
| Allied Bank Limited | A1+ | 8,312 | 172,939,254 |
| Bank Al Falah Limited | A1+ | 9,973,335 | 21,784,621 |
| Bank Al Habib Limited | A1+ | 12,808,580 | 20,544,213 |
| Bank Islami Pakistan Limited | A1 | 615,678 | 282,855,292 |
| Dubai Islamic Bank Pakistan Limited | A1+ | 6,700,749 | 23,114,726 |
| Habib Bank Limited | A1+ | 12,417,634 | 510,831,431 |
| Habib Metropolitan Bank Limited | A1+ | 57,626,113 | 70,566,469 |
| JS Bank Limited | A1+ | 112,724,295 | 169,286,031 |
| MCB Bank Limited | A1+ | 4,916,263 | 52,297,179 |
| MCB Islamic Bank Limited | A1 | 11,547,665 | 51,586,951 |
| Meezan Bank Limited | A1+ | 590,070,101 | 153,889,541 |
| National Bank Of Pakistan | A1+ | 3,316,945 | 8,915,237 |
| Samba Bank Limited | A1 | 17,185 | 16,185 |
| Soneri Bank Limited | A1+ | 1,003,373 | 30,186,697 |
| Summit Bank Limited | - | 1,314,471 | 313,971 |
| Standard Chartered Bank Limited | A1+ | 1,352,523 | 1,181,241 |
| Bank of Punjab | A1+ | 9,958,594 | 41,949,567 |
| Askari Bank Limited | A1+ | 27,306,097 | 32,732,561 |
| Industrial & Commercial Bank of China | - | 1,199,695 | - |
| Al Barka Bank Limited | A1 | 4,956,102 | 48,950 |
| | | 869,833,710 | 1,645,040,117 |

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | Note | 2024 ----- Rupees ----- | 2023 |
|----------------------------|------|----------------------------|-----------------------|
| Long term deposits | 9 | 33,723,873 | 33,172,123 |
| Trade debts | 12 | 14,830,151,839 | 10,669,814,953 |
| Loans and advances | 13 | 106,234 | 3,250,101,756 |
| Loans to associate | 14 | 217,900,000 | - |
| Trade deposits - unsecured | 15 | 45,800,513 | 312,583,280 |
| Short term investments | 16 | 765,678,863 | 837,419,971 |
| Bank balances | 19 | 869,833,710 | 1,645,040,117 |
| Other receivables | 17 | 424,673,465 | 136,402,028 |
| | | 17,187,868,497 | 16,884,534,228 |

To reduce the exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating.

As at June 30 the Group has certain trade debts that are past due but are not considered to be impaired. The amounts as at June 30 are as follows:

| | Note | 2024 ----- Rupees ----- | 2023 |
|---|------|----------------------------|----------------------|
| More than 45 days but not more than 3 months | | 959,616,297 | 590,569,095 |
| More than 3 months but not more than 6 months | | 778,412,121 | 423,417,227 |
| More than 6 months but not more than 1 year | | 197,646,877 | 257,745,546 |
| More than 1 year | | 136,785,167 | 107,616,349 |
| | 12.3 | 2,072,460,462 | 1,379,348,217 |

In respect of trade debts, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade debts consists of a large number of customers. Based on historical information about customer default rates management consider the credit quality of trade debts that are not past due and impaired to be good. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

44.3.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Based on the above, management believes the liquidity risk is insignificant.

As at the reporting date the Group's financial liabilities have contractual maturities as summarized below:

Effective rates of return/mark-up on financial liabilities are as follows:

