ISMAIL INDUSTRIES LIMITED

30 YEARS TO A LEGACY & MORE...

ANNUAL REPORT **2019**

COMPANY PROFILE

Board of Directors

Mr. Muhammad M. Ismail	Chairman
Mr. Munsarim Saifullah	Chief Executive Officer
Mr. Hamid Maqsood Ismail	Executive Director
Mr. Ahmed Muhammad	Executive Director
Mr. Maqsood Ismail	Non-Executive Director
Ms. Farzana Muhammad	Non-Executive Director
Ms. Almas Maqsood	Non-Executive Director
Ms. Reema Ismail Ahmed	Non-Executive Director
Mr. M. Zubair Motiwala	Independent Director

Audit Committee Members

Mr. M. Zubair Motiwala	Chairman
Mr. Muhammad M. Ismail	Member
Mr. Maqsood Ismail	Member
Ms. Almas Maqsood	Member
Ms. Reema Ismail Ahmed	Member

Registered Office

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

Factories

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

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

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

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

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

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

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

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

Human Resource Committee

Mr. M. Zubair Motiwala	Chairman
Mr. Maqsood Ismail	Member
Mr. Munsarim Saifullah	Member
Ms. Farzana Muhammad	Member

Company Secretary

Mr. Ghulam Farooq

Chief Financial Officer

Mr. Abdul Qadir

Auditor

Grant Thornton Anjum Rahman
Chartered Accountants

Legal Advisor

Mohsin Tayebaly & Co.

Share Registrar

THK Associates (Pvt.) Limited

Bankers / Institutions

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank (Pakistan) Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial & Commercial Bank of China Limited
JS Bank Limited
Meezan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
National Bank of Pakistan
Pak Brunei Investment Co Ltd
Pak Oman Investment Co. Ltd
Standard Chartered Bank (Pakistan) Limited
Soneri Bank Limited

ISMAIL
INDUSTRIES
LIMITED

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Our Story

The sponsors of Ismail Industries Limited (IIL) have been associated with the biscuit industry since 1950s. In 1988, IIL emerged on the business landscape of Pakistan and has been expanding its horizons in multiple industries ever since. From delightful treats to industrial raw materials, IIL offers a broad spectrum of products to its consumers and corporate customers.

This journey started from CandyLand, the first division of IIL, which is not only a star performer of the group, but also a leader in the industry of confectionery products. The next major milestone was in 2002 when Bisconni came into existence. This project had the vision of providing the finest quality of biscuits in Pakistan. Bisconni has grown to become the leader in the value-added cookies category in Pakistan.

Astro Films emerged in 2004 and is now a renowned manufacturer of CPP, BOPP and BoPET films. We are the pioneers in BoPET category and have imported a state-of-the-art plant from Germany that will strengthen our artillery. In 2006, SnackCity was established with the vision of becoming the leading player in the snacks industry of Pakistan.

At IIL, we keep our focus on our customers in everything we do and this attitude is reflected in our each and every offering. Quality is our prime concern – we endeavor to provide the best quality of products through one of the most modern production establishments around the world, and we take absolute pride in it.

Mission

We aim to offer high-quality products to our consumers by remaining the most technologically advanced company in our field. We strive to be the brand leader in all categories that we compete in. We wish to have a substantial presence outside Pakistan, through export and local manufacturing.

Vision

We strive to deliver our consumers consistent quality products which maximize our values and customer satisfaction. We are catering to the domestic market on a large scale and are also gaining a strong foothold internationally.

We wish to consolidate and strengthen our position as the most technologically advanced company in our field. We recognize the importance of efficiency and creativity that helps achieve growth in a competitive environment. We believe in our people and optimally provide them with technology management systems as well as give them different opportunities to achieve profitability and growth in order to provide fair returns to our shareholders.

We realize our responsibility towards society and contribute to our environment as good corporate citizens.

CandyLand

From humble beginnings to being the current largest confectionary segment of Ismail Industries Limited in Pakistan, CandyLand began its operations on June 21, 1988. The foundation of our first production plant was laid down on one acre of land and the first brand was launched in 1990. From that point onwards, the company has constantly achieved one milestone after the other and has expanded its production facilities to over eight acres.

Being the pioneer in jellies category, CandyLand has also launched brands in technically difficult categories such as lollipops and marshmallows. We take pride in delivering the best quality products and our brands strive hard to always delight our consumers. This has also helped us export our products to more than 40 countries around the globe.

Backed by a consumer-centric and innovation-driven mindset, CandyLand has been known to bring new product categories to the Pakistani consumer. Our state-of-the-art facilities have enabled us to become one of the most technologically advanced and superior companies within the industry. Our customers and consumers are at the core of everything we do. We strive to deliver the best customer value proposition and ensure that our consumers receive utmost satisfaction every time they choose our products. A blend of highly qualified and experienced individuals in our technical and marketing teams help us achieve consumer delight. Our sales force, that is one of the most efficient and largest in the category, ensures that we reach out to our customers even in the most remote areas across the country.

CandyLand offers a plethora of product categories such as jellies, chocolates, marshmallows, candies, toffees, chews, lollipops, gums, milk chocolates and truffles, all meeting international standards of quality and food safety. All CandyLand products are certified ISO 22000 and have Halal certification from SANHA.

The year 2018-19 was highlighted by product and category innovations, with 13 brand launches. Some of the most notable brand launches were Toss, Mello and Crown – dual-flavored jelly, chocolate-enrobed marshmallow and chocolate truffle respectively. These latest additions to our portfolio have been launched with great zeal across the country and show promising signs of growth.

At CandyLand, we promise to uphold our values, continue to nurture our existing brands and grow our category by constantly innovating and launching new brands that connect with our consumers, meet their needs and continue to delight them for many years to come.

CandyLand Toss Launch

CandyLand introduced Toss, a dual-flavored single-bite jelly, in 2018. The brand was launched in three delectable flavor combinations. The TV communication of Toss was a pure cinematic delight, uniquely communicating the mix of flavors. The media mix also included radio, cinemas, digital, outdoor and print mediums. A nationwide brand activation initiative to generate brand trial was also conducted to have the maximum possible impact on its launch.

With Crown, CandyLand ventured into the chocolate truffles category, a territory which has not been explored by our competition to date. The campaign for CandyLand Crown hit the airwaves in February 2019, delighting kids with its amazing audio visual production standards. The aim of the campaign was to introduce the brand to its target audience at all possible touchpoints. A series of made-for-digital videos complemented the TV campaign, while heavy investment in in-store branding was done to encourage product trial at the point of purchase. The campaign was launched on TV, radio, print, digital, outdoor and retail levels to ensure maximum possible coverage.

CandyLand Mello Launch

Focusing on continually providing unique products to our consumers, CandyLand introduced Pakistan's first ever chocolate enrobed marshmallow, further expanding our marshmallow category. CandyLand Mello's launch was supported with a brand new TVC, covering numerous A-list TV channels and was supported by a massive presence on social media along with a wowing experience for our enthusiastic cinemagoers.

CandyLand Now Campaign

CandyLand Now was the first campaign of the year 2018-19. The campaign tapped into the imaginary world of kids, bringing to life their favorite toys to deliver a robust yet cute communication with a dose of nostalgia. The media mix for the campaign included TV, radio, print, cinema and social media.

At Bisconni, we have an exciting brand range that continues to expand and grow. We have launched popular and powerful brands in the past 17 years. We are poised to continue our journey towards bigger opportunities and increased growth with new and innovative products delivering the highest standards of quality and great taste.

Our flagship brands include country's favorite and most popular Cocomo, Chocolatto, Chocolate Chip, Rite, Craving, Novita wafers and Flo – chocolate-enrobed cake, that are widely preferred by consumers for constantly bringing compelling value proposition and unforgettable consumer experience that tantalize our consumers' taste buds.

Due to our customer-centric approach, innovation and quality are at the heart of our corporate identity, resulting in all our products being ISO 22000 and Halal-certified from SANHA. Our commitment to creating the ultimate brand experience at the forefront of our guiding philosophy has enabled us to deliver our promises and earn our consumers' trust time and again.

Bisconni is the value driver for Ismail Industries Limited, and we will continue to increase its market share in all categories it signifies by exploring untapped opportunities within the country and beyond. With continued focus on introducing new and exciting choices and elevating consumer delight through products that are loved by consumers in Pakistan and overseas, we are confident that our products will gain preference with every brand that we launch.

Bisconni Rite Launch

Rite was one brand at Bisconni that was completely revamped around the motto of extra cream. The new packaging now featuring more of the classy blue color along with a splash of white representing the extra cream was a new addition. The campaign was launched with a carefully curated IMC plan across TV, radio, digital, trade and BTL. Digital campaign involved a pre-hype plan whereby multiple appealing posts were put up to generate curiosity alongside a full throttle push on YouTube for maximum reach. In order to bring the "Rite" experience to our customers, various stores in the country were decorated with POSM. These efforts translated into a 55% increase in sales post-campaign.

Bisconni Cocomo Launch

In July 2018, our flagship brand and the number one chocolate-filled biscuit; Cocomo aired a new campaign to introduce our new and improved double chocolate flavor. The campaign was supported through gondolas, stickers, countertops and buntings on trade alongside sampling drives conducted in schools. Moreover, in order to drive consumption frequency and upgrade our consumers to bigger packs, we ran a 12+1 offer that was very well received on trade as well. Maintenance ads were run in October, January and March. A dedicated social media platform was launched in November. The interactive posts on our Instagram and Facebook page drove the popularity of our brand to unreachable heights.

Bisconni Chocolate Chip Launch

Chocolate Chip has been a leader in the chocolate chip biscuit category. The brand launched one of its biggest thematic campaigns starring Fahad Mustafa focusing on the **"Bohat Bohat Bohat Chocolaty"** message. Chocolate Chip was also a core sponsor of one of the biggest cricket tournaments of the world – Asia Cup 2018. The campaign was live on all media touchpoints covering TV, digital, PR, retail POSM and sampling.

Bisconni Craving Launch

Bisconni Craving was launched in Pakistan in January 2019 and was positioned as a cookie highlighted by its crumbly texture and strong aroma/flavor that fills the senses and makes you want more. The brand was launched in three variants: **Craving Peanuts, Craving Zeera & Craving Coconut** cookies. The brand executed a thematic campaign, **"Mehakti Yaadon Ka Maza"** focusing on the brand's communication theme of 'nostalgia'.

The SnackCity division of Ismail Industries Limited was established in June 2006, when the company set up its purpose-built manufacturing facility at Hub and began production of its potato chips, Kurleez. Having achieved great success in a short span of time, the foundation for a second production facility was laid down in Lahore in March 2010, which today is operational and caters to the demand for our potato chips in the north and central regions of Pakistan.

Customer satisfaction has always been at the heart of the company's values, which is why the company has invested in the world's best machinery, employed the best food technicians and experts, and adopted the best practices to ensure that consumers taste the goodness of SnackCity products in each bite. Our ISO 22000 Certification and Halal Certification from SANHA is a testament to the kind of commitment we have towards quality.

SnackCity's Kurleez has grown to become the market leader in the crinkle chips category. The company has also successfully ventured into other categories. Chillz, our brand of potato sticks has also grown to become the market leader in its category, while SnackCity's Peanutz is also successfully establishing itself as a prominent player in the market with increasing sales every year.

The future seems bright for SnackCity as we plan to grow through continuous development and consumer involvement to enter newer avenues within the packaged snacks industry and become the leading snacks-producing company in Pakistan.

SnackCity Kurleez Thematic Campaign Launch

Kurleez **'Crinkle is King'** was the first campaign of the year. The idea was to establish the benefits of crinkle chips over plain-cut chips and switch consumers preference to Kurleez. The campaign was supported by a TVC, which was aired on all leading channels, and POSMs were distributed nationwide. The campaign gave Kurleez a boost in sales volume to a great extent.

SnackCity Kurleez Chilli Dhamaka Launch

The launch of the **'Chilli Dhamaka'** campaign added two new flavors to the portfolio; Chilli Lemon and Chilli Chutney. The delicious blend of sweet and sour spices mixed with chillies gave an exciting and delectable experience to consumers. The communication plan was supported by TVC and print media across Pakistan.

SnackCity Kurleez Chillz Khatta Launch

Chillz got a new flavor with an extra dose of lemon sourness. The new Chillz Khatta recieved an overwhelming response across all digital platforms.

SnackCity Kurleez New Category Launch

SnackCity introduced a new non-potato chip category in the portfolio. Flapz, Smax, and Hoops offered children fun-filled snacking options with different shapes and flavors. Bright-colored packaging, catchy TVC and POSM built excitement among kids and established Kurleez as a fun and innovative brand.

SnackCity Kurleez Extra Value Campaign

SnackCity offered 10% more chips in Kurleez Mirch Masala and Catchy Ketchup. Extra chips surely added more fun and flavor. The campaign was supported by TVC on all major channels.

Kurleez Super Flavors Launch

Super Flavors campaign was SnackCity's first-ever digitally driven campaign. Two new flavors, Salt N Pepper and Barbecue, were introduced in the market. The audience were encouraged to vote for their favorite flavor on Kurleez's website, for a chance to win a cash prize. The campaign was supported by TVC that was run on all leading channels.

Kurleez Cricket Campaign

Kurleez leveraged the World Cup 2019 to boost consumers' excitement by providing them with an amazing digital campaign on Mirch Masala and Catchy Ketchup. The campaign ensured product purchase and offered consumers an exciting chance to win a ticket to England.

Kurleez & Chillz Cash Hunt Campaign

The Cash Hunt campaign for Kurleez and Chillz generated great buzz and helped achieve remarkable sales.

Astro Films is one of Pakistan's leading flexible packaging film suppliers manufacturing CPP, BOPP, and BoPET films of Ismail Industries Limited. Operating from the port city of Karachi, Astro Films is a regionally and globally recognized brand in the flexible packaging industry; offering a complete flexible packaging solution to its prestigious clientele.

Astro Films has its production facilities in two locations in Pakistan; Hub and Port Qasim industrial areas. At Hub, Astro Films set up a CPP of a renowned Italian company "Gruppo Colines" with an annual production capacity of 6,000 tons. Enhancing capacity and market share in 2014, Astro Films set up a new 10,000 tons per annum CPP at Port Qasim from the same group "Gruppo Colines", thereby increasing overall annual CPP films capacity to 16,000 tons.

In addition, Astro Films has three metallizers from 'General Vacuum' (UK). Two are installed at the Hub CPP, and one at the CPP Port Qasim, having yearly metallization capacity of 12,000 and 7,000 tons respectively.

In 2011, the company embarked on further expansion of its packaging film portfolio by installing their first-ever BoPET film line from Brückner. With an annual capacity of 18,000 tons per annum, this state-of-the-art film line ensures highly efficient production of BoPET film ranging from 12 μ to 120 μ. The enhanced features in the BoPET line have further improved the operational efficiency, providing the technical capabilities to meet customers' expectations.

Complying with the highest quality, process, and food safety standards, Astro Films possesses certifications including ISO 9001:2015, ISO 22000:2005, and PAS 223. These accomplishments and manufacturing capabilities have enabled Astro Films to become one of the most competitive suppliers of CPP and BoPET films in the international market. Astro Films's international customer base, spanning from the USA to Europe and Asia, is a testament to its truly global footprint as a packaging films supplier. The competitive advantage in international markets has arisen from their ability to supply the best quality film in the fastest lead times; creating sustainable business and a strongly established image of reliability.

Adding another milestone to its illustrious history, IIL has established L/C for a new BoPET plant with Brückner Group, Germany, in current fiscal year. This new state-of-the-art 8.7-meter production line will have an annual output capacity of 36,000 tons, increasing overall BoPET capacity to 54,000 tons per annum. The new BoPET plant is expected to be operational by year 2020.

Malnutrition universally affects a population of over 840 million people in the world. Due to the dearth of adequate nutrition and overpopulation in Pakistan, stunting and wasting have become prevalent in children belonging to the lower socioeconomic class. Hence, as a socially responsible company, Ismail Industries Limited initiated the manufacturing of lipid-based nutritional products in 2010.

The availability of naturally abundant raw materials in Pakistan combined with the immense manufacturing experience of the company resulted in the creation of Ismail Nutrition division. The overwhelming success of these products in Pakistan encouraged Ismail Industries Limited to begin exporting to neighboring countries.

We are an approved supplier of UNICEF and WFP which are recipients of these vital nutritious aids. Responsible for making lipid-based nutritional food products for the underprivileged, Ismail Nutrition's manufacturing facility is currently capable of producing 75 metric tons per day. This facility carries the potential to save over 1.8 million lives in a year.

To serve humanity, Ismail Nutrition further aims to work for Pakistan, as well as other famine-stricken countries. The company continues to produce food that will fight malnutrition through the provision of precise nutrition required for the development of a child.

Annual Report 2019

Global Presence

Ismail Industries Ltd. is Pakistan's largest confectionery exporter, currently exporting to more than 40 countries around the globe including the USA, the UK, Canada, Australia, Europe, Far East, Middle East, Africa and the GCC.

IIL's international sales team is tuned to providing constructive support and a one-window operation to customers, ensuring IIL's consistent performance in the international market. The department is responsible for securing export orders and timely execution as per prescribed norms of quality, and is fully equipped with the knowledge of techniques applied in export planning, export operations, communication, and coordination with importers, intermediaries, and shipping lines.

In pursuit of the ongoing market expansion, IIL's international sales team has a year-round program of promotional activities for exporting products and services which includes participating in international trade fairs in different regions of the world. IIL constantly strives to address the needs and wants of international buyers and follows a consumer-oriented approach.

IIL's success over the last 25 years as Pakistan's premier exporter of confectionary has been made possible by providing its customers with a steady stream of premium quality of its products, supplemented by customer support and service. We look forward to enhancing our presence in the international arena and developing lasting relationships with new and existing buyers.

THE BEST INOVATIVE PRODUCT AT GULF FOOD DUBAI 2019

WINNER OF BEST INNOVATION AWARD AT YUMMEX 2018

5 Continents

50+ Countries

64+ Customers

Mission

Hudson Pharma's focus is to identify safe and efficacious treatments that address local patients' unmet needs across the globe. We identify treatments that are either unavailable or under-penetrated, often with innovative delivery methods or manufacturing processes that vastly improve both safety and attainability. 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.

International Expansion

Our first step is to identify geographies with similar customer habits, socioeconomic conditions, genealogy and market routes. We are continuously looking across the world for new markets to plant seeds for future growth. We are cognizant though, that the returns will be higher and execution risk lower in geographies where we already have a strong physical presence. Our aim is to use a balanced approach by always investing in long-term growth while making sure that our current competitiveness in existing markets is not hampered.

Operation

Our plant in Karachi, Pakistan, produce injectables, oral liquids, and respules in polyethylene containers using the innovative Blow-Fill-Seal (BFS) process. Our eye drops are manufactured using barrier isolation, which ensures a safer, and thus, superior end product. We have further extended our portfolio with the introduction of dry-powder inhalation (DPI) capsules filled through the microencapsulation process to ensure accurate dosing. Our firm also plans to launch a dermatology line in innovative lacquer-free packaging.

Our activities include developing, contract manufacturing, and marketing branded, generic and specialty drugs in the following therapeutic areas: respiratory products, vitamins, diluting agents, anti-inflammatories, anaesthetics, anti-infectives, anti-nauseants, anti-emetics, anti-ulcers, NSAIDs and ophthalmics.

Responsibility

Patients' Safety & Care Providers

Safety is our first priority. At every step, we make decisions and design processes with patient safety at the forefront to ensure that the end product we market is safe, efficacious, and effectively addresses patient and provider needs.

Employees

The welfare and morale of our employees are important factors to ensure that our team is singularly focused on the safety of both patients and other Hudson team members. We work diligently to promote a culture where creativity, innovation, teamwork, honesty, and productivity are rewarded irrespective of age, race, gender, seniority, ethnicity, background, or any other basis.

Business Partners

We take protecting the interests and reputation of our partners very seriously, as though they were our 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 that share Hudson's commitment toward environmental responsibility.