2024

| | | Effective rate of interest | Carrying amount | Maturity upto one year | Maturity after one year |
|---|----|----------------------------|-----------------------|------------------------|-------------------------|
| Note | | -----Rupees----- | | | |
| Financial liabilities - Interest bearing | | | | | |
| Long term finances - secured Conventional | 23 | 13.46% | 24,187,636,341 | 4,952,968,567 | 19,234,667,774 |
| Long term finances - secured Islamic | | 19.0% | 7,120,467,755 | 1,971,529,512 | 5,148,938,243 |
| Lease liabilities - conventional | 24 | 15% to 23% | 22,697,663 | 13,180,666 | 9,516,997 |
| Short term finances - secured - conventional | 28 | 20.83% to 24.69% | 16,199,328,963 | 16,199,328,963 | - |
| Short term finances - secured - Islamic | 28 | 20.20% to 23.28% | 2,693,440,141 | 2,693,440,141 | - |
| Islamic redeemable sukuk | 29 | 22.06% to 22.35% | 10,000,000,000 | 10,000,000,000 | - |
| Non - interest bearing | | | | | |
| Trade and other payables | 26 | - | 15,220,118,989 | 15,220,118,989 | - |
| Accrued mark-up | 27 | - | 1,647,973,120 | 1,647,973,120 | - |
| Unclaimed dividend | | | 5,228,293 | 5,228,293 | - |
| | | | <u>77,096,891,265</u> | <u>52,703,768,251</u> | <u>24,393,123,014</u> |

2023

| | | Effective rate of interest | Carrying amount | Maturity upto one year | Maturity after one year |
|---|----|----------------------------|-----------------------|------------------------|-------------------------|
| Note | | -----Rupees----- | | | |
| Financial liabilities - Interest bearing | | | | | |
| Long term finances - secured - conventional | 23 | 2.25% to 22% | 24,449,440,071 | 2,770,386,819 | 21,679,053,252 |
| Long term finances - secured - Islamic | | 15.50% to 23% | 7,572,451,333 | 1,438,497,713 | 6,133,953,620 |
| Lease liabilities - conventional | 24 | 15% to 23% | 32,938,848 | 10,826,930 | 22,111,918 |
| Short term finances - secured - conventional | 28 | 16.20% to 22.20% | 14,656,046,452 | 14,656,046,452 | - |
| Short term finances - secured - Islamic | 28 | 12.64% to 22.27% | 452,236,440 | 452,236,440 | - |
| Non - interest bearing | | | | | |
| Trade and other payables | 26 | - | 9,932,877,904 | 9,932,877,904 | - |
| Accrued mark-up | 27 | - | 1,200,346,240 | 1,200,346,240 | - |
| Unclaimed dividend | | | 5,069,267 | 5,069,267 | - |
| | | | <u>58,301,406,555</u> | <u>30,466,287,765</u> | <u>27,835,118,790</u> |

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2024, if interest rates on long term financing had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been affected by Rs. 313.31 million (June 2023: Rs. 320.55 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At June 30, 2024, if interest rates on short term borrowings had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been affected by Rs. 288.93 million (June 2023: Rs. 151.083 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

44.3.3 Market risk

Market risk is the risk that fair value of future cash flows of the financial instrument may fluctuate as a result of changes in market prices. Market prices comprise of three types of risks namely foreign currency risk, interest rate risk and other price risk, such as equity risk.

a) Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of financial asset or a liability may fluctuate due to changes in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Group primarily has foreign currency exposures in US Dollars.

Exposure to Foreign currency risk

The Group is exposed to foreign exchange risk arising from currency value fluctuations due to the following:

| | 2024 | 2023 |
|------------------------------------|---------------------------|--------------------|
| | ----- Amount in USD ----- | |
| Trade debts | 26,057,207 | 20,221,659 |
| Cash and bank balances | 2,128,918 | 3,353,064 |
| Trade and other payables | (5,823,263) | (7,599,407) |
| Loans and advances | 862 | 924,753 |
| Advance from customer | (690,573) | (738,013) |
| | 21,673,151 | 16,162,056 |
| Off balance sheet exposures | | |
| Letter of credit | (26,139,873) | (21,986,704) |
| Net Exposure | (4,466,722) | (5,824,648) |

The following significant exchange rates were applied during the year.

| | Rupee per USD | |
|---------------------|---------------|--------|
| Average rate | 282.95 | 246.30 |
| Reporting date rate | 278.80 | 287.10 |

Foreign currency sensitivity analysis

A 10 percentage strengthening of the PKR against the USD at June 30, 2023 would have effect on the equity and profit and loss of the Group as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2024.

| | 2024 | 2023 |
|--|--------------------|---------------|
| | ----- Rupees ----- | |
| Strengthening of PKR against respective currencies | 124,532,213 | 167,225,644 |
| Weakening of PKR against respective currencies | (124,532,213) | (167,225,644) |

As at 30 June 2024, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollar with all other variables being constant, profit before tax for the year would have been lower / higher by Rs. 124.53 million (2023: Rs. 167.23 million) mainly as a result of foreign exchange gains / losses on translation of dollar denominated financial assets.

The maximum exposure to foreign currency risk in Pakistani rupee at the reporting date is as follows:

| | | 2024 | 2023 |
|------------------|------|-----------------------|----------------------|
| | Note | ----- Rupees ----- | |
| Export debtors | 12 | 7,034,862,252 | 5,805,638,355 |
| Import creditors | | 3,463,390,656 | 2,105,421,016 |
| | | 10,498,252,908 | 7,911,059,371 |

b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument may fluctuate because of the changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and running finance facilities. At the reporting date the interest rate profile of the Group's mark-up bearing financial instruments is as follows:

| | Carrying amount | |
|----------------------------------|----------------------|---------------|
| | 2024 | 2023 |
| | ----- Rupees ----- | |
| Variable rate instruments | | |
| Financial liabilities | 9,158,178,594 | 8,395,937,026 |

As at 30 June 2024, if KIBOR had been 100 bps lower/higher with all other variables held constant, profit before tax for the year would have been higher/lower by Rs. 91.58 million. (2023: Rs. 83.95 million) mainly because of higher/lower interest expense on variable rate instruments.

c) Equity risk

It is the risk that the listed equity securities are susceptible to market price risk, arising from uncertainties about future values of the investment securities.

45 CAPITAL RISK MANAGEMENT

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to the shareholders or issue bonus / right shares. There were no changes in the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

The Group's capital includes share capital and reserves. As at reporting date the capital of the Group is as follows:

| | 2024 | 2023 |
|---------------|-----------------------|----------------|
| | ----- Rupees ----- | |
| Share capital | 663,569,400 | 663,569,400 |
| Reserves | 21,104,363,249 | 15,543,088,252 |
| | 21,767,932,649 | 16,206,657,652 |

The Group manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investments requirements and expectations of the shareholders. Debt is calculated as total borrowings (long term finances). The Group's capital signifies equity as reported in statement of financial position and includes share capital and accumulated losses

The Group's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2024 and 2023 were as follows:

| | Note | 2024 | 2023 |
|-----------------------|------|-----------------------|----------------|
| | | ----- Rupees ----- | |
| Total borrowings | | 31,308,104,096 | 32,021,891,404 |
| Total equity | | 21,767,932,649 | 16,206,657,652 |
| Total equity and debt | | 53,076,036,745 | 48,228,549,056 |
| Net gearing ratio (%) | | 59.0% | 66.4% |

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk.

46 PLANT CAPACITY AND ACTUAL PRODUCTION

| | 2024 | | 2023 | |
|------------------------|----------------|-------------------|----------------|-------------------|
| | Metric Ton | | Metric Ton | |
| | Rated Capacity | Actual Production | Rated Capacity | Actual Production |
| Food processing | 298,356 | 192,644 | 219,932 | 123,317 |
| Plastic film | 63,000 | 35,580 | 63,000 | 34,121 |
| Pharmaceuticals | | | | |
| Blow fill seal | 18,000 | 17,480 | 18,000 | 16,650 |
| Ophthalmic | 2,500 | 2,489 | 2,500 | 2,375 |
| Derma | 4,200 | 584 | 4,200 | 308 |
| Pet Resin | 108,000 | 50,749 | - | - |

The Company has enhanced the production capacity in food processing by 78,424 metric tons. Production utilization was as per the market demand.