Hudson at Present

In the last year, our firm has achieved the momentous task of launching five innovative molecules that are considered first-line therapies across the world but were unavailable in Pakistan prior to our launch. These five products are Xaleve Injection for IV-infusion (Ibuprofen), Combihale Inhalation Solution (Ipratropium Bromide + Salbutamol), Levhale Inhalation Solution (Levalbuterol), Recuro Lubricant Eye Drops (Carboxymethylcellulose) and Teardrop Lubricant Eye Drops (PEG-PG with Sorbitol).

In the future, we pledge to identify molecules that address local patients' unmet needs across the globe. In developing markets, particularly, we look at efficacious molecules that are under-penetrated, often with new delivery methods or novel manufacturing processes that vastly improve both safety and attainability.

Our mission is simple. We are making game-changing drugs attainable and safer for the populations we serve.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting of **Ismail Industries Limited** will be held at Hotel Days Inn, Bushra Hall, 164, B.C.H.S. Shahra-e-Faisal, Karachi on Friday, October 25, 2019 at 12:00 noon to transact the following businesses.

Ordinary Businesses:

1. To confirm the minutes of the Annual General Meeting of the Company held on October 26, 2018.

2. To receive, consider, approve and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Directors' Report in English and Urdu Version and Auditors' Reports thereon.

3. To approve and declare the cash dividend @ 30% (Rs. 3.00 per share) on the ordinary shares of the Company as recommended by the Directors for the year ended June 30, 2019.

4. To appoint Auditors for the year ending June 30, 2020 and fix their remuneration. The Audit Committee of the Board has recommended the retiring auditors M/s. Grant Thornton Anjum Rahman, Chartered Accountants being eligible have offered themselves for re-appointment.

5. To elect seven (7) Directors of the Company as fixed by the Board of Directors in their meeting held on September 18, 2019 for a term of 3 (three) years commencing from October 26, 2019 in accordance with Section 159 of the Companies Act, 2017. The following present Directors retire and are eligible for re-election.

    1. Muhammad M. Ismail
    2. Maqsood Ismail
    3. Munsarim Saifullah
    4. Hamid Maqsood Ismail
    5. Ahmed Muhammad
    6. Farzana Muhammad
    7. Almas Maqsood
    8. Reema Ismail Ahmed
    9. Muhammad Zubair Motiwala

Special Businesses:

6. To consider and, if thought fit, pass with or without modification, the following special resolution under section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 for the purpose of approving further increase in the long-term equity investment in its associated / a subsidiary company M/s. Hudson Pharma (Private) Limited as approved by the shareholders in 30th Annual General Meeting of the Company from Rs. 500,000,000/- (Rupees: Five hundred million only) to Rs. 1,000,000,000/- (Rupees: One billion only) in order to meet its operational expenses/working capital requirements.

RESOLVED THAT pursuant to the requirements of section 199 of the Companies Act, 2017 further increase in the long-term equity investment in its associated / a subsidiary company M/s. Hudson Pharma (Private) Limited as approved by the shareholders in 30th Annual General Meeting of the Company from Rs. 500,000,000/- (Rupees: Five hundred million only) to Rs. 1,000,000,000/- (Rupees: One billion only) in order to meet its operational expenses/working capital requirements.

FURTHER RESOLVED THAT the Chief Executive Officer / Company Secretary be and is hereby authorized to do all acts to affect the Special Resolution for completion of all legal and necessary formalities with respect to the investment made under section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

7. To transact any other business with 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 an integral part hereof."

By order of the Board

Karachi: September 25, 2019

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 19, 2019 to October 25, 2019 (both days inclusive). Transfers received in order at the office of Share Registrar M/s. THK Associates (Pvt.) Ltd, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi, Phone # 021-111-000-322 (the Share Registrar) at the close of business on Thursday, October 18, 2019 will be considered in time to attend and vote at the meeting and payment of cash dividend, if approved by the Shareholders.

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. Proxy, in order 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 on dated: January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

3. Submission of the CNIC/NTN Details (Mandatory)

In accordance with the notification of the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend counters should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate entities are requested to submit the same to the Company's Share Registrar. In case of non-compliance, the Company shall withhold credit of dividend as per law.

4. Withholding Tax on Dividend

Pursuant to the provisions of Finance Act, 2019 effective July 1, 2019, the rates of deduction of income tax from dividend payment shall be made on the basis of following criteria:

(i) Rate of tax deduction for filer of income tax return 15%
(ii) 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, despite the fact that 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) According to clarification received from Federal Board of Revenue, Withholding Tax will be determined separately on 'Filer/Non-Filer' status of Principal Shareholder as well as Joint-holder(s) based on their shareholding proportions, in case of joint accounts. 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 our 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).

III) A valid Exemption Certificate under Section 159 of the Ordinance, 2001 is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the 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.

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 Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report. In case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company.

6. Transmission of Annual Report through e-mail.

We are pleased to inform shareholders that the Securities and Exchange Commission of Pakistan pursuant to SRO No. 787(I)/2014 dated September 08, 2014 permitted Companies to circulate their Annual Balance Sheet and Profit and Loss Accounts, Auditor's Report and Director 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 Audited Accounts and notices of annual general meeting by email, are requested to provide the complete Electronic Communication. However, the Company may provide hard copy of Annual Report to such members on their request, free of cost, within seven days of receipt of such request.

7. Transmission of Annual Report through CD:

The Company has circulated annual audited financial statements to its members through CD at their registered address. Printed copy of above referred statements can be provided to members upon request.

8. Unclaimed / Unpaid Entitlements

Shareholders who by any reason could not collect their dividends/bonus shares/others are advised to contact our Share Registrar to collect / enquire about their unclaimed dividends/bonus shares/others, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividends/bonus shares/others outstanding for a period of 3 years or more from the date due shall be deposited to the credit of Federal Government.

9. Statement of Material Facts

Under Section 166 (3) of the Companies Act, 2017
Ordinary Business
Item 5 – Election of Directors

The term of office of the existing Board of Directors of the Company will expire on October 25, 2019. In terms of section 159 (1) of the Companies Act, 2017 the directors have fixed the number of directors at seven (7) to be elected at the 31st Annual General Meeting for the period of three years commencing from the conclusion of the said AGM.

Any person who seeks to contest the election to the office of Director, shall file the following documents with the Company not later than fourteen (14) days before the date of Annual General Meeting.

a. Consent to act as Director of the Company along with consent on Form 28 prescribed under the Act.

b. A detailed profile along with office address as required under SECP SRO 634(1)2014 dated July 10, 2014

c. Declaration under Clause 3 of the Listed Companies (Code of Corporate Governance) Regulation, 2017

d. Declaration that he/she is not ineligible to become a Director in terms of Section 153 of the Act.

e. A member must hold 500 shares of the Company at the time of filing his/her consent to act as Director. The aforesaid requirement shall not be applicable for instances mentioned in the provision to Section 153(i) of the Act.

f. Independent Director(s) must meet the criteria laid down in Section 166 of the Act, and the Companies (Manner and Selection of Independent Directors) Regulation 2018, accordingly the following additional documents are to be submitted by the candidates intending to contest election of directors as independent director:

   i. Declaration by Independent Director(s) under Clause 6(2) of the Listed Companies (Code of Corporate Governance) Regulations 2017.

   ii. Undertaking on non-judicial stamp paper that he/she meet the requirement of sub-regulation (1) of the Regulation 4 of the Companies (Manner and Selection of Independent Director) Regulation, 2018.

10. Deposit of Physical Shares in to 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 Commission, within a period not exceeding four years from the commencement of this Act, i.e. May 30 2017.

The shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers 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.

11. E-Voting

Pursuant to the Companies (E-voting) Regulations, 2016, shareholders will be able to exercise their right to vote through e-voting by giving their consent in writing, at least 10 days before the date of the meeting to the Company on the appointment of Execution Officer by the intermediary as Proxy.

12. Postal Ballot

Pursuant to Companies (Postal Ballot) Regulations 2018, for the purpose of election of Director and for any other agenda item subject to the requirement of section 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.

13. Request for Video Conference Facility

In accordance with section 132(2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 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 availability of such facility in that city. To avail this facility, fill the request form reproduce below and submitted to 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 or video conference facility at ___________ city.

____

Signature of Member(s)
(Please affix Company stamp in case of Corporate entity)

STATEMENT 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 Friday, October 25, 2019 at 12:00 noon, at Hotel Days Inn, Bushra Hall, 164, B.C.H.S. Shahra-e-Faisal, Karachi, Pakistan, and sets out the material facts concerning the Special Business to be transacted at the Meeting.

Agenda # 6. Investment in subsidiary/an Associated Undertaking, Hudson Pharma (Private) Limited u/s. 199 of the Companies Act, 2017.

Set out below are the material facts concerning the Special Business to be transacted at the Annual General Meeting of Ismail Industries Limited to be held on Friday, October 25, 2019 and the required details of the increase in investment proposed to be made by the Company, in the associated Company, M/s. Hudson Pharma (Private) Limited.

<table>
<tr><td>1.</td><td>Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established.</td><td>Hudson Pharma (Private) Limited (HPL).

The associated company is a subsidiary of the Company.

The common directorship is as follows:
1) Mr. Hamid Maqsood Ismail
2) Mr. Ahmed Muhammad
3) Mr. Munsarim Saifullah</td></tr>
<tr><td>2.</td><td>Earnings per share of the associated company or associated undertaking for the last three years;</td><td>Loss per share:
2019 – Rs. 3.94 per share
2018 – Rs. 0.40 per share
2017 – Rs. 0.33 per share</td></tr>
<tr><td>3.</td><td>Break-up value of securities intended to be acquired on the basis of the latest audited financial statements;</td><td>Rs. 5.11/- per share.</td></tr>
<tr><td>4.</td><td>Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements for the year ended June 30, 2019.</td><td><table>
<tr><td colspan="2">Financial Position and Profit & Loss</td></tr>
<tr><td colspan="2">Year ended June 30, 2019</td></tr>
<tr><td></td><td>Rupees</td></tr>
<tr><td>Non-Current Assets</td><td>1,193,225,929</td></tr>
<tr><td>Total Assets</td><td>1,438,266,609</td></tr>
<tr><td>Equity – net</td><td>434,428,427</td></tr>
<tr><td>Advance against issue of shares</td><td>431,115,000</td></tr>
<tr><td>Non-Current Liabilities</td><td>356,395,205</td></tr>
<tr><td>Total Liabilities</td><td>572,723,182</td></tr>
<tr><td>Loss for the Year</td><td>335,298,599</td></tr>
</table></td></tr>
<tr><td>5.</td><td>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely;</td><td>Not Applicable</td></tr>
</table>

	(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 promotors, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	
6.	Maximum amount of investment to be made	Further increase in the long-term equity investment as approved by the shareholders in 30th Annual General Meeting of the Company from Rs. 500,000,000/- (Rupees: Five hundred million only) to Rs. 1,000,000,000/- (Rupees: One billion only).
7.	Purpose, benefits and period of investment	The Company made investment for its operation need. The Company expects to earn good return in the long run as a result of this long-term strategic investment.
8.	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:	Surplus funds of the Company. Not Applicable Not Applicable Not Applicable
9.	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	An equity investment by way of acquiring right shares which will be offered by Hudson Pharma (Private) Limited in financial year 2019-2020.
10.	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. Hamid Maqsood Ismail, Mr. Ahmed Muhammad and Mr. Munsarim Saifullah, the Directors of Ismail Industries Limited (the investing company) are also the Directors of Hudson Pharma (Private) Limited, however, they have no direct or indirect interest except to the extent of their shareholding in the investing company.

11.	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:	Company has already made an equity investment of Rs.605,984,000/- (Rupees Six hundred five million nine hundred eighty-four thousand only) by subscribing 60,598,400 Ordinary shares @ Rs.10/- each. The fair value has been worked out at Rs.44.91/- per share, as determined by M/s. Munaf Yusuf & Co., Chartered Accountants, on September 19, 2018.
12.	Any other important details necessary for the members to understand the transaction	Not Applicable
13.	Maximum price at which securities will be acquired.	Rs. 10/- per share
14.	In case the purchase price is higher than is market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	Not Applicable
15.	Maximum number of securities to be acquired.	100,000,000 Ordinary shares
16.	Number of securities and percentage thereof held before and after the proposed investment	Currently, the Company holds 60,598,400 after proposed investment it will hold 160,598,400 ordinary shares constituting 71.29%.
17.	Current and preceding twelve weeks weighted average market price where investment is proposed to be made in listed securities;	Not Applicable
18.	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. 44.91/- per share, as determined by M/s. Munaf Yusuf & Co., Chartered Accountants, on September 19, 2018. The valuation has been carried out using discounted cash flow method. The underlying 5 years projections were prepared by the management. The management is confident that it will be able to realize further business growth after getting the funds from the proposed right issue.

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

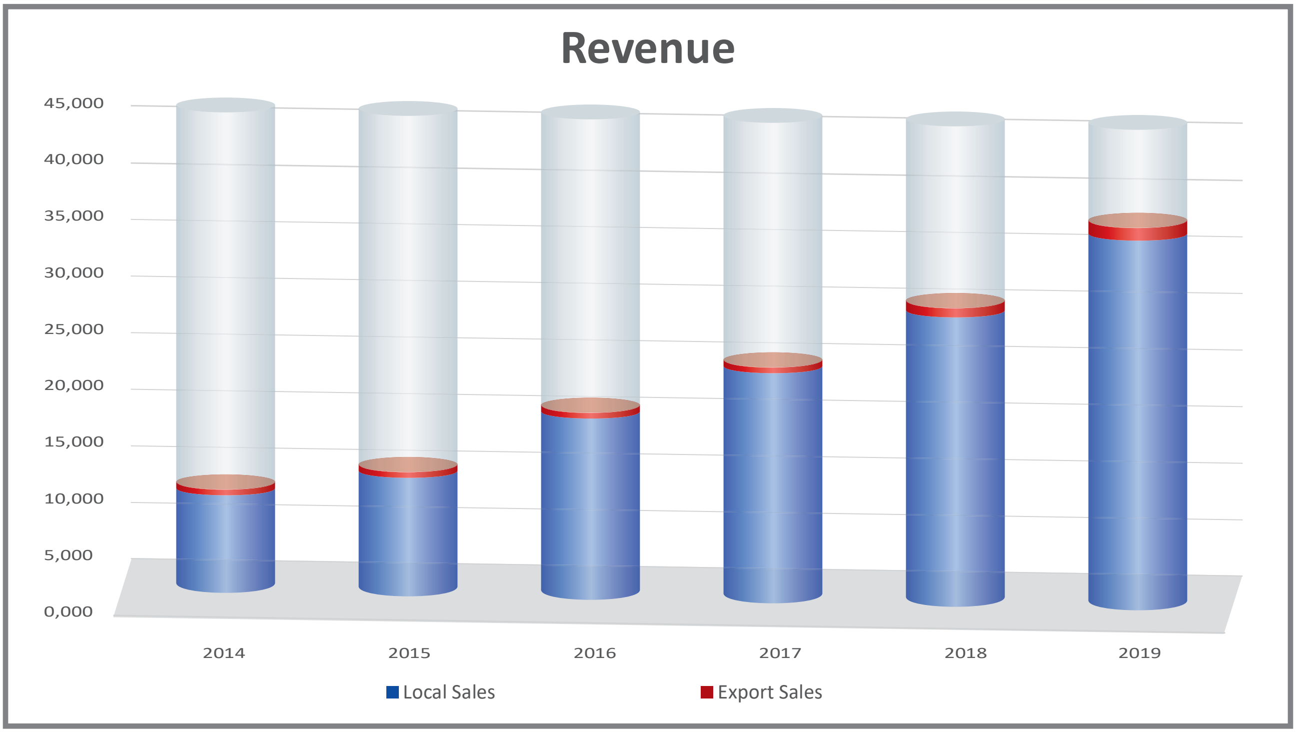
Name of the Investee Company	The Bank of Khyber
Total Amount approved	Rs. 1,000,000,000 (Rupees: One million only) was approved by members in Annual General Meeting on October 26, 2018.
Amount of investment made to date	Nil
Reason for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time	Investment in the Bank of Khyber shall be valid for three years effective from members approval.
Material change 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 the Bank of Khyber.

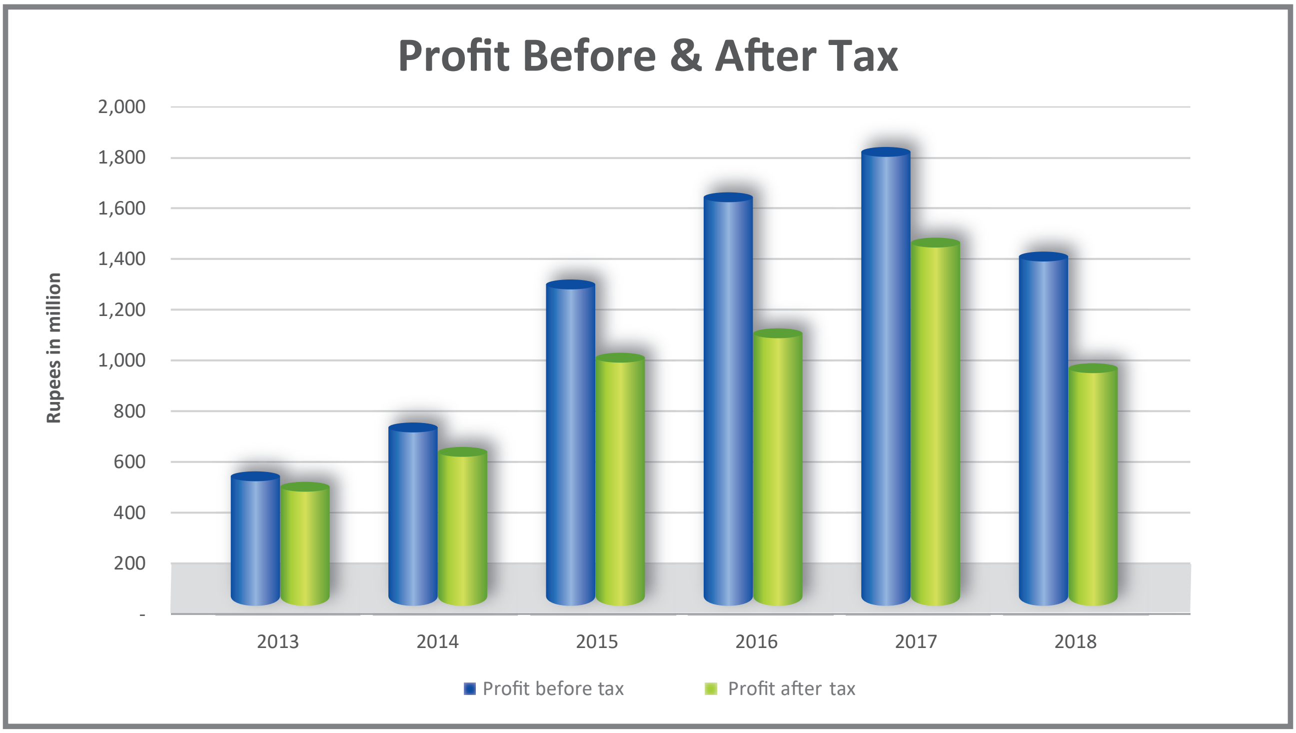
Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

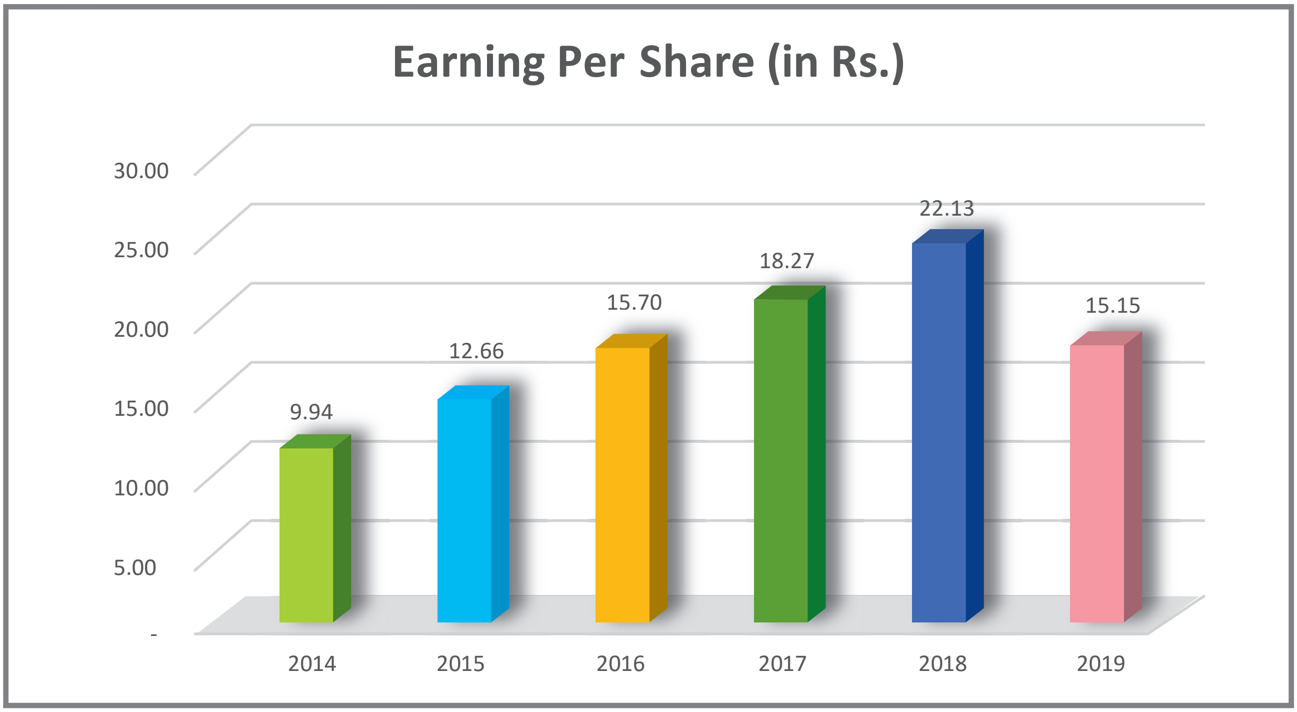
Name of the Investee Company	Hudson Pharma (Private) Limited
Total Amount approved	Rs. 500,000,000 (Rupees: Five hundred million only) was approved by members in Annual General Meeting on October 26, 2018.
Amount of investment made to date	Rs. 376,115,000/-
Reason for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time	There wasn't any specified timeline for Investment in Hudson Pharma (Private) Limited.
Material change 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 Hudson Pharma (Private) Limited.