47 TRANSACTION WITH RELATED PARTIES

Related parties comprise associated undertakings, directors of the Group and key management personnel. The Group continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements, are as follows:

Key Management Personnel (KMP)

| Name | Direct shareholding % |
|--------------------------|-----------------------|
| Mr. Ahmed Muhammad | 15.22 |
| Mr. Maqsood Ismail Ahmed | 0.85 |
| Mr. Hamza Naviwala | Nil |
| Mr. Munsarim Saif | 0.000009 |
| Mr. Ghulam Farooq | Nil |
| Mr. Ahmed Raza Parekh | Nil |

Innovita Nutrition (Private) Limited

(Associated Group - Common Directorship)

| | 2024 | 2023 |
|---------------------------------|---------------|------|
| - Purchase of raw material | 1,278,063,918 | - |
| - Payment against purchases | (845,656,918) | - |
| - Advance to associated company | 432,407,000 | - |

Plastiflex Films (Private) Limited

(Associated Group - Common Directorship)

| | 2024 | 2023 |
|--------------------------------------|--------------------|--------------|
| | ----- Rupees ----- | |
| - Purchase of raw & packing material | 22,190,118 | 52,029,928 |
| - Metallization of raw material | (15,097,951) | (5,122,395) |
| - Sales of raw & packing material | (578,288) | - |
| - Recovery against Sales | 15,097,951 | 3,774,945 |
| - Payment against purchases | (22,190,118) | (56,392,939) |
| - Receivable from associate | 578,288 | (5,710,461) |

48 NON- ADJUSTING EVENT

- 48.1 The board of directors in its meeting held on August 28, 2024 has proposed final dividend in respect of the year ended June 30, 2024 of Rs. 10 per share (2023: Rs. 2 per share) for approval of the members at the annual general meeting. The consolidated financial statements for the year ended June 30, 2024 do not include the effect of proposed dividend, which will be accounted for in the consolidated financial statements for the year ending June 30, 2025.

49 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on August 28, 2024 by the board of directors of the Group.


Munsarim Saifullah
Chief Executive Officer


Maqsood Ismail Ahmed
Director


Ahmed Raza Parekh
Chief Financial Officer

PATTERN OF SHAREHOLDING SHAREHOLDERS STATISTICS AS AT JUNE 30, 2024

| Number of Shareholders | Shareholdings | | | Total Number of Shares Held |
|------------------------|---------------|---|----------|-----------------------------|
| | From | | To | |
| 1379 | 1 | - | 100 | 17,127 |
| 119 | 101 | - | 500 | 35,751 |
| 29 | 501 | - | 1000 | 23,656 |
| 41 | 1001 | - | 5000 | 83,688 |
| 5 | 5001 | - | 10000 | 38,203 |
| 3 | 10001 | - | 15000 | 36,010 |
| 1 | 20001 | - | 25000 | 20,876 |
| 1 | 30001 | - | 35000 | 34,500 |
| 1 | 435001 | - | 440000 | 435,400 |
| 1 | 475001 | - | 480000 | 480,000 |
| 1 | 560001 | - | 565000 | 562,155 |
| 1 | 1270001 | - | 1275000 | 1,271,650 |
| 1 | 1380001 | - | 1385000 | 1,380,450 |
| 1 | 1510001 | - | 1515000 | 1,510,090 |
| 1 | 10100001 | - | 10105000 | 10,100,090 |
| 1 | 10420001 | - | 10425000 | 10,422,114 |
| 1 | 19310001 | - | 19315000 | 19,312,293 |
| 1 | 20590001 | - | 20595000 | 20,592,887 |
| Total | 1588 | | | 66,356,940 |

| Shareholder's Category | Number of Shareholders | Number of Shares Held | Percentage |
|--|------------------------|-----------------------|----------------|
| CEO, Sponsor, Directors their Spouses & Children | 14 | 65,643,024 | 98.92% |
| Associated Company | 1 | 435,400 | 0.66% |
| Foreign Companies | 1 | 3,300 | 0.00% |
| Others | 8 | 4,476 | 0.01% |
| General Public | | | |
| (a) Foreign | 13 | 4,762 | 0.01% |
| (b) Local | 1551 | 265,978 | 0.40% |
| Total | 1588 | 66,356,940 | 100.00% |