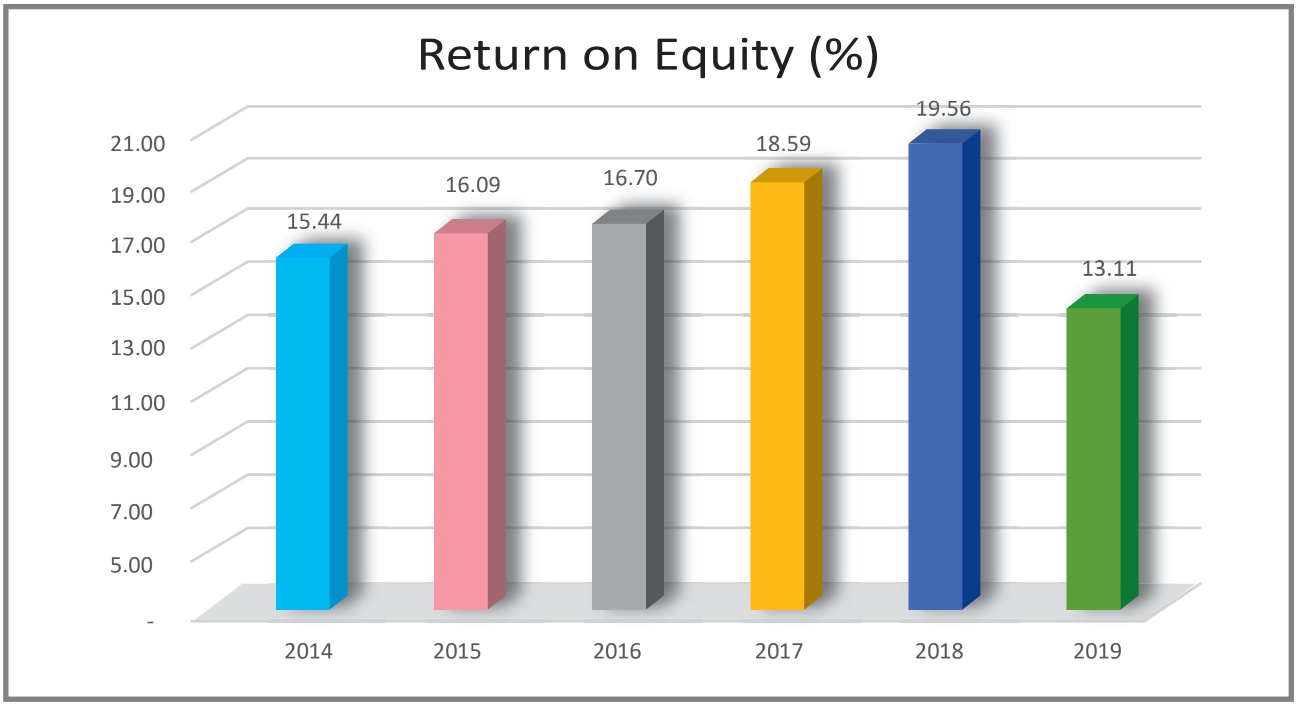
FINANCIAL AND STATISTICAL HIGHLIGHTS

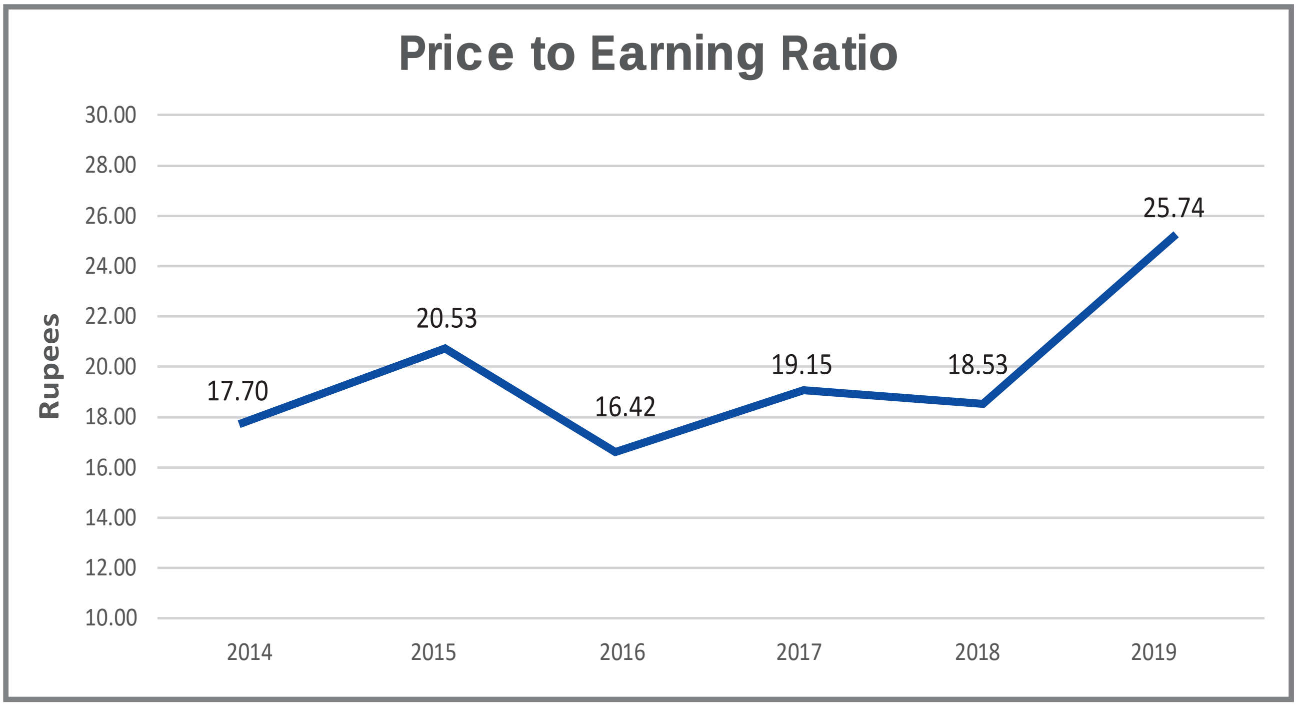
	2019	2018	2017	2016	2015	2014
Profit and Loss Account					(Rs. in millions)	
Sales - gross	37,011	29,971	24,295	20,004	14,317	12,533
Gross profit	6,354	5,361	3,721	3,109	2,476	2,136
Profit before tax	1,404	1,838	1,643	1,292	771	580
Taxation expense	437	426	477	291	131	77
Profit for the year	967	1,412	1,166	1,002	640	502
Balance Sheet					(Rs. in millions)	
Share holders' equity	7,374	7,220	6,272	5,999	3,975	3,253
Capital reserves	642	1,130	1,412	1,879	688	593
Unappropriated profit	6,095	5,426	4,198	3,482	2,782	2,155
Current liabilities	10,767	8,385	7,159	8,407	6,230	5,541
Total liabilities	19,590	15,852	15,967	14,605	10,301	8,346
Current assets	10,864	8,518	7,883	8,296	6,678	6,388
Total assets	26,964	23,072	22,239	20,604	14,276	11,599
Ratios						
Earning per share - basic & diluted (Rs.)	15.15	22.13	18.27	15.70	12.66	9.94
Break up value (Rs.)	115.58	113.16	98.29	94.02	78.68	64.39
Return on equity (%)	13.11	19.56	18.59	16.70	16.09	15.44
Price to earning ratio	25.74	18.53	19.15	16.42	20.53	17.70
Dividend payout (%)	30.00	45.00	27.50	65.00	60.00	22.50

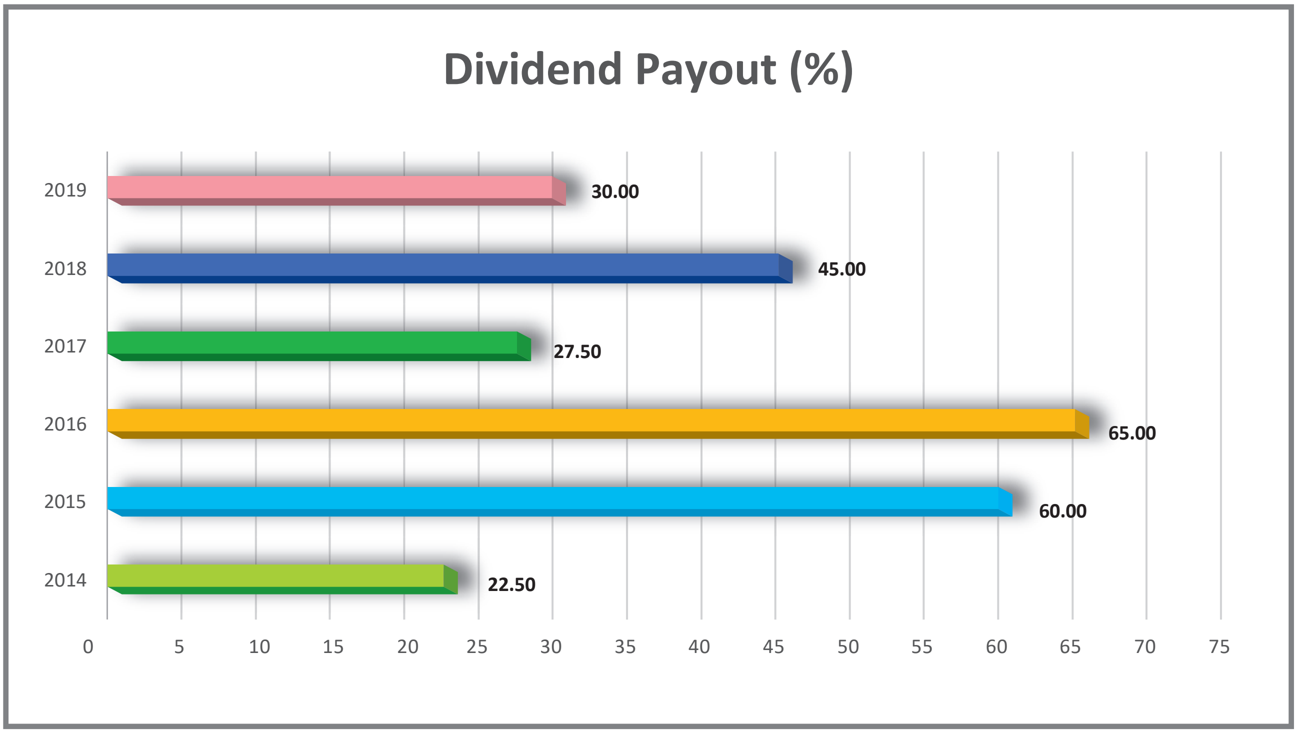

Revenue
45,000
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0,000
2014
2015
2016
2017
2018
2019
Local Sales
Export Sales


Profit Before & After Tax
Rupees in million
2,000
1,800
1,600
1,400
1,200
1,000
800
600
400
200
-
2013
2014
2015
2016
2017
2018
Profit before tax
Profit after tax


Earning Per Share (in Rs.)
30.00
25.00
20.00
15.00
10.00
5.00
-
9.94
12.66
15.70
18.27
22.13
15.15
2014
2015
2016
2017
2018
2019


Return on Equity (%)
21.00
19.00
17.00
15.00
13.00
11.00
9.00
7.00
5.00
-
15.44
16.09
16.70
18.59
19.56
13.11
2014
2015
2016
2017
2018
2019


Price to Earning Ratio
Rupees
30.00
28.00
26.00
24.00
22.00
20.00
18.00
16.00
14.00
12.00
10.00
17.70
20.53
16.42
19.15
18.53
25.74
2014
2015
2016
2017
2018
2019


Dividend Payout (%)
2019
2018
2017
2016
2015
2014
30.00
45.00
27.50
65.00
60.00
22.50
0
5
10
15
20
25
30
35
40
45
50
55
60
65
70
75

CHAIRMAN'S REVIEW REPORT

This year marked the 31st anniversary of our organization. Having started from humble beginnings, it has taken decades of perseverance & hard work to reach this milestone. Ismail Industries Limited is one the Pakistan's leading food and plastic films manufacturing company having turnover of more than Rs. 37 billion for the year under review.

In line with Company vision and mission, the focus of the Management Team remains on sound business plans and delivery of quality products for the overall success of the company. The company continuously enhancing its production capacities both in food and plastic segments for maximum market penetration and growing demand of our products.

EVALUATION OF BOARD'S PERFORMANCE:

The Board's role is instrumental in steering the Company forward in a challenging environment whilst discharging its statutory responsibilities for the benefit of all stakeholders. The Board has remained cognizant of its strategic role in achieving the Company's key objectives and enhancing the returns for all its stakeholders.

The Board evaluates its performance on annualize basis, along with its sub-committees in line with the overall performance of the Company. Following the Global best practices, Ismail Industries Limited has developed and successfully implemented a methodology for self-evaluation of the Board's performance as an entity on the basis of the following factors i.e. Board composition, leadership and planning, Board effectiveness, accountability, strategy and performance, organization risk management and ethical compliance.

Being Chairman of the Company, responsible for leading the Board, fostering a culture of openness and constructive debate during which all views are heard and ensuring that the Board hears from appropriate range of senior management and I also firmly committed for ensuring that the Company complies with all relevant rules and regulations.

AUDIT COMMITTEE:

The Company has an independent Internal Audit department, which believes in a risk-based audit methodology. Internal Audit reports are presented to the Board Audit Committee on a quarterly basis along with the areas of improvement for their review and onward implementation.

HUMAN RESOURCE AND REMUENRATION COMMITTEE:

The Human Resource & Remuneration Committee reviews the human resource architecture of the Company. Its aim is to assist the Board and guide the management in the formulation of the market driven HR policies regarding performance management, HR staffing, compensation and benefits.

FUTURE DIRECTION:

Looking ahead, the Company aims to further enhance its competitive position by expending manufacturing capabilities, strengthening research and development by leveraging its global expertise. The Board and management are focused on creating enduring value for all stakeholders through improved operational efficiencies, cost controls, portfolio diversification and leveraging strong customer relationships.

Muhammad M. Ismail
Chairman
Dated: 25 September 2019

چیئرمین کی جائزہ رپورٹ

اس سال ہمارے ادارے کے قیام کو 31 سال ہو چکے ہیں۔ اس کی ابتدا انتہائی محدود میں ہوا، لیکن کئی عشروں کی جدوجہد اور مستقل مزاجی کے بعد ہمیں یہ مقام حاصل ہوا۔ اسماعیل انڈسٹریز لمیٹڈ پاکستان میں غذائی مصنوعات اور پلاسٹک فلم تیار کرنے والی ایک بڑی کمپنی ہے جس کی سالانہ فروخت جائزہ سال کے دوران 37ارب روپے رہی۔

کمپنی کے نصب العین اور مقاصد کو مدنظر رکھتے ہوئے انتظامی ٹیم کی توجہ مضبوط کاروباری منصوبوں کی تشکیل اور معیاری مصنوعات کی ترسیل پر رہی جس کی وجہ سے کمپنی مجموعی طور پر کامیاب رہی۔ مارکیٹ میں مستحکم انداز میں قدم جمانے اور مصنوعات کی بڑھتی ہوئی طلب کو پورا کرنے کے لئے کمپنی تسلسل کے ساتھ اپنی غذائی اور پلاسٹک کے شعبوں کی پیداواری گنجائش میں اضافہ کر رہی ہے۔

بورڈ کی کارکردگی کی تشخیص

بورڈ کا کردار دشوار گزار ماحول میں کمپنی کو آگے کی جانب لے جانے کے ساتھ مستفیدان کے فائدے کے لئے اپنی آئینی ذمہ داریوں سے عہدہ برآں ہونے میں بنیادی کردار ادا کرتا ہے۔ بورڈ کمپنی کے بنیادی مقاصد کے حصول اور اپنے تمام مستفیدان کی منفعت بڑھانے میں کلیدی کردار ادا کرتا ہے۔

کمپنی کی مجموعی کارکردگی کو مدنظر رکھتے ہوئے بورڈ اپنی اور اپنی ذیلی کمیٹیوں کی کارکردگی کی تشخیص سالانہ بنیاد پر کرتا ہے۔ بہترین عالمی طور طریقوں کی پیروی کرتے ہوئے اسماعیل انڈسٹریز لمیٹڈ نے ایک ادارے کی حیثیت سے بورڈ کی از خود کارکردگی کی تشخیص کے لئے ایک ترویج شدہ اور کامیابی سے نافذ شدہ نظام قائم کیا گیا ہے جس میں درج ذیل عناصر جیسے کہ بورڈ کی تشکیل بندی، قیادت و منصوبہ بندی، بورڈ کی اثر پذیری، احتساب، حکمت عملی و کارکردگی، ادارے کو لاحق خطرات کا انتظام اور اخلاقی پاسداری شامل ہیں۔

کمپنی کے چیئرمین کی حیثیت سے میں بورڈ کی ایسی قیادت کا ذمہ دار ہوں جس سے آزادانہ ماحول اور تعمیری مباحثہ کی پرورش ہو جس میں تمام آراء کو سنا جائے اور اس بات کو یقینی بنایا جائے کہ بورڈ اعلیٰ انتظامیہ کو مناسب انداز میں سنے اور میں خود اس امر کو یقینی بنانے کے لئے کوشاں ہوں کہ کمپنی کے اندر تمام متعلقہ قوانین وضوابط کی پاسداری ہو۔

آڈٹ کمیٹی

کمپنی کا ایک آزاد اندرونی آڈٹ کا شعبہ ہے جو خطرات کی بنیاد پر آڈٹ کے طریقہ کار پر یقین رکھتا ہے۔ اندرونی آڈٹ کی رپورٹیں بورڈ کی آڈٹ کمیٹی کو سہ ماہی بنیاد پر پیش کی جاتی ہیں جن میں ان کے جائزہ اور مستقبل میں ان کے نفاذ کے لئے مختلف شعبہ جات میں بہتریوں کے لئے تجاویز دی جاتی ہیں۔

انسانی وسائل اور معاوضہ کمیٹی

انسانی وسائل اور معاوضہ کمیٹی کمپنی کے انسانی وسائل کے ڈھانچے کا جائزہ لیتی ہے۔ اس کا مقصد مارکیٹ سے متعلق HR کی پالیسیاں جیسے کہ انتظامیہ کی کارکردگی، HR کے تحت عملہ کی بھرتی، معاوضہ اور مراعات وغیرہ پر بورڈ کی مدد کرنا اور انتظامیہ کی رہنمائی کرنا شامل ہے۔

مستقبل کی سمت

آئندہ کے لئے کمپنی کا عزم ہے کہ اپنی مسابقتی پوزیشن میں مزید بہتری کے لئے پیداواری سہولیات میں توسیع کرے اور عالمی مہارت کے ذریعے تحقیق و ترویج کو مضبوط کرے۔ بورڈ اور انتظامیہ تمام مستفیدان کو بہتر منفعت فراہم کرنے کے لئے کاروباری استعداد میں بہتری، لاگت پر کنٹرول، مصنوعات میں تنوع اور گاہکوں کے ساتھ مضبوط تعلقات استوار کرنے کے لئے کوشاں ہے۔

محمد ایم اسماعیل

چیئرمین

مورخہ: 25 ستمبر 2019

DIRECTOR'S REVIEW REPORT

The Directors are pleased to present the annual audited financial results of the Company which include both, stand-alone and consolidated financial statements for the year ended June 30, 2019.