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2024

| Shareholder's Category | Number of Folios | Number of Shares Held | Percentage |
|---|------------------|-----------------------|---------------|
| Associated Company: | | | |
| Uniron Industries (Private) Limited | 1 | 435,400 | 0.66 |
| Directors: | | | |
| Mr. Maqsood Ismail Ahmed | 1 | 562,155 | 0.85 |
| Mr. Ahmed Muhammad | 2 | 10,100,090 | 15.22 |
| Mr. Muhammad Zubair Motiwala (Independent) | 1 | 520 | 0.00 |
| Ms. Tasneem Yusuf (Independent) | 1 | 520 | 0.00 |
| Mr. Hamid Maqsood Ismail | 1 | 1,510,090 | 2.28 |
| Chief Executive Officer: | | | |
| Mr. Munsarim Saifullah | 1 | 613 | 0.00 |
| Chairman: | | | |
| Mr. Muhammad M. Ismail | 1 | 10,431,256 | 15.72 |
| CEO, Directors their Spouses & Children: | | | |
| Ms. Farzana Muhammad | 1 | 1,380,450 | 2.08 |
| Ms. Almas Maqsood | 2 | 19,792,293 | 29.83 |
| Ms. Mehvish Ahmed Karim | 1 | 500 | 0.00 |
| Sponsor, his Spouse & Children: | | | |
| Mr. Miftah Ismail Ahmed | 1 | 20,592,887 | 31.03 |
| Ms. Reema Ismail Ahmed | 1 | 1,271,650 | 1.92 |
| Others | 1573 | 278,516 | 0.42 |
| Total | 1588 | 66,356,940 | 100.00 |

Shareholders holding 10% or more voting interest

| | | | |
|------------------------|---|------------|-------|
| Mr. Muhammad M. Ismail | 1 | 10,431,256 | 15.72 |
| Mr. Miftah Ismail | 1 | 20,592,887 | 31.03 |
| Ms. Almas Maqsood | 2 | 19,792,293 | 29.83 |
| Mr. Ahmed Muhammad | 2 | 10,100,090 | 15.22 |

Registered Office Address: 17-Bangalore Town, Main Shahrah-e-Faisal, Karachi

Tel: +92 21 34311170-77 Fax: +92 21 34541094

Ballot Paper for voting through post for poll to be held at the Annual General Meeting of Ismail Industries Limited “Company” on Wednesday October 09, 2024 at 12:00 noon at Hotel One, 164, B.C.H.S Shahrah-e-Faisal, Karachi.

Contact Detail of Chairman, where ballot paper may be sent:

Business Address: The Chairman, Ismail Industries Limited, 17-Bangalore Town, Main Shahrah-e-Faisal, Karachi, Attention: Company Secretary Designated email address: secretarialcompliance@ismailindustries.com

| | | |
|--|--|--|
| Name of Shareholder/joint shareholder | | |
| Registered address of shareholder(s) | | |
| Number of shares held | | |
| Folio number | | |
| CNIC Number (Copy to be attached) | | |
| Additional information and enclosures (In case of representative of body corporate, corporation and Federal Government.) | | |

I/we hereby exercise my/our vote in respect of the following Special Resolution through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (✓) mark in the appropriate box below:

| Agenda No. | Nature and Description of Special Resolution | I/We assent to the Special Resolution (FOR) | I/We dissent to the Special Resolution (AGAINST) |
|------------|--|---|--|
| 5. | To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2024 by passing the following special resolution with or without modification: "RESOLVED THAT transaction carried out in normal course of business with Related Parties during the year ended June 30, 2024 as disclosed in the note no. 45 of the unconsolidated financial statements be and are hereby ratified and approved." | | |
| 6. | To authorize the Board of Directors of the Company to approve transactions with Related Parties for the financial year ending June 30, 2025, by passing the following special resolutions with or without modification: "RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to approve transactions to be conducted with Related Parties on case-to-case basis for the financial year ending June 30, 2025." "FURTHER RESOLVED THAT these transactions as approved by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting of the Company for their formal ratification/approval." | | |
| 7. | To consider and if deemed fit, to pass with or without modification(s), addition(s) or deletion(s), the following Special Resolution(s) under Section 199 of the Companies Act, 2017 read with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (as may be amended), as recommended by the Board of Directors of the Company: "RESOLVED THAT approval of the members of the Company is hereby accorded by way of special resolution (in accordance with Section 199 of the Companies Act, 2017 read with Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017) for the following acts by the Company: | | |