ECONOMIC OUTLOOK:

Pakistan's economy is undergoing radical structural reforms aimed at addressing the macroeconomic imbalances. The economic headwind has impacted the business at large and slowdown in economic activity resulting in lower demands. The year under review was too critical for the country's economy since substantial depreciation of PKR to US$, drastic hike in prices of basic utilities and discount rate increased by the State Bank of Pakistan made it difficult to take economic decisions freely.

Despite the broader macro-economic challenges and higher inflationary environment, the management remains focused on meeting the consumer expectations by offering quality and value-added products and managing cost pressure through value chain optimization initiatives and tighter controls on overhead. The Board has closely monitored the performance of the business in line with economic challenges with a focus to achieve continued improvement in productivity and efficiency while optimizing cost and processes to ensure sustained growth of the Company.

The guidance and timely decisions of the Board contributed immensely in steering the Company in the right direction. This resulted not only in achieving the desired targets, but it also helped the Company in creating new benchmarks, while maintaining its reputation for good governance and provision of steady returns to its shareholders.

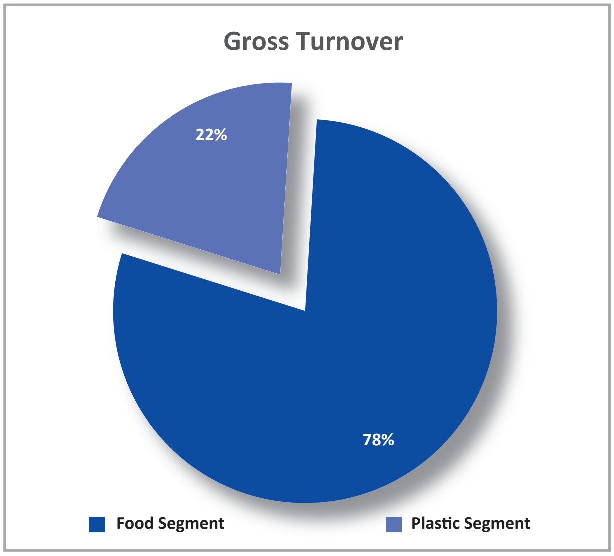
BUSINESS AND FINANCIAL PERFORMANCE:

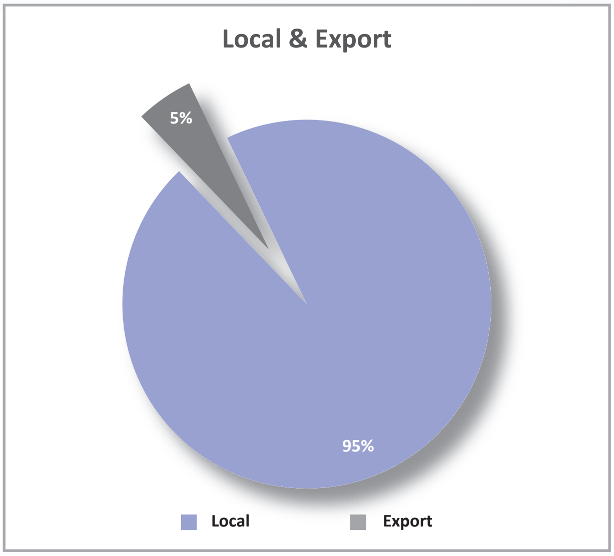
Though economic and political conditions were not conducive to business growth but during the year under review, the Company has achieved the remarkable revenue growth of 23% crossing the annual turnover mark by Rs. 37 billion. However, the operating profit was particularly impacted by higher input and energy costs. Profit after tax has been abated due to higher financing costs and lower share of profit from BOK as compared to the corresponding year. These factors substantially impact on our growth momentum in bottom line.

Despite the above facts, the company has maintained its leadership position in the ever-expanding portfolios because of a long and proud history of consumer trust and nation-wide presence. We have continually scanned the horizon, strived to identify new and emerging trends and focused on making necessary investments and adjustments to navigate them successfully.

Here is a snapshot of what we have accomplished over the past years:

Description	June-19	June-18	Change in %
	PKR in Million		
Gross Sales	37,011	29,971	23%
Net Sales	30,091	23,906	26%
Gross Profit	6,354	5,361	19%
Operating Profit	2,223	2,084	7%
Profit before tax	1,404	1,838	-24%
Profit after tax	967	1,412	-32%
Earnings per share – Rs.	15.15	22.13	-32%

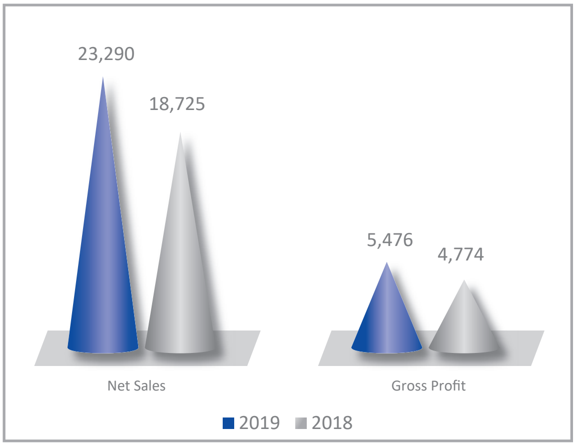




FOOD SEGMENT OPERATIONS:

Our portfolio is wonderfully architected, offering consumers a wide range of options from jellies, candies, chews, marshmallows and chocolates of Candyland to cookies, cakes and wafers of Bisconni and crunchy snacks of SnackCity. But what's uniform across our entire portfolio, what all our products hold in common, is that they're all premium quality and great tasting.

Food Segment's Performance
(Rs. In Million)



Candyland has been known to bring new product categories to the Pakistani Consumer. Our state-of-art facilities have enabled us to become one of the most technologically advanced and superior company within the industry. Candyland is currently the leader in confectionery manufacturing industry in Pakistan and continued to deliver the growth both in terms of baseline as well as with the new launches despite stiff competition in the industry.

The categories jellies, chocolate, candies, marshmallow and chew continue to grow and remain the mainstay of the business. This year was highlighted by product and category innovation with 13 new brand launches. Some of the most notable brand launches were Toss, Mello, Crown, dual flavored jelly, and chocolate truffles. At Candyland, we promise to uphold our values and continue to nurture our existing brand organically.

Bisconni is one of the market leaders in the cookies, wafers and biscuits categories with renowned brands of Cocomo, Chocolato, Chocolate Chip, Rite and Novita which has continuously led their respective market segment despite of strong competition. With the increasing demand in our renowned Cocomo and Novita, the company has continuously increasing its production capacity to capture and hold the market demand.

With a distribution coverage nationwide, Bisconni strives to become a household brand in Pakistan. Bisconni today, has grown to become a mark of trust and confidence for its consumer. Our vision is to keep innovating our current product portfolio by introducing new and value-added products for our consumers.

SnackCity's Kurleez has grown to become the market leader in the crinkle chips category. The Division has also successfully ventured into other categories. Chillz, our brand of potato sticks has also grown to become the market leader in its category while peanutz is successfully establishing itself as a prominent player in the market with increasing sales every year.

Nutritious Division has successfully fulfilled the requirements of Word Food Program being their approved supplier for liquid based nutritional products since 2010. These products are ready-to-use supplementary food which is continually showing strong growth. Ismail Industries Limited's Nutritious Division is the only Pakistani Company who have been in the approved supplier list of UNICEF.

The facility has been expanded too this year to provide for increasing business volume of these prestigious social agencies. Leading to satisfied customers and excellent market reputation, the Company shows the same dedication to quality and efficiency in these smaller operations that it does for the core business.

Our exports have also shown a considerable rising trend during the year under review with expansion of our export network into 6 continents, over 40 countries stretched from New Zealand and Australia in the South Western Pacific moving along to Middle East, Africa and to United States, Canada, Mexico and West Indies in the West.

We believe, the trust that our vast consumers and public have on us is our most prestigious asset and shall remain our key deriving factor that together make us a social family where we are committed to foresee their needs and address them in the most unique and distinctive ways with all the new zeal, portfolio and heartland brands.

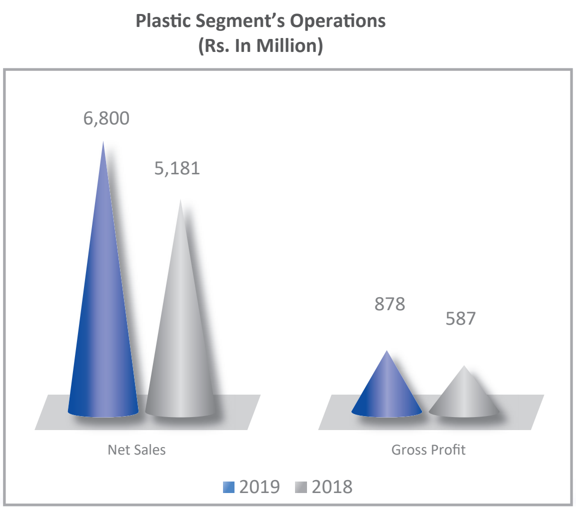
PLASTIC SEGMENT OPERATION:

We are currently living in a dynamic environment whereas business landscape is becoming very challenging day by day. Growth and stability are an important factor for the company to strive in this dynamic business environment. As the challenge of increasing competition across all categories intensifies, the Company focus on offering products based on assessed demands of our consumers.

Ismail Industries Limited's plastic films segment is the largest manufacturer of Packaging Films in Pakistan and an industry leader being the home of complete one window solution for packaging industry customers having pioneer of Italian Manufacturing facility for producing CPP and BOPET films.

In view of growing demand of BOPET Film in Pakistan and around the Globe, the Company in 2018 initiated expansion in their film production facilities with the aim of increasing production capacity by 36,000 tons per annum, thereby increasing its capacity from existing 18,000 tons to 54,000 tons per annum and total capacity of the division would become more than 70,000 tons per annum. Once the new plant comes online, the company will be able to export major portion of their produced films to USA, Europe, Middle East, South East Asia and the African Markets.

The company is committed to invest in R&D and manufacturing excellence to ensure that the final product meets customers' quality expectations. We are confident that the Company has the capability to sustain market challenges for positive results in the future.



HUDSON PHARMA (PRIVATE) LIMITED – SUBSIDIARY:

Hudson Pharma (Private) Limited is the state of art and most modern facility anywhere in Pakistan. Its focus is to identify safe and efficacious treatments that address local patient's unmet needs across the globe. We identify treatments that are either unavailable or under-penetrated, often with innovative delivery methods or manufacturing processes that vastly improve both safety and attainability. 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.

During the year, Hudson Pharma has launched five innovative molecules that are considered first-line therapies across the world but were unavailable in Pakistan prior to our launch. These five products are Xaleve Injection for IV-Infusion (ibuprofen), Combi hale Inhalation Solution (ipratropium bromide + salbutamol), Levhale Inhalation Solution (levalbuterol), Recuro Lubricant Eye Drops (carboxymethylcellulose) and Teardrop Lubricant Eye Drops (PEG-PG with sorbitol).

We aim to provide health institutions with more sterile injectable materials which are easier to administer as compared to other forms of dosage.

BANK OF KHYBER - ASSOCIATES:

The Bank of Khyber (BOK) investments adds a unique diversification to our investment's portfolio. BOK's investment availed healthy returns in preceding years and add value to the company's overall profitability. During the year under review, the Company has recorded the return on investment amounting to Rs. 45 million compared to Rs. 393 million in corresponding year mainly attributed by recognizing a mark to market loss on securities by the BOK, that has a substantial impact on our growth momentum in bottom line of the year.

RESEARCH AND DEVELOPMENT (R&D):

We feel that research and development activities are the backbone for attaining sustainability in growth. Efforts are already underway to reduce process and material losses by continuous improvement in testing and processing methodology, not only to increase plant efficiency but also maximize customer satisfaction.

RISK MANAGEMENT FRAMEWORK:

The ability to effectively identify, evaluate and manage risks is a vital element of success for all parts of the business. At Ismail Industries Limited, risk management occurs at the Functional, Business and Corporate levels to provide a three-dimensional view of risk. The responsibility of overseeing the risk management processes, including risk management and internal control procedures, lies with the Board of Directors.

The Company's risk management processes are designed to safeguard the assets and address possible risks to businesses, including the impacts on its continuity. These documented processes are subject to regular review and any identified risks which could potentially affect the achievement of strategic, operational, financial and/or compliance objectives are promptly reported to the Board and senior management for addressing them to take timely action where needed in order to ensure that the Company's operations are continue smoothly. The snapshot of Risk Management Framework is depicted below:

CORPORATE GOVERANCE AND COMPLIANCE:

At Ismail Industries Limited good corporate governance is one of the most fundamental cornerstones of operations. The Company has a long history of adherence to high standards of ethical practices, and it continues to uphold these standards going forward.

The corporate governance structure of the Company is based on the Articles of Association as well as statutory, regulatory and other compliance requirements applicable to companies listed on the Pakistan Stock Exchange (PSX) and the same is complemented by several internal procedures including a risk assessment and control system, as well as a system of assurance on compliance with the applicable laws, regulations and the Company's Code of Conduct.

INTERNAL CONTROL FRAMEWORK:

The Board has established a system of internal control and formulated policies for ensuring efficient conduct of its business, safeguarding the Company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The Board Audit Committee reviews the system of internal control is sound in design for ensuring the achievement of the Company's objectives, operational effectiveness, efficiency, reliable financial reporting and compliance with Laws and Regulations. The Committee also reviews the quarterly Internal Audit Reports.

OUR PEOPLE:

The Company attributes its success to its human capital and its quality. It strives to attract, develop and retain the best talent available, providing career growth opportunities through a system of skill development, motivation and rewards. Aspiring to be an "Employer of Choice", we are committed to providing a safe, collaborative and high-performance workplace to our employees.

We believe that our people are our most valuable assets. Empowering employees with meaningful roles, challenging assignments and world class learning platforms, has paved the way for a more purpose driven organization. Honest conversations, coaching and mentoring continue to equip our people to grow and drive the business.

We need our employees to believe in us and therefore we assess ourselves through employee engagement survey which measures their overall satisfaction levels of being part of the Company. In addition, regular interactive sessions are held to maintain motivational level and eliminate alienation within the team.

DIVERSITY:

Diversity and inclusion remain at the heart of our business. Our female employees form an integral part of our workforce and perform a variety of challenging roles across different functions in the Company. As part of our inclusive business agenda, we are also driving recruitment efforts for differently abled individuals in the organization.

INFORMATION TECHNOLOGY SYSTEMS:

Technology plays an integral role in every industry today, helping companies improve business processes, achieve cost efficiencies, drive revenue growth and maintain a competitive advantage in the marketplace. The Company continually embraces innovation and technology to help and become more agile, maintain its leadership position and achieve sustainable success.

The Corporate IT team aims to drive change and act as an integral business enabler, ensuring visibility and compliance through innovative and sustainable information solutions, and by embracing the best infrastructure and technology.

CREDIT RATING:

During the year under review, Pakistan Credit Rating Agency (PACRA) has maintained the Company Rating as (A) in long term and (A-1) in short term which represents high credit quality and a low expectation of credit risk i.e. strong capacity for timely payments of financial instruments.

CSR AND ENVIRONMENT FOOTPRINTS:

With increasing strains on natural resources, and the increasing importance, governments are placing on protecting our planet, our environmental footprints need to be advantageous for society having utilized the natural resources with enough efficiency. Being one of the leading manufacturers in Pakistan, we are committed to provide high quality healthy food products which are produced in highly maintained environment.

Ismail Industries Limited held a tree plantation activity in collaboration with the IBA Go Green Society as part of its recent drive to plant one million trees across Pakistan. The Company also has taken it upon itself to make an effort towards the living conditions of the people in underprivileged area and installed Water Filtration Plant and RO (Reverse Osmosis) Plant in Azam Basti, Akhtar Colony and Mehmoodabad to provide them clean drinking water.

The Company is engaged in various health-oriented activities including Blood Donation Drive in co-ordination with various hospitals. We are an active donor to Indus Hospital for creating a wing for cancer treatment and giving donations to Aga Khan University Hospital. In addition, the Company evolve the "Child Education Program" and has sponsored school "Ismail Academy" and "Khadija Girls College" in under privileged area of Korangi in co-operation with Al-Mustafa Welfare Society.

TRANSACTIONS WITH RELATED PARTIES:

The transactions between the related parties were made at arm's length prices, determined in accordance with the comparable uncontrolled prices method. The Company has fully complied with the best practices of the Code of Corporate Governance with reference to such transactions.

COMPLIANCE WITH THE CODE OF COROPORATE GOVERNANCE:

The Company is committed to compliance with the high standards and best practices of Corporate Governance. The Board of Directors is pleased to confirm that the Company fulfils its responsibility for compliance to financial reporting and corporate governance framework under the Listed Companies (Code of Corporate Governance), 2017 and the Companies Act, 2017 and states that:

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
  IFRSs, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance.

COMPOSITION OF THE BOARD:

The Board of Directors of the Company consists of:

Total Number of Directors	
Male	6
Female	3

Composition of the Board	
Independent Director	1
Non-executive Directors	5
Executive Directors	3

MEMBERS OF THE BOARD & ATTENDANCE:

During the year, there was no change among the 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	5/5
Mr. Maqsood Ismail	4/5
Mr. Munsarim Saifullah	5/5
Mr. Hamid Maqsood Ismail	5/5
Mr. Ahmed Muhammad	5/5
Ms. Farzana Muhammad	4/5
Ms. Almas Maqsood	4/5
Ms. Reema Ismail Ahmed	4/5
Mr. M. Zubair Motiwala	5/5

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

AUDIT COMMITTEE:

Members	Status
Mr. M. Zubair Motiwala	Chairman
Mr. Muhammad M. Ismail	Member
Mr. Maqsood Ismail	Member
Ms. Almas Maqsood	Member
Ms. Reema Ismail Ahmed	Member

HUMAN RESOURCE COMMITTEE:

Members	Status
Mr. M. Zubair Motiwala	Chairman
Mr. Maqsood Ismail	Member
Mr. Munsarim Saifullah	Member
Ms. Farzana Muhammad	Member

DIRECTORS' REMUNERATION

The remuneration and other benefits of the Board Members are approved by the Board itself. However, in accordance with Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Non-Executive Directors are not paid any remuneration in accordance with the remuneration policy of the Company.

PATTERN OF SHAREHOLDING:

A statement of the general pattern of shareholding along with pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework and the statement of purchase and sale of shares by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses including minor children during the year is shown later in this report.

EARNINGS PER SHARE:

The Earnings Per Share of Ismail Industries Limited for the year ended June 30, 2019 is Rs. 15.15.

DIVIDEND:

The Directors of the Company are pleased to recommend a cash dividend @ 30% (Rs. 3 per share) which will be paid to the shareholders whose names appear on the shareholders register at the start of "Closed Period' for the Annual General Meeting.

AUDITORS:

The present auditor's M/s Grant Thornton Anjum Rahman, Chartered Accountants retired and being eligible, have offered themselves for reappointment for the new financial year.

As recommended by the Audit Committee, the Board has approved the proposal to appoint M/s. Grant Thornton Anjum Rahman, Chartered Accountants as the statutory auditors of the Company, subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company.

FUTURE OUTLOOK:

We continue to have a positive outlook on the long-term potential growth of the business; however, we do foresee certain headwinds in the periods ahead in the form of higher inflation and input costs which might have an impact on the future results. The Company remains fully committed towards managing these challenges and delivering sustainable profitable growth based on capitalizing of strong brands and operational excellence with continuous mindset.

We believe that our dedicated and focused efforts will allow us to provide better value to meet consumers' everyday needs and deliver profitable growth for the benefit of all stakeholders.

ACKNOWLEDGEMENT:

The results of the Company reflect the unrelenting commitment and contribution of its people, and the trust placed in the Company by its customers, suppliers, service providers and shareholders. The Company acknowledges and thanks all stakeholders for the confidence reposed in it

Munsarim Saifullah	**Maqsood Ismail**
Chief Executive Officer	Director

Karachi: September 25, 2019

اعتراف

کمپنی کے نتائج ہمارے لوگوں کی انتھک محنت اور تعاون اور ہمارے صارفین، سپلائرز، سروس فراہم کنندگان اور حصص یافتگان کے کمپنی پر اعتماد کی عکاسی کرتے ہیں۔ کمپنی اس بات کا اعتراف کرتی ہے اور تمام مستفیدان کے اعتماد پر ان کی مشکور ہے۔

منصرم سیف اللہ	چیف ایگزیکٹو آفیسر
مقصود اسماعیل	ڈائریکٹر

کراچی: 25 ستمبر 2019

ڈائریکٹران کا معاوضہ

بورڈ کے ممبران کا معاوضہ اور دیگر مراعات بورڈ از خود منظور کرتا ہے۔ تاہم ادارتی نظم وضبط کے ضابطہ کے تحت اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے سے متعلق فیصلے میں شریک نہ ہو۔ کمپنی کی معاوضہ پالیسی کے تحت کسی بھی نان ایگزیکٹو ڈائریکٹر کو کوئی معاوضہ ادا نہیں کیا جاتا۔

حصص داری کی ساخت

حصص داری کی عمومی ساخت کے ساتھ حصص یافتگان کی مخصوص درجہ بندیوں پر مشتمل ایک گوشوارہ شامل کیا گیا ہے جسے منکشف کرنا رپورٹنگ فریم ورک کے تحت ضروری ہے اور ڈائریکٹران، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے شریک حیات بشمول چھوٹے بچوں کی سال کے دوران کمپنی کے حصص میں خرید وفروخت سے متعلق گوشوارہ بھی اس رپورٹ میں آگے منسلک کیا گیا ہے۔

فی حصص منافع

سال مختتمہ 30 جون 2019 کو اسماعیل انڈسٹریز لمیٹڈ کا فی حصص منافع 15.15 روپے رہا۔

منافع منقسمہ

کمپنی کے ڈائریکٹران 30 فیصد (یعنی 3 روپے فی حصص) کے حساب سے نقد منافع منقسمہ کی سفارش کرتے ہوئے اظہار مسرت کرتے ہیں جسے ان حصص یافتگان کو ادا کیا جائے گا جن کے نام سالانہ اجلاس عام کے لئے ''بندش کی مدت'' کے آغاز سے قبل حصص یافتگان کے رجسٹر میں موجود ہونگے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز گرانٹ تھورنٹن انجم رحمان چارٹرڈ اکاؤنٹنٹس سبکدوش ہوچکے ہیں اور اہلیت کے باعث انہوں نے نئے مالیاتی سال کے لئے اپنی دوبارہ تقرری کی پیشکش کی ہے۔

آڈٹ کمیٹی کی سفارش پر بورڈ نے میسرز گرانٹ تھورنٹن انجم رحمان چارٹرڈ اکاؤنٹنٹس کی کمپنی کے آئینی آڈیٹرز کی حیثیت سے تقرری کی تجویز کو منظور کرلیا ہے جس کی منظوری کمپنی کے آنے والے اجلاس عام میں حصص یافتگان سے لی جائے گی۔

مستقبل کی پیش بینی

ہم تسلسل کے ساتھ کمپنی کی طویل مدتی امکانی نمو کی مثبت پیش بندی برقرار رکھیں گے، تاہم ہم آنے والی مدت میں کچھ مخصوص خدشات دیکھ رہے ہیں جن میں بلند افراط زر اور خام مال کی بلند لاگتیں مستقبل کے نتائج پر اثرات ڈال سکتی ہیں۔ کمپنی مکمل طور پر ان چیلنجز سے مقابلہ کے لئے تیار ہے اور مضبوط برانڈز میں سرمایہ کاری اور کاروباری برتری کے عزم کے ساتھ پائیدار منافع بخش نمو کی ترسیل کے لئے کوشاں ہے۔

ہمیں یقین ہے کہ ہماری مرتکز اور مخلصانہ کوششوں سے ہم صارفین کی روزمرہ ضروریات کو بہتر انداز میں پورا کریں گے اور مستفیدان کے مفاد کے لئے انہیں منافع بخش نمو فراہم کریں گے۔

- کمپنی کے چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک وشبہ نہیں ہے۔
- ادارتی نظم وضبط کے بہترین طور طریقوں سے کوئی بھی قابل ذکر انحراف نہیں کیا گیا ہے۔

بورڈ کی تشکیل بندی

کمپنی کا بورڈ آف ڈائریکٹرز درج ذیل پر مشتمل ہے:

ڈائریکٹران کی کل تعداد

مرد	6
خواتین	3

بورڈ کی تشکیل بندی

آزاد ڈائریکٹر	1
نان ایگزیکٹو ڈائریکٹران	5
ایگزیکٹو ڈائریکٹران	3

بورڈ کے ممبران اور ان کی حاضری

سال کے دوران بورڈ کے ممبران میں کوئی تبدیلی نہیں ہوئی جن کے نام اور اجلاسوں میں ان کی حاضری درج ذیل ہے:

ڈائریکٹران کے نام	حاضر اجلاسوں کی تعداد
جناب محمد ایم اسماعیل	5/5
جناب مقصود اسماعیل	4/5
جناب منصرم سیف اللہ	5/5
جناب حامد مقصود اسماعیل	5/5
جناب احمد محمد	5/5
محترمہ فرزانہ محمد	4/5
محترمہ الماس مقصود	4/5
محترمہ ریما اسماعیل احمد	4/5
جناب ایم زبیر موتی والا	5/5

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

آڈٹ کمیٹی

ممبر	عہدہ
جناب ایم زبیر موتی والا	چیئرمین
جناب محمد ایم اسماعیل	ممبر
جناب مقصود اسماعیل	ممبر
محترمہ الماس مقصود	ممبر
محترمہ ریما اسماعیل احمد	ممبر

انسانی وسائل کمیٹی

ممبران	عہدہ
جناب ایم زبیر موتی والا	چیئرمین
جناب مقصود اسماعیل	ممبر
جناب منصرم سیف اللہ	ممبر
محترمہ فرزانہ محمد	ممبر

CSR اور ماحولیاتی پیشقدمیاں

قدرتی وسائل کی بڑھتی ہوئی قلت اور اہمیت کے پیش نظر، حکومتیں اس بات پر توجہ مرکوز کررہی ہیں کہ ہمارا کرۂ ارض محفوظ رہے، ہماری ماحولیاتی فضا معاشرے کے لئے فائدہ مند ہونے کے ساتھ قدرتی وسائل سے بہتر انداز میں استفادہ کیا جائے۔ پاکستان میں ایک بڑے پیداواری ادارے کی حیثیت سے ہم صحت مند غذائی مصنوعات کی پیداوار کے ساتھ اعلیٰ معیاری ماحول کو برقرار رکھنے کے لئے کوشاں ہیں۔

اسماعیل انڈسٹریز لمیٹڈ نے آئی بی اے گوگرین سوسائٹی کے اشتراک سے پاکستان بھر میں 10 لاکھ درخت لگانے کی حالیہ مہم کے تحت شجرکاری کی سرگرمی انجام دی ہے۔ کمپنی نے اپنے طور پر پسماندہ علاقوں جیسے اعظم بستی، اختر کالونی اور محمود آباد میں واٹر فلٹریشن پلانٹ اور RO (ریورس اوسموسز) کی تنصیب کے ذریعے یہاں کے لوگوں کو صاف پینے کا پانی فراہم کرکے ان کی طرز زندگی بہتر بنانے کی کوشش کی ہے۔

کمپنی نے مختلف اسپتالوں کے تعاون سے مختلف طبی بشمول خون کے عطیات جیسی سرگرمیاں منعقد کیں۔ ہم انڈس ہاسپٹل کے متحرک عطیہ کنندہ ہیں جس میں کینسر کے لئے علاج کے لئے ایک ونگ قائم کیا گیا ہے اور آغا خان یونیورسٹی کو عطیات دیئے گئے ہیں۔ اس کے علاوہ کمپنی نے ''بچوں کے تعلیمی پروگرام'' منعقد کئے ہیں اور المصطفیٰ ویلفیئر سوسائٹی کے اشتراک سے کورنگی کے پسماندہ علاقہ میں ''اسماعیل اکیڈمی'' اور ''خدیجہ گرلز کالج'' کی سرپرستی کررہی ہے۔

ملحقہ پارٹیوں کے ساتھ سودے

ملحقہ پارٹیوں کے ساتھ سودے عمومی طریقہ کار کے تحت نسبتاً غیر منضبط شدہ قیمتوں پر انجام پائے۔ کمپنی نے ان سودوں کی انجام دہی سے متعلق مکمل طور پر ادارتی نظم و ضبط کے بہترین طور طریقوں کی پاسداری کی ہے۔

ادارتی نظم و ضبط کے ضابطہ کی پاسداری

کمپنی ادارتی نظم وضبط کے بہترین طور طریقوں اور اعلیٰ معیارات کی پاسداری کے لئے کوشاں ہے۔ بورڈ آف ڈائریکٹرز بخوشی اس بات کی تصدیق کرتا ہے کہ کمپنی نے لسٹڈ کمپنی (کوڈ آف کارپوریٹ گورننس) 2017 اور کمپنیز ایکٹ 2017 کے تحت مالیاتی رپورٹنگ اور ادارتی رپورٹنگ پاسداری سے متعلق اپنی ذمہ داریوں کو پورا کیا اور بیان کرتی ہے کہ:

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔
- کمپنی میں حسابات کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔
- درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران کو ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
- مالیاتی گوشواروں کی تیاری کے دوران IFRS جو پاکستان میں لاگو ہیں، ان کو ملحوظ خاطر رکھا گیا ہے۔
- اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔

ہمارے لوگ

کمپنی اپنی کامیابی کو اپنے انسانی سرمائے اور اس کی ترقی سے منسوب کرتی ہے- کمپنی بہترین دستیاب صلاحیتوں کو کشش کرنے، ترویج دینے اور روکنے کے لئے کوشاں ہے جس کے تحت ملازمت میں ترقی کے مواقع فراہم کرنے کے لئے ایک مہارتی ترقی، ترغیب اور انعامات سے نوازنے کا ایک نظام قائم کیا گیا ہے- ایک بہترین ''پسندیدہ آجر'' بننے کے لئے ہم اپنے تمام ملازمین کو محفوظ، معاون اور اعلیٰ کارکردگی کی حامل کام کی جگہ فراہم کرنے کے لئے کوشاں ہیں- ہم اس بات پر یقین رکھتے ہیں کہ لوگ سب سے زیادہ قابل قدر سرمایہ ہیں- ملازمین کو معنی خیز کردار کے اختیارات دیتے ہوئے، دشوار گزار کام سونپتے ہوئے اور دنیا کا بہترین پلیٹ فارم بنتے ہوئے ہم نے ادارے کے مقاصد کی سمت میں راہ ہموار کی ہے- دیانت داری کے ساتھ گفت وشنید، رہنمائی اور سکھانے کے عمل سے ہمارے لوگوں کو ترقی دی جاتی ہے اور کاروبار کو آگے بڑھایا جاتا ہے-

ہم چاہتے ہیں کہ ہمارے ملازمین ہم پر اعتماد کریں اور اسی لئے ہم نے اپنی تشخیص کے لئے ملازمین کی ملازمت سے متعلق سروے کے ذریعے کمپنی کے ملازم کی حیثیت سے ان کی مجموعی طمانیت کی سطح کی پیائش کی ہے- اس کے علاوہ باقاعدگی کے ساتھ باہمی تعامل کی نشستیں ترغیبی سطح کو برقرار رکھنے اور ٹیم کے ساتھ بیگانگی کو دور کرنے کے لئے منعقد کی جاتی ہیں-

تنوع:

تنوع اور شمولیت ہمارے کاروبار کا مرکزی حصہ ہے- ہماری خواتین ملازمین ہمارے مزدور طبقے کا لازمی حصہ ہیں اور کمپنی بھر کے مختلف افعال میں کئی ایک دشوار گزار ذمہ داریاں انجام دے رہی ہیں- ہماری شمولیت کے کاروباری ایجنڈے کے تحت ہم مختلف قابلیتوں کے حامل افراد کو ادارے میں بھرتی کر رہے ہیں-

انفارمیشن ٹیکنالوجی کا نظام

یہ ٹیکنالوجی آج کی صنعت میں ایک لازمی کردار ادا کرتی ہے جو کہ کمپنیوں کو کاروباری طریق عمل میں بہتری، لاگتوں میں کمی، فروخت میں اضافہ اور مارکیٹ میں ایک مسابقتی برتری فراہم کرتی ہے- کمپنی تسلسل کے ساتھ جدت اور ٹیکنالوجی کو اختیار کر رہی ہے تا کہ اسے مزید برتری کے حصول میں مدد حاصل ہو، اپنی قائدانہ پوزیشن برقرار رکھ سکے اور پائیدار کامیابی حاصل کر سکے-

کارپوریٹ آئی ٹی ٹیم کا عزم ہے کہ تبدیلی لائے اور کاروبار کرنے کے لئے لازمی حصہ بنے جس سے تجریدی اور پائیدار معلوماتی حل کے ذریعے لچک پذیری اور پاسداری حاصل ہوں اور بہترین ڈھانچہ اور ٹیکنالوجی کا معیار قائم ہو-

کریڈٹ ریٹنگ

جائزہ سال کے دوران، پاکستان کریڈنگ ریٹنگ ایجنسی (PACRA) نے کمپنی کی طویل مدتی ریٹنگ کو بطور (A) اور قلیل مدتی کو بطور (A-1) برقرار رکھا ہے جس سے قرض ادا کرنے کی بلند صلاحیت اور کم قرضہ جاتی خطرے کے امکانات یعنی مالیاتی واجبات کی بروقت ادائیگی کی مضبوط صلاحیت کی عکاسی ہوتی ہے-

خطرات کے انتظام کے طریق عمل کی نگرانی بشمول خطرات کا انتظام اوراندرونی گرفت کے نظام کی ذمہ داری بورڈ آف ڈائریکٹرز کی ہوتی ہے۔

کمپنی کے خطرات کے انتظام کے طریقہ کاراس طرح ترتیب دیئے گئے ہیں کہ وہ اثاثوں کی حفاظت کرسکیں اور کاروبار سے ملحقہ ممکنہ خطرات بشمول جاری افعال پر اثرات کا بھی ازالہ ہوسکے۔ ان دستاویزی طریق عمل کا باقاعدگی سے جائزہ لیا جاتا ہے اورکوئی بھی شناخت شدہ خطرہ جوکہ امکانی طور پر کمپنی کے کلیدی، کاروباری، مالیاتی اور/ یا دیگر پراثرات ڈالے اسے فوری طور پر بورڈ اوراعلیٰ انتظامیہ کی جانب بروقت کارروائی کے لئے رپورٹ کیا جاتا ہے تاکہ کمپنی کے تمام افعال بلارکاوٹ تسلسل کے ساتھ جاری رہیں۔ خطرات کے انتظام کے نظام کی ایک مختصراً جھلکی درج ذیل میں پیش کی گئی ہے:

ادارتی نظم و ضبط اور پاسداری

اسماعیل انڈسٹریز لمیٹڈ میں اچھا ادارتی نظم وضبط ہمارے کاروباری افعال میں بنیادی اہمیت کا حامل ہے۔ کمپنی کی اخلاقی طورطریقوں کے اعلیٰ معیارات پرعمل پیرا ہونے کی طویل تاریخ ہے اورتسلسل کے ساتھ مستقبل میں بھی ان معیارات پرعمل جاری رہے گا۔

کمپنی کا ادارتی نظم وضبط کا ڈھانچہ آرٹیکلز آف ایسوسی ایشن کے ساتھ پاکستان اسٹاک ایکسچینج کی لسٹڈ کمپنیوں پر لاگودستوری، اور دیگر ضابطوں کی پاسداری کی بنیاد پر ہے اوراس سے کچھ ادارتی طریقہ کار بشمول خطرات کی تشخیص اور کنٹرول کے نظام کی تائید کے ساتھ ساتھ ایک ایسا نظام موجود ہے جس کے تحت لاگوقوانین،ضوابط اور کمپنی کے ضابطہ اخلاق کی پاسداری کویقینی بنایا جاتا ہے۔

اندرونی گرفت کا نظام

بورڈ نے اندرونی گرفت کا ایک نظام قائم کیا ہے اور ایسی پالیسیاں تشکیل دی ہیں جن سے مستعد انداز میں کاروبار چلایاجاسکے، کمپنی کے اثاثوں کی حفاظت ہو، دھوکہ دہی اور اغلاط کا سراغ اوران سے بچا جاسکے، اکاؤنٹنگ کے ریکارڈ میں جامعیت اوردرستگی کویقینی بنایا جاسکے اور بروقت قابل اعتماد مالیاتی معلومات حاصل ہوں۔

بورڈ کی آڈٹ کمیٹی نے اندرونی گرفت کے نظام کا جائزہ لیتے ہوئے اسے مضبوط قرار دیا ہے جوکہ کمپنی کے مقاصد، کاروباری اثر پذیری، استعداد، قابل اعتماد مالیاتی رپورٹنگ اورقوانین وضوابط کی پاسداری کو یقینی بناتا ہے۔ کمیٹی سہ ماہی بنیاد پر اندرونی آڈٹ رپورٹوں کا جائزہ لیتی ہے۔

ہڈسن فارما (پرائیویٹ) لمیٹڈ - ذیلی کمپنی

ہڈسن فارما (پرائیویٹ) لمیٹڈ پاکستان کی انتہائی جدید اور شاندار پیداواری سہولت ہے- اس کی توجہ محفوظ اور پُراثر علاج کی نشاندہی کرنا ہے تاکہ دنیا بھر میں مقامی مریضوں کی ضروری طلب کو پورا کیا جا سکے- ہم ایسے علاج کی نشاندہی کرتے ہیں جو کہ یا تو دستیاب ہی نہیں ہیں یا ابھی حال میں نئے متعارف کرائے گئے ہیں جس میں تجریدی ترسیلی پیداواری طریقہ کار شامل ہے جس سے بڑے پیمانے پر تحفظ و رسائی حاصل ہوتی ہے- ہم نے کامیابی کے ساتھ اپنے مقاصد کی بنیاد پر قابل بھروسہ اور بار بار استعمال ہونے والے طریقہ عمل ترویج کئے ہیں اور ان میں سال بہ سال نکھار پیدا کیا ہے-