| | | | |
|----|---|--|--|
| A. | Approval for the Company to enhance the quantum of long-term equity investment in its subsidiary company M/s Ismail Resin (Private) Limited as approved by the shareholders in Annual General Meeting of the Company held on October 26, 2022 from Rs. 3,000,000,000/- (Rupees: Three billion) to Rs. 3,937,500,000/- (Rupees: Three billion nine hundred thirty-seven million five hundred thousand). The enhancement of Rs. 937,500,000/- (Rupees: Nine hundred thirty-seven million five hundred thousand) is being proposed specifically for setting-up a Recycle Polyester Resin (rPET Resin) manufacturing facility | | |
| B. | Approval for the Company to renew an intercompany loan extended to its subsidiary, M/s Ismail Resin (Private) Limited, as approved by the shareholders in Annual General Meeting of the Company held on October 23, 2023 aggregate amount of Rs. 8,000,000,000 (Rupees: Eight billion), for a period of further one year as per approved terms and conditions. | | |
| C. | Approval for the Company to provide further amount of financial assistance and Cross Corporate Guarantee up to Rs.16,500,000,000 (Rupees: Sixteen billion five hundred million) to the lenders of its subsidiary M/s. Ismail Resin (Private) Limited. | | |
| D. | Approval for the Company to renew an intercompany loan extended to its subsidiary, M/s. Hudson Pharma (Private) Limited, as approved by the shareholders in Annual General Meeting of the Company held on October 23, 2023 aggregate amount of Rs. 1,500,000,000 (Rupees: One billion five hundred million), for a period of further one year as per approved terms and conditions. | | |
| E. | Approval for the Company to renew an intercompany loan extended to its associate, M/s. Innovita Nutrition (Private) Limited, as approved by the shareholders in Annual General Meeting of the Company held on October 23, 2023 aggregate amount of Rs. 1,000,000,000 (Rupees: One billion), for a period of further one year as per approved terms and conditions | | |
| F. | Approval for the long-term equity investment by the Company to establish / set-up a subsidiary of the Company M/s. Bisconni Middle East Manufacturing LLC (the LLC) in Abu Dhabi, UAE, with an aggregate amount up to PKR equivalent to US \$ 10,000,000 (USD: Ten million), with shareholding up to 100% based on approval from competent authorities. The LLC shall be involved in the activities of “Chocolate, Sugar Confectionery & Dry Bakery Products Manufacturing” or similar activities approved by the Abu Dhabi Economic Department. The investment is proposed to expand the business footprints of the Company outside Pakistan. “FURTHER RESOLVED THAT the Chief Executive Officer / Company Secretary of the Company be and are hereby singly authorized to execute and deliver all necessary deeds, agreements, declarations, undertakings, documents and take any and/or all actions to implement and give effect to above resolutions and to complete any or all required corporate and necessary legal formalities for the purpose of implementation of above resolutions.” | | |

NOTES:

1. Duly filled postal ballot should be sent to Chairman at above-mentioned postal or email address.
2. Copy of CNIC should be enclosed with the postal ballot form.
3. Postal ballot forms should reach Chairman of the meeting on or before Tuesday October 08, 2024. Any postal ballot received after this date will not be considered for voting.
4. Signature on postal ballot should match with signature on CNIC.
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.

Signature of Shareholder(s) _____

Place: _____

Date: _____

Proxy Form

The Secretary/ Registrar

I/We _____ son/ daughter/ wife of _____, shareholder of **Ismail Industries Limited**, holding _____ ordinary shares as per register under Folio No _____ and/or CDC Participant ID _____ and Sub- Account No. _____ hereby appoint _____ (holding _____ ordinary shares in the Company as per register under Folio No _____ and/or CDC Participant ID _____ and Sub- Account No. _____) or failing him/her _____, (holding _____ ordinary shares in the Company as per register under Folio No _____ and/or CDC Participant ID _____ and Sub- Account No. _____) as my/our proxy, to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on October 09, 2024 and/ or any adjournment thereof.

Signed this _____ day of _____ 2024.