سال کے دوران ہڈسن فارما نے پانچ تجریدی سالمے متعارف کروائے ہیں جنہیں دنیا بھر میں صف اول کا علاج سمجھا جاتا ہے جو کہ ان کے متعارف ہونے سے پہلے پاکستان میں دستیاب نہیں تھے- ان پانچ مصنوعات میں Xaleve انجکشن برائے IV - انفیوشن، کمبائی ہیل اہیلیشن سولیشن (ابراٹروپیم بروما ئیڈ + سالبیوٹامول)، Levhale اِنہیلیشن سولیشون (لیوابیوٹرول)، ریکیورو لبریکنٹ آئی ڈراپس (کاروبوکسی میتھائل سیلیو لوز) اور ٹیئر ڈراپ لبریکینٹ آئی ڈراپس (PEG-PG بمع سوربی ٹول) شامل ہیں-

ہمارا عزم ہے کہ طبی سہولیات کے اداروں کو جراثیموں سے پاک قابل دخول مواد فراہم کیا جائے جسے دوائیوں کی دیگر اقسام کی بہ نسبت استعمال کرنا آسان ہو-

بینک آف خیبر - ملحقہ کمپنی

بینک آف خیبر (BOK) کی سرمایہ کاریاں ہمارے سرمایہ کاریوں کے پورٹ فولیو میں امتیازی تنوع فراہم کرتی ہیں- BOK کی سرمایہ کاری سے گزشتہ سالوں میں منافع بخش منفعت حاصل ہوئی اور اس سے کمپنی کی مجموعی منافع کاری میں اضافہ ہوا- جائزہ سال کے دوران کمپنی کی سرمایہ کاریوں پر منافع کم ہو کر 45 ملین روپے رہ گیا جبکہ گزشتہ سال 393 ملین روپے تھا جس کی بنیادی وجہ BOK کی جانب سے حصص کی بازاری مالیت پر خسارہ کو بک کرنا تھا جس کی وجہ سے سال کے دوران بنیادی سطح سے نمو پر اثرات مرتب ہوئے-

تحقیق و ترویج (R&D)

ہم سمجھتے ہیں کہ تحقیق و ترویج کی سرگرمیاں نمو میں پائیداری کے لئے ریڑھ کی ہڈی کی حیثیت رکھتی ہیں- تسلسل کے ساتھ آزمائش اور طریقہ عمل کے نظام میں مختلف طریق عمل میں کمی اور خام مال کے زیاں کو کم کرنے کی کوششیں پہلے سے جاری و ساری ہیں، اس سے نہ صرف پلانٹ کی استعداد میں اضافہ ہوتا ہے بلکہ صارفین کے اعتماد میں اضافہ ہوتا ہے-

خطرات کے انتظام کا نظام

خطرات کی موثر انداز میں نشاندہی، تشخیص اور انتظام کی صلاحیت کاروبار کے تمام شعبوں کے لئے بنیادی اہمیت کی حامل ہے- اسماعیل انڈسٹریز لمیٹڈ میں اہم خطرات کا انتظام افعال، کاروبار اور ادارتی سطح پر کیا جاتا ہے تاکہ خطرات کا تین پہلوؤں سے جائزہ لیا جا سکے-

ہمیں یقین ہے کہ ہمارے وسیع صارفین اور گاہکوں کا ہمارے اوپر اعتماد ہمارا ایک انتہائی قیمتی اثاثہ ہے اور یہ ہمارے لئے آگے بڑھنے کا ایک عنصر ہے اور رہے گا جس کے نتیجے میں ہم ایک سماجی خاندان بن گئے ہیں جس کے لئے وہ ہماری طرف اپنی ضروریات کے لئے دیکھ رہے ہیں اور ہم ان کے ازالے کے لئے ہم انتہائی امتیازی اور بے مثال انداز میں نئے عزم، پورٹ فولیو اور دل کو چھو جانے والے برانڈ پیش کرتے ہیں۔

پلاسٹک کے شعبہ کے افعال

اس وقت ہم ایک ایسے بدلتے ہوئے ماحول میں رہ رہے ہیں جہاں پر کاروبار کرنا دن بدن مشکل ہوتا جا رہا ہے۔ نمو اور استحکام ہماری کمپنی کے لئے اہم عناصر ہیں جس سے ہم اس بدلتے ہوئے کاروباری ماحول میں زندہ رہ سکتے ہیں۔ تمام مصنوعات کی اقسام میں مسابقت بڑھ رہی ہے لہذا کمپنی کی توجہ ہمارے صارفین کی تشخیص شدہ طلب کی بنیاد پر نمایاں اور بہتر انداز میں نئی اور دل کو چھونے والی مصنوعات فراہم کرنے پر مرکوز ہے۔

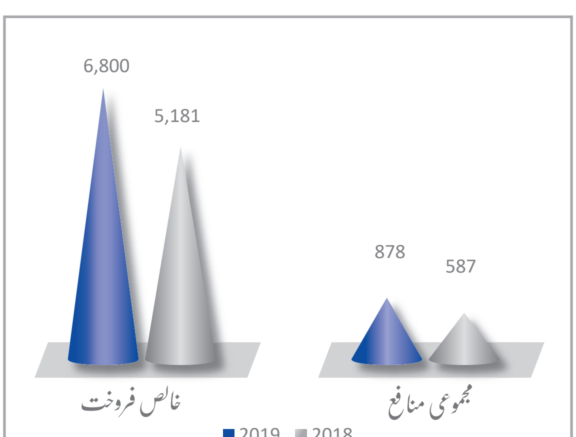
اسماعیل انڈسٹریز لمیٹڈ کا پلاسٹک فلم کا شعبہ پاکستان میں پیکیجنگ فلمز بنانے والا سب سے بڑا ادارہ ہے اور مارکیٹ میں قائدانہ حیثیت رکھتے ہوئے مکمل طور پر ایک چھت کے نیچے پیکیجنگ کسٹمرز کیلئے ہر قسم کے حل پیش کرتا ہے، جس نے CPP اور BOPET فلموں کی تیاری کے لئے اٹلی سے درآمد شدہ پیداواری سہولت قائم کر کے سبقت حاصل کر لی ہے۔

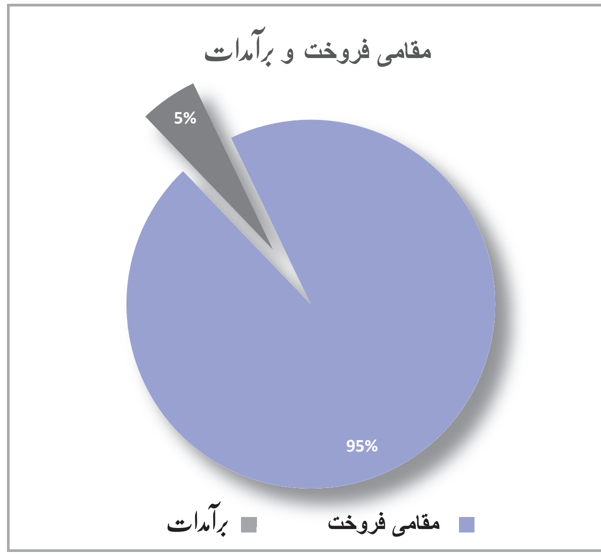
پاکستان اور دنیا بھر میں BOPET فلم کی بڑھتی ہوئی طلب کو مدنظر رکھتے ہوئے کمپنی نے 2018 میں اپنی فلم کی پیداواری سہولیات میں توسیع کا آغاز کر دیا ہے جس کے تحت پیداواری گنجائش میں 36,000 ٹن سالانہ اضافہ ہو جائے گا یعنی موجودہ 18,000 ٹن کی پیداواری گنجائش کو 54,000 ہزار ٹن تک بڑھا دیا جائے گا اور اس طرح اس ڈویژن کی کل پیداواری گنجائش 70,000 ٹن سالانہ سے بھی زیادہ ہو جائے گی۔ جیسے ہی نیا پلانٹ پیداوار شروع کر دے گا تو پھر کمپنی اس کی پیداشدہ فلموں کا بڑا حصہ یو ایس اے، یورپ، مشرق وسطیٰ، جنوب مشرقی ایشیا اور افریقی مارکیٹوں میں برآمد کرنے کے قابل ہو جائے گی۔

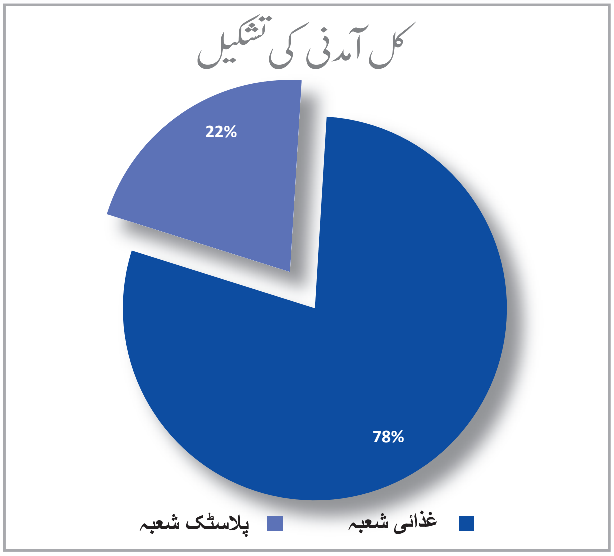
کمپنی تسلسل کے ساتھ اپنی R&D اور پیدواری برتری میں سرمایہ کاری کے لئے کوشاں ہیں تاکہ حتمی مصنوعات صارفین کی توقعات پر پورا اتر سکیں۔

پلاسٹک کے شعبے کے کاروباری نتائج

روپے ملین میں







ملک بھر میں وسیع تقسیمی نیٹ ورک کے ذریعے بسکونی پاکستان کے ہر گھر کا برانڈ بن گیا- آج بسکونی اپنے صارفین کے لئے اعتماد اور بھروسے کی علامت کے طور پر ابھرا ہے- ہمارا مقصد اپنی مصنوعات کے پورٹ فولیو میں مسلسل جدت کے ساتھ اپنے صارفین کو نئی اور بیش قیمت مصنوعات فراہم کرنا ہے-

اسنیک سٹی کریزبل دار چپس کی اقسام میں قائدانہ حیثیت کا حامل ہے- یہ شعبہ کامیابی کے ساتھ دیگر دوسری اقسام میں داخل ہو چکا ہے- چلز، پوٹیٹو اسٹکس میں ہمارا برانڈ ہے جو کہ اپنی اقسام کی مصنوعات پر سبقت حاصل کر چکا ہے جبکہ پی نٹز اپنی ہر سال بڑھتی ہوئی فروخت کی وجہ سے کامیابی کے ساتھ مارکیٹ کا اہم کھلاڑی بنتا جا رہا ہے-

غذائیت کے شعبے نے ورلڈ فوڈ پروگرام کی ضروریات پر پورا اترتے ہوئے کامیابی کے ساتھ سن 2010 سے اس کی مائع غذائیت سے بھرپور مصنوعات کا منظور شدہ سپلائر بن چکا ہے- یہ مصنوعات تیار حالت میں ضمنی غذائیت فراہم کرتی ہیں جس میں تیزی کے لئے مستحکم نمو ہو رہی ہے- اسماعیل انڈسٹریز لمیٹڈ نیوٹریشس ڈویژن پاکستان کی واحد کمپنی ہے جسے UNICEF نے اپنے منظور شدہ سپلائرز کی فہرست میں شامل کیا ہے-

ان معزز سماجی اداروں کی بڑھتی ہوئی کاروباری طلب کو پورا کرنے کے لئے اس کی پیداواری سہولیات میں توسیع کی گئی ہے- مطمئن صارفین اور مارکیٹ میں شاندار ساکھ کی وجہ یہ ہے کہ کمپنی نے اس چھوٹے پیداواری شعبہ میں وہی معیار اور استعداد دکھائی ہے جو کہ اپنے دیگر بنیادی کاروبار میں دکھاتی ہے-

ہماری برآمدات میں جائزہ سال کے دوران اضافہ کا رجحان رہا جس میں ہمارا برآمدی نیٹ ورک چھ براعظموں تک پھیل گیا جس میں جنوب مغربی پیسفک کے نیوزی اور آسٹریلیا سے لے کر مشرق وسطی، افریقہ اور یونائیٹڈ اسٹیٹس، کینیڈا، میکسیکو اور ویسٹ انڈیز جیسے 40 سے زائد ممالک شامل ہیں-

کامیابی کے ساتھ درست سمت میں لے گئے۔

گزشتہ سال اور جائزہ سال دونوں کی مالیاتی جھلکیاں درج ذیل ہیں:

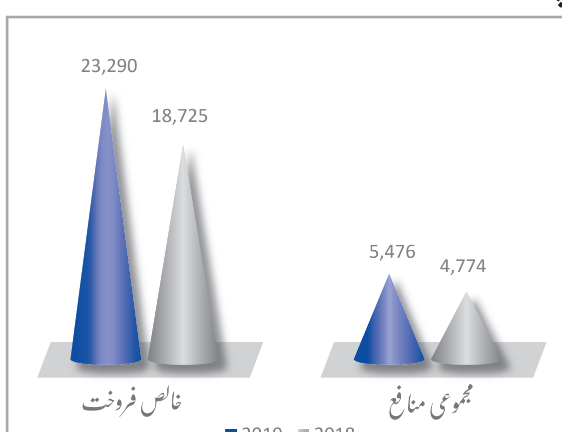
تفصیل	جون 2019	جون 2018	تبدیلی (شرح فیصد)
	روپے ملین میں		
خام فروخت	37,011	29,971	23%
خالص فروخت	30,091	23,906	26%
خام منافع	6,354	5,361	19%
کاروباری منافع	2,223	2,084	7%
منافع قبل از ٹیکس	1,404	1,838	-24%
منافع بعد از ٹیکس	967	1,412	-32%
فی حصص منافع (روپے)	15.15	22.13	-32%

غذائی شعبے کے افعال

ہمارا پورٹ فولیو حیرت انگیز طور پر ترتیب شدہ ہے جس میں صارفین کو کینڈی لینڈ کی جیلیوں، کینڈیز، چیوز، مارش میلوز اور کی چاکلیٹ سے لے کر بسکونی کی کوکیز، کیکس اور ویفرز اور اسنیک سٹی کے خستہ اسنیکس کی وسیع اقسام فراہم کی گئی ہیں۔لیکن ہماری تمام مصنوعات میں ایک چیز یکساں ہے اور وہ ہے اعلیٰ معیار اور بہترین ذائقہ۔

غذائی شعبے کی کارکردگی

روپے ملین میں



کینڈی لینڈ پاکستانی صارفین کو مصنوعات کی نئی اقسام فراہم کرنے کے حوالے سے بہت مشہور ہے۔ہماری شاندار پیدواری سہولیات کے بل بوتے پر ہم اپنی صنعت کے اندر ایک انتہائی جدید ٹیکنالوجی کی حامل اعلیٰ ترین کمپنی بن گئے ہیں۔کینڈی لینڈ اس وقت پاکستان میں میٹھی اشیاء کی تیاری کی صنعت میں قائدانہ مقام رکھتی ہے اور یہ صنعت میں سخت مسابقت کے باجود تسلسل کے ساتھ بنیادی نمو کے ساتھ ساتھ نئی منصوعات متعارف کروا رہی ہے۔

مصنوعات کی ان اقسام میں جیلیاں، چاکلیٹ، کینڈیاں، مارش میلوز اور چیو وغیرہ میں تسلسل کے ساتھ نمو ہو رہی ہے اور جو کہ ہمارے کاروبار کا بنیادی حصہ ہیں۔اس سال کمپنی 13 نئے برانڈ میں جدت کی حامل اقسام اور مصنوعات فراہم کرنے کے لحاظ سے نمایاں رہی۔ چند بہت زیادہ مقبول مصنوعات میں ٹاس، میلو، کراؤن، ڈبل ذائقہ کی

حامل جیلی اور چاکلیٹ ٹرفلز شامل ہیں۔کینڈی لینڈ میں ہم اپنی اقدار کی پاسداری کے لئے پرعزم ہیں اور تسلسل کے ساتھ اپنے موجودہ برانڈ کو نامیاتی اجزاء کی غذائیت سے بھر رہے ہیں۔

بسکونی کوکیز، ویفرز اور بسکٹوں کی اقسام میں ایک قائدانہ حیثیت رکھتا ہے جس کے مشہور زمانہ برانڈز کوکومو، چوکولیٹو، چوکلیٹ چپس، رائٹ اور نوویٹا مسلسل متحکم مسابقت کے ساتھ متعلقہ صنعت میں چھائے رہے۔ ہمارے مشہور زمانہ برانڈ کوکومو اور نوویٹا کی بڑھتی ہوئی مقبولیت کو مدنظر رکھتے ہوئے کمپنی نے تسلسل کے ساتھ اپنی پیداواری گنجائش میں اضافہ کیا جس کے نتیجے میں ہم مارکیٹ کی طلب کو پورا کرنے اور برقرار رکھنے کے قابل ہو گئے۔

کمپنی کے معاملات پر
ڈائریکٹران کی جائزہ رپورٹ

ڈائریکٹران کمپنی کے آڈٹ شدہ مالیاتی نتائج بشمول تنہا اور مجموعی مالیاتی گوشوارے برائے مختتمہ مدت 30 جون 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

معاشی منظر نامہ

پاکستان کی معیشت عدم توازن کے ازالے کے لئے ڈھانچے میں اصلاحات کے دور سے گزر رہی ہے۔ معاشی جھٹکوں کی وجہ سے کاروبار پر بڑے پیمانے پر اثرات مرتب ہوئے اور معاشی سرگرمی میں سست روی کی وجہ سے طلب میں کمی آئی۔ جائزہ سال ملک کی معیشت کے لئے انتہائی دشوار گزار رہا کیونکہ یو ایس ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی، بنیادی سہولیات کے نرخوں میں بڑے پیمانے پر اضافہ اور اسٹیٹ بینک آف پاکستان کے رعایتی نرخ میں اضافہ کی وجہ سے آزاد معاشی فیصلے کرنا مشکل ہو گئے۔

بڑے معاشی چیلنجز اور بلند افراط زر کے ماحول کے باوجود انتظامیہ کسٹمرز کی توقعات پر پورا اترنے میں کامیاب رہی جس کے تحت معیاری اور بہترین مصنوعات پیش کی گئیں اور لاگتوں کو کنٹرول کرنے کے سخت اقدامات کئے گئے۔ بورڈ باریک بینی کے ساتھ کاروباری کارکردگی کی نگرانی کر رہا ہے جس میں معاشی چیلنجز کے ساتھ پیداوار میں تسلسل کے ساتھ ساتھ طریق عمل میں بہتری اور لاگتوں میں کمی شامل ہے تاکہ کمپنی کی پائیدار نمو کو یقینی بنایا جا سکے۔

بورڈ کے بروقت فیصلوں اور رہنمائی نے وسیع معنوں میں کمپنی کی درست سمت میں معاونت کی۔ جس کے نتیجے میں نہ صرف طے شدہ اہداف حاصل ہوئے بلکہ اس سے کمپنی کو نئے بینچ مارک قائم کرنے کے ساتھ اچھی نظم وضبط کی حامل ساکھ حاصل ہوئی اور حصص یافتگان کو بہترین منفعت کی فراہمی میں مدد ملی۔

کاروباری اور مالیاتی کارکردگی

اگرچہ کہ معاشی اور سیاسی صورتحال کاروباری نمو کے لئے سازگار نہیں تھی لیکن جائزہ سال کے دوران کمپنی کی فروخت میں قابل ذکر اضافہ ہوا جس سے سالانہ فروخت 23 فیصد اضافہ کے ساتھ 37 بلین روپے کی بلند ترین سطح تک پہنچ گئیں۔ تاہم کاروباری منافع پر خاص طور سے خام مال اور توانائی کی بلند لاگتوں کی وجہ سے اثرات مرتب ہوئے۔ بعد از ٹیکس منافع میں کمی ہوئی جس کی وجہ بلند مالیاتی لاگتیں اور گزشتہ سال کی بہ نسبت BOK کے منافع کا کم حصہ تھا۔ ان عناصر نے بنیادی سطح سے ہی ہماری نمو پر قابل ذکر اثرات مرتب کئے۔

مندرجہ بالا حقائق کے باوجود، کمپنی نے صارفین کے اعتماد کی طویل اور فخریہ تاریخ کے ساتھ مصنوعات کے بڑھتا ہوا پورٹ فولیو فراہم کرتے ہوئے ملکی سطح پر اپنا قائدانہ کردار برقرار رکھنا۔ ہم تسلسل کے ساتھ افق پر چھائے رہے، نئے اور ابھرتے ہوئے رجحانات کی نشاندہی کے لئے جدوجہد کی اور نا گزیر سرمایہ کاریوں پر توجہ مرکوز رکھی اور انہیں

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of Company: **Ismail Industries Limited**
Year ended: **June 30, 2019**

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

1. The total number of directors are 9 as per the following:

   a. Male: 6
   b. Female: 3

2. The composition of board is as follows:

Category	Names
Independent Director	Mr. Muhammad Zubair Motiwala
Executive Directors	Mr. Munsarim Saifullah Mr. Hamid Maqsood Ismail Mr. Ahmed Muhammad
Non-Executive Directors	Mr. Muhammad M. Ismail Mr. Maqsood Ismail Ahmed Ms. Farzana Muhammad Ms. Almas Maqsood Ms. Reema Ismail Ahmed

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

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

9. Three Directors were granted exemption by the Securities and Exchange Commission of Pakistan from the Certification requirement under the Listed Companies Code of Corporate Governance Regulations, 2017. Three Directors have already attended the Directors' training course. The remaining Directors are planned to attend the Directors' training course within the time limit as allowed under the Listed Companies Code of Corporate Governance Regulations, 2017.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. However, the new Head of Internal Audit appointed on March 27, 2019 who has qualification of Chartered Accountancy from the Institute of Chartered Accountants of Pakistan and have more than 6 years' experience of assessment of business and audit risk.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

Committees	**Members**
a) Audit Committee	Mr. Muhammad Zubair Motiwala (Chairman) Mr. Muhammad M. Ismail (Member) Mr. Maqsood Ismail Ahmed (Member) Ms. Almas Maqsood (Member) Ms. Reema Ismail Ahmed (Member)
b) Human Resource & Remuneration Committee	Mr. Muhammad Zubair Motiwala (Chairman) Mr. Maqsood Ismail Ahmed (Member) Mr. Munsarim Saifullah (Member) Ms. Farzana Muhammad (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 (quarterly/half yearly/ yearly) of the committees were as per following:

    a) Audit Committee 4
    b) HR and Remuneration Committee 2

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 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 (the ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. 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.

18. We confirm that all other requirements of the Regulations have been complied with.

MUHAMMAD M. ISMAIL
Chairman

MUNSARIM SAIFULLAH
Chief Executive Officer

Karachi: September 25, 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ismail Industries Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Ismail Industries Limited (the Company) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 Regulations as applicable to the Company for the year ended June 30, 2019.

Dated: September 25, 2019
Karachi

Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Khalid Aziz
Engagement Partner

UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of 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, 2019, 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 significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the 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, 2019 and of the profit and other comprehensive loss, 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 Matters

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 are the Key Audit Matters:

S. No. Key Audit Matters

S. No.	Key Audit Matters	How the matters were addressed in our audit
1.	**Valuation of Stock-in-Trade** As at June 30, 2019 the Company's total stock-in-trade balance amounting to Rs. 5.111 billion as disclosed in note 12 represents 47.05% of the total current assets of the Company. The value of 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. 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. 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.	In response to this matter, our audit procedures included the following: • Reviewed the management procedures for evaluating the NRV of stock-in-trade, observed physical counts at major locations to ascertain the condition and existence of stock-in -trade, and performed a test on a sample of items to assess the NRV of the stock-in-trade held. • 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 obsolesce. • Tested the NRV of the stock-in-trade held by preforming a review of sales close to and subsequent to reporting date and compared with the cost for a sample of products. • Assessed the adequacy of the disclosures on stock-in-trade in these unconsolidated financial statements.

S. No. Key Audit Matters

2. First time adoption of IFRS 9 – Financial Instruments

As referred in note 6 to the unconsolidated financial statements, the Company has adopted IFRS 9 with effect from July 01, 2018. The new standard requires the Company to make provision for financial assets using expected credit loss (ECL) approach as against Incurred Loss Model previously applied by the Company.

Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.

We have considered the first time application of IFRS 9 requirements as a key matters due to significance of the change in accounting methodology and involvement of estimates and judgement in this regard.

How the matters were addressed in our audit

As part of our audit, we have performed the following audit procedures:

- Reviewed the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates.

- Assessed the integrity and quality of data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose.

- Checked the mathematical accuracy of the ECL model by performing recalculation on test basis.

- Checked the classification of financial assets and financial liabilities to ensure compliance of IFRS 9 classification requirement.

- Assessed the adequacy of disclosures in these unconsolidated financial statements of the Company

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.

Boards 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 **Muhammad Khalid Aziz.**

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
Date: September 25, 2019

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		------------ Rupees	------------
ASSETS			
Non-current assets			
Property, plant and equipment	7	**12,758,702,112**	10,912,906,811
Intangible assets	8	**85,453,143**	41,739,258
Long term investments	9	**3,212,049,382**	3,560,461,082
Long term deposits	10	**44,303,491**	39,318,639
Total non-current assets		**16,100,508,128**	14,554,425,790
Current assets			
Stores and spares	11	**278,975,893**	195,891,564
Stock-in-trade	12	**5,111,616,128**	4,969,540,620
Trade debts	13	**2,746,331,968**	1,566,186,261
Loans and advances	14	**1,599,840,527**	735,291,605
Trade deposits and short term prepayments	15	**33,409,696**	13,170,300
Other receivables	16	**131,962,803**	136,210,452
Taxation-net	17	**929,456,127**	850,571,987
Cash and bank balances	18	**32,394,264**	51,160,091
Total current assets		**10,863,987,406**	8,518,022,880
Total assets		**26,964,495,534**	23,072,448,670

The annexed notes 1 to 49 form an integral part of these unconsolidated financial statements.

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		------------ Rupees ------------	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
250,000,000 (2018: 250,000,000) ordinary shares			
of Rs. 10 each		**2,500,000,000**	2,500,000,000
Issued, subscribed and paid-up share capital	19	**638,047,500**	638,047,500
Reserves	20	**6,736,199,160**	6,581,983,812
Total shareholders' equity		**7,374,246,660**	7,220,031,312
Non-current liabilities			
Sponsors' loan-subordinated	21	**902,151,770**	902,151,770
Long term finances-secured	22	**6,152,679,111**	4,730,767,470
Liabilities against assets subject to finance lease	23	**136,024,558**	403,658,251
Deferred liabilities	24	**1,632,662,558**	1,430,804,181
Total non-current liabilities		**8,823,517,997**	7,467,381,672
Current liabilities			
Trade and other payables	25	**2,051,217,937**	1,424,613,356
Accrued mark-up	26	**205,692,929**	101,440,953
Short term finances-secured	27	**6,299,903,812**	4,191,428,798
Current portion of:			
- long term finances-secured	22	**1,913,163,282**	2,433,017,566
- liabilities against assets subject to finance lease	23	**100,219,845**	95,407,236
Unclaimed dividend		**2,338,500**	1,818,498
Advances from customers		**194,194,572**	137,309,279
Total current liabilities		**10,766,730,877**	8,385,035,686
Total liabilities		**19,590,248,874**	15,852,417,358
Total equity and liabilities		**26,964,495,534**	23,072,448,670
Contingencies and commitments	28		

The annexed notes 1 to 49 form an integral part of these unconsolidated financial statements.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		------------ Rupees ------------	
Sales	29	**37,011,160,866**	29,970,991,048
Sales returns and discounts		**(1,781,257,914)**	(1,928,254,279)
Export Rebate		**9,605,597**	12,529,204
		(1,771,652,317)	(1,915,725,075)
		35,239,508,549	28,055,265,973
Sales tax		**(5,148,620,097)**	(4,149,047,950)
Sales - net		**30,090,888,452**	23,906,218,023
Cost of sales	31	**(23,736,870,313)**	(18,544,995,038)
Gross profit		**6,354,018,139**	5,361,222,985
Selling and distribution expenses	32	**(3,590,049,723)**	(2,896,266,866)
Administrative expenses	33	**(540,522,332)**	(380,994,950)
Operating profit		**2,223,446,084**	2,083,961,169
Other operating expenses	34	**(172,581,775)**	(253,826,191)
Other income	35	**212,920,752**	232,481,148
		2,263,785,061	2,062,616,126
Finance cost	36	**(905,629,820)**	(617,813,622)
		1,358,155,241	1,444,802,504
Share of profit from associated companies-net	9.2.3	**45,385,014**	393,211,150
Profit before taxation		**1,403,540,255**	1,838,013,654
Taxation	39	**(436,942,413)**	(425,822,163)
Profit for the year		**966,597,842**	1,412,191,491
Earnings per share - basic	40	**15.15**	22.13

The annexed notes 1 to 49 form an integral part of these unconsolidated financial statements.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		------------ Rupees ------------	
Profit for the year		**966,597,842**	1,412,191,491
Other comprehensive loss:			
Items that will be reclassified to unconsolidated statement of profit or loss in subsequent periods		**-**	-
Items that will not be reclassified to unconsolidated statement of profit or loss in subsequent periods:			
Loss on remeasurements of post employment benefit obligation-net of tax	24.1.7	**(37,956,925)**	(8,732,483)
Unrealized appreciation during the year on re-measurement of investment classified as fair value through OCI -net of tax	9.3.1	**1,279,260**	13,143,235
Realized appreciation during the year on sale of investment classified as fair value through OCI -net of tax		**-**	(10,520,291)
Share of other comprehensive loss from associate-net of tax	9.2.3	**(488,583,454)**	(282,236,490)
Other comprehensive loss - net of tax		**(525,261,119)**	(288,346,029)
Total comprehensive income for the year		**441,336,723**	1,123,845,462

The annexed notes 1 to 49 form an integral part of these unconsolidated financial statements.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid-up share capital	Total Reserves						Total shareholders' equity
		Capital reserve		Revenue reserve				
		Share premium	Amalgamation reserves	Remeasurement of investment in associate	Remeasurement of investments at fair value through OCI	Unappropriated profit	Total reserves	
	-------------------------- Rupees --------------------------							
Balance as at July 01, 2017	638,047,500	579,265,000	916,862,067	(83,785,290)	23,469,613	4,197,790,023	5,633,601,413	6,271,648,913
Profit for the year	-	-	-	-	-	1,412,191,491	1,412,191,491	1,412,191,491
Other Comprehensive Loss								
Remeasurement of defined benefit obligation	-	-	-	-	-	(8,732,483)	(8,732,483)	(8,732,483)
Unrealized appreciation on remeasurement of investment - net of tax	-	-	-	-	13,143,235	-	13,143,235	13,143,235
Realized gain on sale of investment-net of tax	-	-		-	(10,520,291)	-	(10,520,291)	(10,520,291)
Share of other comprehensive loss from associate - net of tax	-	-	-	(282,236,490)	-	-	(282,236,490)	(282,236,490)
Total comprehensive income for the year	-	-	-	(282,236,490)	2,622,944	1,403,459,008	1,123,845,462	1,123,845,462
Transactions with owners recognized directly in equity:		-	-	-		-	-	-
Final dividend for the year ended June 30, 2017 @ Rs. 2.75 per share	-	-	-	-		(175,463,063)	(175,463,063)	(175,463,063)
Balance as at June 30, 2018	638,047,500	579,265,000	916,862,067	(366,021,780)	26,092,557	5,425,785,968	6,581,983,812	7,220,031,312
Profit for the year	**-**	**-**	**-**	**-**	**-**	**966,597,842**	**966,597,842**	**966,597,842**
Other comprehensive loss								
Remeasurement of defined benefit obligation - net of tax - note 24.1.7	**-**	**-**	**-**	**-**	**-**	**(37,956,925)**	**(37,956,925)**	**(37,956,925)**
Unrealized appreciation on remeasurement of investment - net of tax	**-**	**-**	**-**	**-**	**1,279,260**	**-**	**1,279,260**	**1,279,260**
Share of other comprehensive loss from associate-net of tax	**-**	**-**	**-**	**(488,583,454)**	**-**	**-**	**(488,583,454)**	**(488,583,454)**
Total comprehensive income for the year	**-**	**-**	**-**	**(488,583,454)**	**1,279,260**	**928,640,917**	**441,336,723**	**441,336,723**
Reclassification due to sale of investment - at fair value through OCI	**-**	**-**	**-**	**-**	**(27,371,817)**	**27,371,817**	**-**	**-**
Transactions with owners recognized directly in equity:								
Final dividend for the year ended June 30, 2018 @ Rs.4.5 per share	**-**	**-**	**-**	**-**	**-**	**(287,121,375)**	**(287,121,375)**	**(287,121,375)**
Balance as at June 30, 2019	**638,047,500**	**579,265,000**	**916,862,067**	**(854,605,234)**	**-**	**6,094,677,327**	**6,736,199,160**	**7,374,246,660**

The annexed notes 1 to 49 form an integral part of these unconsolidated financial statements.

Munsarim Saifullah	Maqsood Ismail	Abdul Qadir
Chief Executive Officer	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		------------ Rupees ------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	42	**2,618,821,937**	2,241,278,487
Gratuity paid	24.1.3	**(20,400,062)**	(19,949,221)
Income tax paid-net		**(339,738,262)**	(344,761,843)
Long term deposits paid		**(4,984,852)**	(5,960,224)
Net cash generated from operating activities		**2,253,698,761**	1,870,607,199
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure (including CWIP)		**(3,160,541,823)**	(1,557,795,145)
Intangible assets		**(46,927,898)**	(36,076,818)
Long term investment - advances to subsidiary		**(376,115,000)**	-
Proceed from sale of long term investment		**196,386,913**	116,730,000
Purchase of investment - at fair value through profit or loss		**(1,574,979)**	-
Sale of investment - at fair value through profit or loss		**1,730,990**	-
Dividend received		**-**	362,458,547
Proceeds from disposal of property, plant and equipment	7.2	**230,733,531**	75,643,018
Net cash used in investing activities		**(3,156,308,266)**	(1,039,040,398)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts / (repayment) from long term financing-net		**902,057,357**	(1,439,117,258)
(Lease repayments) / lease repayments net off sale and lease back		**(262,821,084)**	250,511,780
Interest / mark-up paid		**(801,377,845)**	(609,971,384)
Dividend paid		**(286,601,373)**	(175,673,011)
Net cash used in from financing activities		**(448,742,945)**	(1,974,249,873)
Net decrease in cash and cash equivalents		**(1,351,352,450)**	(1,142,683,072)
Cash and cash equivalents at the beginning of the year		**(1,916,243,707)**	(773,560,635)
Cash and cash equivalents at the end of the year		**(3,267,596,157)**	(1,916,243,707)
Cash and cash equivalents at the end of the year comprise of:			
Cash and bank balances	18	**32,394,264**	51,160,091
Running finance utilized under mark-up arrangements	27	**(3,299,990,421)**	(1,967,403,798)
		(3,267,596,157)	(1,916,243,707)

The annexed notes 1 to 49 form an integral part of these unconsolidated financial statements.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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 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 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, potato chips, cast polypropylene (CPP) and Biaxially-oriented polyethylene terephthalate (BOPET) film under the brands of 'Candyland', 'Bisconni', 'Snackcity' and 'Astro films' respectively.

These are the separate financial statements of the Company in which investment in subsidiaries are stated at cost.

Geographical location and addresses of business units including manufacturing units of the Company are as under:

Head Office:
17 - Bangalore Town, Shahrah-e-Faisal, Karachi.

Factories:

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

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

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

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

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

Unit-6
D-91, D-92 & D-94 North Western Zone, Port Qasim.

Unit-7
E164-168, North Western Zone, Port Qasim.

Unit-8
E154-157, North Western Zone, Port Qasim.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These 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 (IFRSs) 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 and of directives issued under the Companies Act, 2017 have been followed of the preparation of these unconsolidated financial statements.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policies' note and unconsolidated statement of cash flows.

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees which is the Company's functional currency and presentation currency.

2.4 Standard, Amendment or interpretation to published approved accounting standards

2.4.1 Standards, amendments and interpretations to the published standards that are relevant to the company and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 15 'Revenue from Contracts with Customers'	01 July, 2018
IFRS 9 'Financial Instruments'	01 July, 2018

Refer note 6 for the impacts of the above newly adopted financial reporting standards on the unconsolidated financial statements for the year ended June 30, 2019.

2.4.2 Standards, amendments to published standards and interpretations that are effective but not relevant.

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

2.4.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company.

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 16 'Leases'	01 January, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'	01 January, 2019

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IAS 28 'Long-term Interests in Associates and Joint Ventures' (Amendments to IAS 28)	01 January, 2019
Annual improvements to IFRSs 2015 - 2017 Cycle	01 January, 2019
IAS 19 'Plan Amendment, Curtail or Settlement' (Amendments to IAS 19)	01 January, 2019
IFRS 3 'Definition of a business' Amendment to IFRS 3	01 January, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	01 January, 2020
Various Amendments to References to the Conceptual Framework in IFRS Standards	01 January, 2020

The Company is in the process of assessing the impact of these standards, amendments and interpretations to the published standards on the unconsolidated financial statements of the Company.

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

Following new standards 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.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts'	01 January, 2022
IFRS 14 Regulatory Deferral accounts	01 January, 2016
IFRS 1 - First time adoption of International Financial	01 January, 2009

3 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	3.1
b)	Stock-in-trade, stores and spares	3.2
c)	Trade debts and other receivables	3.3
d)	Income taxes	3.4
e)	Staff retirement benefits	3.5
f)	Impairment of non-financial assets	3.6
g)	Impairment of financial assets	5.1.5

3.1 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.

3.2 Stock-in-trade, stores and spares

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

3.3 Trade debts and other receivables

Impairment loss against doubtful trade and other debts is recorded in accordance with 5.1.5 of these unconsolidated finacial statements.

3.4 Income taxes

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

3.5 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 24.1 to the 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.

3.6 Impairment of non-financial assets

Assets that are subject to depreciation/amortization 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 there are separately identifiable cash flows (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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant 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 except as disclosed in note (5). of these unconsolidated financial statements.

4.1 Property, plant and equipment

4.1.1 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. Capital work-in-progress is stated at cost. 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 statement of profit or loss as and when incurred. Major renewals and improvements are capitalized.

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 7 to the unconsolidated financial statements. Depreciation on leasehold land is charged to income applying the straight-line method at rates given in note 7 to the unconsolidated financial statements whereby the cost is written off over the lease term. Depreciation on additions is charged from the month in which they are put to use and on disposals up to 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.

Maintenance and normal repairs are charged to profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

4.1.2 Leased

Leased assets in terms of which the Company assumes substantially all the risks and rewards incidental to ownership are capitalized at the inception of the lease at the fair value of leased assets or, if lower, at the present value of the minimum lease payments.

The outstanding obligations under the lease excluding finance charges allocated to future periods are shown as liability. Financial charges are allocated to the accounting periods in a manner so as to provide a constant rate of charge on the outstanding obligation.

Depreciation on leased assets is calculated so as to write-off the assets over their expected economic lives under the diminishing balance method at rates given in note 7 to the unconsolidated financial statements. Depreciation on additions is charged from the month in which they are put to use and on disposals up to the month of disposal.

4.1.3 Capital work-in-progress

Capital work-in-progress is stated at cost. 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.

4.2 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 the straight line method.

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

4.3 Investments in subsidiaries

Investment in subsidiaries are recognized and carried at cost in these unconsolidated financial statments. 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 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 period in which they are occured.

4.4 Investments in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or common directorship. Investments in associates are accounted for using the equity method of accounting. 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 of the associate after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

4.5 Long term deposits

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

4.6 Stores and spare parts

All stores, spares and loose tools either imported or purchased locally are charged to statement of profit or loss when consumed and are valued at lower of moving weighted 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 statement of profit or loss.

4.7 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)	Items in-transit	invoice value plus other charges incurred thereon

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

4.8 Trade debts and other receivables

These are classified at amortised cost and are initially recognised 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.

4.9 Cash and cash equivalents

For the purposes of cash flow statement, 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.

4.10 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 recognized in the 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.

4.11 Borrowings 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 statement of profit or loss in the period in which they are incurred.

4.12 Staff retirement benefits - gratuity

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 24.1 using the projected unit credit method.