(Signature should agree with the specimen signature registered with the Company)

Sign across Rs.5/-
Revenue Stamp

Signature of Member(s)

Witness 1:

Signature _____

Name _____

CNIC # _____

Witness 2:

Signature _____

Name _____

CNIC # _____

Notes:

1. A proxy need be a member of the Company
2. In order to be valid, this Proxy must be received to our Registrar/Transfer Agents, M/s. THK Associates (Pvt) Ltd. Plot No. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi 75500 Pakistan at least 48 hours before the time fixed for the Meeting, duly completed in all respects.
3. CDC Shareholders or their Proxies should bring their original Computerized National Identity Card (CNIC) or Original Passport along with the Participant's ID Number and their Account Number to facilitate their identification.

پراکسی فارم (فارم برائے نامزدگی نمائندہ مختار)

سیکرٹری / رجسٹرار

میں / ہم _____ ولد / بنت / زوجہ _____، اسماعیل انڈسٹریز لمیٹڈ
 کا / کے شیئر ہولڈر، فولیو نمبر _____ اور / یا سی ڈی سی کے شراکت دار کی آئی ڈی _____
 اور ذیلی اکاؤنٹ نمبر _____ کے تحت رجسٹر ہونے کے مطابق _____ عام شیئر رکھتا ہوں /
 رکھتی ہوں / رکھتے ہیں۔ _____ کو مقرر کرتا ہوں / کرتی ہوں / کرتے ہیں (جوفولیو نمبر _____
 اور / یا سی ڈی سی کے شراکت دار کی آئی ڈی _____ اور ذیلی اکاؤنٹ نمبر _____ کے تحت
 رجسٹر ہونے کے مطابق _____ کمپنی میں عام شیئر رکھتا ہے / رکھتی ہے / رکھتے ہیں) یا اس کو
 _____ پیش کرتا ہوں / کرتی ہوں / کرتے ہیں (جو فولیو نمبر _____ اور / یا سی ڈی سی کے
 شراکت دار کی آئی ڈی _____ اور ذیلی اکاؤنٹ نمبر _____ کے تحت رجسٹر ہونے کے مطابق
 _____ کمپنی میں عام شیئر رکھتا ہوں / رکھتی ہوں / رکھتے ہیں) بطور میرا / ہمارا پراکسی (نمائندہ
 مختار) جو 09 اکتوبر 2024 کو منعقد ہونے والے غیر معمولی اجلاس عام میں اور / یا ملتوی ہونے پر میری /
 ہمارے طرف سے شرکت کرنے، ووٹ ڈالنے کا حق رکھتا ہے۔

دستخط _____ تاریخ _____ 2024

(دستخط کا کمپنی میں موجود دستخط کے
 نمونے سے مطابقت رکھنا ضروری ہے)

5 روپے کے ریونیو مہر پر دستخط

ممبر (ممبران) کے دستخط

گواہ 2

دستخط _____

نام _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____

گواہ 1

دستخط _____

نام _____

کمپیوٹرائزڈ قومی شناختی کارڈ _____

نوٹس:

- 1- پراکسی (نامزد نمائندہ) کو کمپنی ممبر ہونا لازمی ہے۔
- 2- درست ہونے کے لئے پراکسی جو کہ ہر لحاظ سے باقاعدہ مکمل ہو، کا ہمارے رجسٹرار / ٹرانسفر ایجنٹس، میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پلاٹ نمبر C-32، جامی کمرشل اسٹریٹ 2، DHA فیز VII، کراچی 75500، پاکستان کو اجلاس سے 48 گھنٹے قبل موصول ہونا ضروری ہے۔
- 3- سی ڈی سی شیئر ہولڈرز (حصص یافتگان) یا ان کے پراکسیز اپنی شناختی کارڈ یا اصل پاسپورٹ بے شراکت دار کا آئی ڈی نمبر اور ان کا اکاؤنٹ نمبر اپنے ہمراہ لائیں۔



ISMAIL INDUSTRIES LIMITED

HEAD OFFICE

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UNIT-8: E154 TO E-157, NORTH WESTERN INDUSTRIAL ZONE,
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UNIT-9: G-1, H.I.T.E., HUB, BALOCHISTAN, PAKISTAN.
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UNIT-10: E164 TO E-168, NORTH WESTERN ZONE,
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