4.13 Taxation

4.13.1 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.

4.13.2 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.

4.14 Provisions

Provisions are recognized in the 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.

4.15 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.

4.16 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.

4.17 Functional and presentation currency

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

4.18 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.

4.19 Dividend distribution

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

4.20 Related parties 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.

4.21 Share Capital

Ordinarily 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.

4.22 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.

4.23 Operating, administrative and selling expenses

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

5 NEW ACCOUNTING POLICIES UNDER IFRS-9 AND IFRS 15 EFFECTIVE FOR THE YEAR BEGINNING ON JULY 01, 2018.

During the year, the Company has adopted IFRS 9 and IFRS 15 which became applicable on July 01, 2018. This has resulted in a change in accounting policies of the Company for financial instruments and revenue recognition. The changes are discussed in note 6 to these unconsolidated financial statements.

The new accounting policies for financial instruments and revenue recognition are as follows:

5.1 IFRS 9 - Financial Instruments - Initial Recognition and subsequent measurement

5.1.1 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.

5.1.2 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.

5.1.3 Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or

- at amortized cost

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instrument held for trading or derivatives) or the Company has opted to measure them at FVTPL.

5.1.4 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 libilities 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. Realised and unrealised 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 recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognised in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

5.1.5 Impairment of financial assets

The Company recognises 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 deposits;
- trade deposits;
- loans and advances;
- 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.

5.1.6 Derecognition

i) Financial assets

The Company derecognises 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 recognised in 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 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 unconsolidated statement of profit or loss, but is transferred to unconsolidated statement of changes in equity.

ii) Financial liabilities

The Company derecognises 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 derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit or loss.

5.1.7 Off-setting of financial assets and liabilities

Financial assets and liabilities are off set and the net amount is reported in the 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.

5.2 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue.

The focus of the new standard is to recognize revenue when the performance obligations are met rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue.

The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Company is in the business of manufacturing and sale of goods. Revenue from contracts with customers is recognised 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. 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 and 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 income, other than those from investments in associates, are recognized at the time the right to receive payment is established.

6. IMPACT OF NEW ACCOUNTING POLICIES

6.1 IFRS 9 - Financial Instruments

The Company adopted IFRS 9 Financial Instruments on its effective date of July 01, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting.

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on July 01, 2018. However, the Company has chosen to take advantage of the option not to restate comparatives. Therefore, the 2018 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Company's financial assets and financial liabilities as at July 01, 2018:

Financial Assets	Note	IAS 39 Classification	IAS 39 Measurement	IFRS 9 Classification	IFRS 9 Measurement
			Rupees		Rupees
July 01, 2018					
Long-term deposits	10	Loans and receivable	39,318,639	Amortised Cost	39,318,639
Trade debts	13	Loans and receivable	1,566,186,261	Amortised Cost	1,566,186,261
Trade deposits	15	Loans and receivable	9,668,000	Amortised Cost	9,668,000
Other receivables	16	Loans and receivable	133,812,021	Amortised Cost	133,812,021
Cash and bank balances	18	Loans and receivable	51,160,091	Amortised Cost	51,160,091

a) IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'Expected Credit Loss' (ECL) model. The Company has determined that the application of IFRS 9 impairment requirement at July 1, 2018 that results in additional allowance for trade receivables(Note 13). of these unconsolidated financial statements

6.2 IFRS 15 - Revenue from contracts with customers

The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Under this transition method, comparative information for prior periods has not been restated and continues to be reported in accordance with the previous standard under IAS 18 and related interpretations.

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position of the Company. Accordingly there was no adjustment to retained earnings on application of IFRS 15 at 1 July 2018.

	Note	2019	2018
		------------ Rupees ------------	
7 PROPERTY, PLANT AND EQUIPMENT			
Operating assets		**12,120,868,266**	10,755,985,939
Capital work in progress - at cost	7.3	**637,833,846**	156,920,872
		12,758,702,112	10,912,906,811

Year ended June 30, 2019	Owned assets									Leased assets			Grand total
	Leasehold land	Freehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Equipments	Computers	Vehicles	Sub-total	Plant and machinery	Vehicles	Sub-total	
	---------- Rupees ----------												
As at June 30, 2018													
Cost	746,573,974	87,584,247	3,129,454,665	11,000,176,429	70,706,025	256,760,464	26,062,503	193,478,025	15,510,796,332	417,258,339	240,204,401	657,462,740	16,168,259,072
Accumulated depreciation	(38,550,726)	-	(876,153,587)	(4,199,106,303)	(32,467,760)	(58,417,159)	(14,659,839)	(81,372,482)	(5,300,727,856)	(59,898,566)	(51,646,711)	(111,545,277)	(5,412,273,133)
Net book value	**708,023,248**	**87,584,247**	**2,253,301,078**	**6,801,070,126**	**38,238,265**	**198,343,305**	**11,402,664**	**112,105,543**	**10,210,068,476**	**357,359,773**	**188,557,690**	**545,917,463**	**10,755,985,939**
July 01, 2018													
Opening net book amount	708,023,248	87,584,247	2,253,301,078	6,801,070,126	38,238,265	198,343,305	11,402,664	112,105,543	10,210,068,476	357,359,773	188,557,690	545,917,463	10,755,985,939
Additions / Transfers from CWIP	393,931,954	1,104,333	278,589,505	1,824,004,979	3,283,433	22,603,386	24,861,915	22,861,694	2,571,241,199	-	108,387,650	108,387,650	2,679,628,849
Transfer from leased assets to owned assets													
Cost	-	-	-	251,731,063	-	-	-	31,874,109	283,605,172	(251,731,063)	(31,874,109)	(283,605,172)	-
Accumulated depreciation	-	-	-	(14,554,910)	-	-	-	(11,223,454)	(25,778,364)	14,554,910	11,223,454	25,778,364	-
	-	-	-	237,176,153	-	-	-	20,650,655	257,826,808	(237,176,153)	(20,650,655)	(257,826,808)	-
Disposal													
Cost	(195,395,919)	-	-	(430,000)	-	-	(280,690)	(41,517,915)	(237,624,524)	-	-	-	(237,624,524)
Accumulated depreciation	1,973,694	-	-	272,890	-	-	80,210	15,451,110	17,777,904	-	-	-	17,777,904
	(193,422,225)	-	-	(157,110)	-	-	(200,480)	(26,066,805)	(219,846,620)	-	-	-	(219,846,620)
Deprecation charge	(7,827,737)	-	(230,163,225)	(738,221,289)	(3,872,937)	(20,455,957)	(4,856,709)	(24,898,222)	(1,030,341,076)	(17,491,658)	(47,067,168)	(64,558,826)	(1,094,899,902)
Closing net book value	**900,660,240**	**88,688,580**	**2,301,727,358**	**8,123,872,859**	**37,648,761**	**200,490,734**	**31,207,390**	**104,652,866**	**11,788,948,787**	**102,691,962**	**229,227,517**	**331,919,479**	**12,120,868,266**
As at June 30, 2019													
Cost	945,110,009	88,688,580	3,408,044,170	13,075,482,471	73,989,458	279,363,850	50,643,728	206,695,913	18,128,018,179	165,527,276	316,717,942	482,245,218	18,610,263,397
Accumulated depreciation	(44,449,769)	-	(1,106,316,812)	(4,951,609,612)	(36,340,697)	(78,873,116)	(19,436,338)	(102,043,047)	(6,339,069,392)	(62,835,314)	(87,490,425)	(150,325,739)	(6,489,395,131)
Net book value	**900,660,240**	**88,688,580**	**2,301,727,358**	**8,123,872,859**	**37,648,761**	**200,490,734**	**31,207,390**	**104,652,866**	**11,788,948,787**	**102,691,962**	**229,227,517**	**331,919,479**	**12,120,868,266**
Depreciation rate (%)	**1**		**10**	**10 to 15**	**10**	**10**	**20**	**20**		**10**	**20**		

	Note	2019	2018
		------------ Rupees ------------	
7.1 The depreciation expense has been allocated as follows:			
Cost of sales	31	**1,016,272,524**	927,529,209
Selling and distribution expenses	32	**32,895,591**	27,755,052
Administrative expenses	33	**45,731,787**	32,229,805
		1,094,899,902	987,514,066

Year ended June 30, 2018	Owned assets									Leased assets			Grand total
	Leasehold land	Freehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Equipment	Computers	Vehicles	Sub-total	Plant and machinery	Vehicles	Sub-total	
	Rupees												
As at June 30, 2017													
Cost	547,670,694	5,774,050	2,384,187,266	10,042,999,411	61,747,345	127,298,395	21,766,309	191,694,804	13,383,138,274	165,527,276	146,075,455	311,602,731	13,694,741,005
Accumulated depreciation	(29,167,314)	-	(666,382,618)	(3,536,289,574)	(28,622,885)	(40,486,206)	(12,473,633)	(88,201,758)	(4,401,623,988)	(39,372,018)	(32,582,693)	(71,954,711)	(4,473,578,699)
Net book value	**518,503,380**	**5,774,050**	**1,717,804,648**	**6,506,709,837**	**33,124,460**	**86,812,189**	**9,292,676**	**103,493,046**	**8,981,514,286**	**126,155,258**	**113,492,762**	**239,648,020**	**9,221,162,306**
July 01, 2017													
Opening net book amount	518,503,380	5,774,050	1,717,804,648	6,506,709,837	33,124,460	86,812,189	9,292,676	103,493,046	8,981,514,286	126,155,258	113,492,762	239,648,020	9,221,162,306
Additions / Transfers from CWIP	198,903,280	81,810,197	745,267,399	1,208,908,081	8,958,680	129,462,069	4,403,950	47,518,473	2,425,232,129	-	145,066,688	145,066,688	2,570,298,817
Transfer From / To leased assets to owned assets													
Cost	-	-	-	(251,731,063)	-	-	-	50,937,742	(200,793,321)	251,731,063	(50,937,742)	200,793,321	-
Accumulated depreciation	-	-	-	8,473,470	-	-	-	(18,531,793)	(10,058,323)	(8,473,470)	18,531,793	10,058,323	-
	-	-	-	(243,257,593)	-	-	-	32,405,949	(210,851,644)	243,257,593	(32,405,949)	210,851,644	-
Disposal													
Cost	-	-	-	-	-	-	(107,756)	(96,672,994)	(96,780,750)	-	-	-	(96,780,750)
Accumulated depreciation	-	-	-	-	-	-	28,154	48,791,478	48,819,632	-	-	-	48,819,632
	-	-	-	-	-	-	(79,602)	(47,881,516)	(47,961,118)	-	-	-	(47,961,118)
Deprecation charge for the year	(9,383,412)	-	(209,770,969)	(671,290,199)	(3,844,875)	(17,930,953)	(2,214,360)	(23,430,409)	(937,865,177)	(12,053,078)	(37,595,811)	(49,648,889)	(987,514,066)
Closing net book value	**708,023,248**	**87,584,247**	**2,253,301,078**	**6,801,070,126**	**38,238,265**	**198,343,305**	**11,402,664**	**112,105,543**	**10,210,068,476**	**357,359,773**	**188,557,690**	**545,917,463**	**10,755,985,939**
As at June 30, 2018													
Cost	746,573,974	87,584,247	3,129,454,665	11,000,176,429	70,706,025	256,760,464	26,062,503	193,478,025	15,510,796,332	417,258,339	240,204,401	657,462,740	16,168,259,072
Accumulated depreciation	(38,550,726)	-	(876,153,587)	(4,199,106,303)	(32,467,760)	(58,417,159)	(14,659,839)	(81,372,482)	(5,300,727,856)	(59,898,566)	(51,646,711)	(111,545,277)	(5,412,273,133)
Net book value	**708,023,248**	**87,584,247**	**2,253,301,078**	**6,801,070,126**	**38,238,265**	**198,343,305**	**11,402,664**	**112,105,543**	**10,210,068,476**	**357,359,773**	**188,557,690**	**545,917,463**	**10,755,985,939**
Depreciation rate (%)	**1**		**10**	**10 to 15**	**10**	**10**	**20**	**20**		**10**	**20**		

7.2 Following are the particulars of the disposed assets having a book value of five hundred thousand or more.

Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain / (loss)	Particulars of buyer	Relationship	Mode of Disposal
....		Rupees					
Leasehold land							
195,395,919	1,973,694	193,422,225	195,000,000	1,577,775	Mr. Mehboob Ali	Independent Party	Negotiation
Vehicles							
Suzuki Cultus							
1,063,709	560,212	503,497	705,000	201,503	Mr. Umer Ali	Independent Party	Negotiation
1,265,000	235,710	1,029,290	1,110,000	80,710	Mr. Javed Iqbal	Independent Party	Negotiation
1,115,500	444,797	670,703	980,000	309,297	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,268,450	301,969	966,481	1,170,000	203,519	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,112,200	499,912	612,288	985,000	372,712	Mr. Umer Ali	Independent Party	Negotiation
1,129,000	393,709	735,291	1,020,000	284,709	Mr. Umer Ali	Independent Party	Negotiation
1,129,000	393,709	735,291	980,000	244,709	Mr. Umer Ali	Independent Party	Negotiation
1,129,000	393,709	735,291	1,000,000	264,709	Mr. Umer Ali	Independent Party	Negotiation
1,099,000	473,296	625,704	992,000	366,296	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,268,450	353,027	915,423	1,190,000	274,577	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,264,560	352,289	912,271	1,205,000	292,729	Mr. Umer Ali	Independent Party	Negotiation
1,110,500	455,168	655,332	1,015,000	359,668	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,250,000	332,211	917,789	1,200,000	282,211	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,099,000	461,263	637,737	965,000	327,263	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,115,500	483,953	631,547	975,000	343,453	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,110,500	473,295	637,205	960,000	322,795	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,129,000	421,990	707,010	1,025,000	317,990	Mr. Ali Raza Kazmi	Independent Party	Negotiation
Suzuki Mehran							
732,000	194,543	537,457	650,000	112,543	Mr. Ali Raza Kazmi	Independent Party	Negotiation
732,000	224,965	507,035	675,000	167,965	Mr. Ali Raza Kazmi	Independent Party	Negotiation
840,000	84,000	756,000	840,000	84,000	EFU General Insurance	Insurance Claim	Insurance policy
Toyota Corolla							
1,887,885	680,217	1,207,668	1,850,000	642,332	EFU General Insurance	Insurance Claim	Insurance policy
2,054,000	34,233	2,019,767	2,054,000	34,233	EFU General Insurance	Insurance Claim	Insurance policy
1,891,344	626,237	1,265,107	1,970,000	704,893	Mr. Ali Raza Kazmi	Independent Party	Negotiation
Honda Civic							
2,217,000	1,098,276	1,118,724	877,212	(241,512)	Mr. Fawwaz Ahmed	Management personnel	Negotiation
2,208,330	1,095,602	1,112,728	1,548,981	436,253	Mr. Anis Suleman	Management personnel	Negotiation
227,616,847	**13,041,987**	**214,574,860**	**222,942,193**	**8,367,333**			

Aggregate of assets disposed off having net book value below Rs. 500,000 each

	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain / (loss)
Plant and machinery	430,000	272,890	157,110	150,000	(7,110)
Vehicles	9,296,987	4,382,817	4,914,170	7,468,700	2,554,530
Computer	280,690	80,210	200,480	172,638	(27,842)
Sub-total	**10,007,677**	**4,735,917**	**5,271,760**	**7,791,338**	**2,519,578**
2019 - total	**237,624,524**	**17,777,904**	**219,846,620**	**230,733,531**	**10,886,911**
2018 - total	96,780,750	48,819,635	47,961,115	75,643,018	27,681,903

7.2.1 All Disposal are made through negotiation or therwise specified in 7.2 of these unconsolidated financial statements.

		Note	2019	2018
			------------Rupees---------	
7.3	**Capital work-in-progress**			
	Civil works		**96,390,116**	39,475,190
	Plant and machinery		**541,443,730**	109,433,167
	Equipment and fittings		**-**	8,012,515
		7.3.1	**637,833,846**	156,920,872

7.3.1 Movement of capital work in progress:

	Civil works	Plant and machinery	Equipment and fittings	Total
	------------------------------Rupees------------------------------			
Balance as at July 1, 2017	524,074,275	645,350,266	-	1,169,424,541
Capital expenditure incurred during the year	260,668,734	672,990,982	40,408,175	974,067,891
Transferred to operating fixed assets	(745,267,819)	(1,208,908,081)	(32,395,660)	(1,986,571,560)
Balance as at June 30, 2018	**39,475,190**	**109,433,167**	**8,012,515**	**156,920,872**
Capital expenditure incurred during the year	**335,504,431**	**2,256,015,542**	**-**	**2,591,519,973**
Transferred to operating fixed	**(278,589,505)**	**(1,824,004,979)**	**(8,012,515)**	**(2,110,606,999)**
Balance as at June 30, 2019	**96,390,116**	**541,443,730**	**-**	**637,833,846**

7.3.2 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.	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	6.67 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	5.47 acres
E154-157, North Western Zone, Port Qasim.	Manufacturing facility - Unit 8	5.51 acres
D-101/M, D-101/N, S.I.T.E area, Nooriabad, District Jamshoro, Sindh	For future expansion	20.50 acres
Deh Landhi, Tappo Landhi, Bin Qasim Town, Karachi	For future expansion	14.125 acres
PT2-24-2402, Pearl Tower, Plot # 7 (R9) Cresent Bay, Karachi.	Administrative purpose	2,209.57 sq.ft
A-39 North Western Zone, Port Qasim	For future expansion	5.0 acres
Sabzi mandi road, Chak no. 241 Dist. Faisalabd	For future expansion	7 kanal

		Note	2019	2018
8	**INTANGIBLE ASSETS**		------------Rupees---------	
	Software	8.1	**85,453,143**	-
	Software under implementation		**-**	41,739,258
			85,453,143	41,739,258

8.1 Represent various computer softwares amortized on straight line basis over a period of 36 months. Movement during the year is as follows:

	Note	2019	2018
		------------Rupees---------	
Balance as at July 01		**-**	-
Transfer from capital work-in-progress	8.3	**88,667,156**	-
		88,667,156	-
Less: Amortization charge for the year		**(3,214,013)**	-
Closing net book value		**85,453,143**	-
As at June 30			
Cost		**88,667,156**	-
Accumulated amortisation		**(3,214,013)**	-
Net book value		**85,453,143**	-
Amortization rate (%)		**33.33%**	

			2019	2018
8.2	The amortization charge has been allocated as follows:	**Note**	------------**Rupees**---------	
	Cost of sales	31	**1,480,952**	-
	Selling and distribution expenses	32	**934,207**	-
	Administrative expenses	33	**798,854**	-
			3,214,013	-

8.3 Software under implementation

Software under implementation		**-**	41,739,258
Movement of software under implementation:			
Balance as at July 1,		**41,739,258**	5,662,440
Capital expenditure incurred during the year		**46,927,898**	36,076,818
Transferred to software		**(88,667,156)**	-
Balance as at June 30		-	41,739,258

9 LONG TERM INVESTMENTS

9.1	**Investment in subsidiary Company - unquoted shares**			
	Hudson Pharma (Private) Limited	9.1.1	**605,984,000**	605,984,000
	Add: Advance against shares	9.1.2	**376,115,000**	-
			982,099,000	605,984,000
9.2	**Investment in associated companies**			
	Novelty Enterprises (Private) Limited	9.2.1	**228,717,751**	228,727,912
	The Bank of Khyber	9.2.2	**2,001,232,631**	2,530,641,520
			2,229,950,382	2,759,369,432
9.3	**Other investment - Fair value through OCI**			
	BankIslami Pakistan Limited	9.3.1	**-**	195,107,650
			3,212,049,382	3,560,461,082

9.1.1 Hudson Pharma (Private) Limited

The company has acquired 60,598,400 shares of Hudson Pharma (Private) Limited (HPL), which is equivalent to 71.29% of total paid up capital, as a result of right issue which was not fully subscribed by the existing shareholders. The company is incorporated under Companies Act, 2017 as a private company limited by shares. The registered office of the company is located at 17 Bangalore town, main Shahrah-e-Faisal Karachi. Principal activities of the company are manufacturing, processing, compounding, formulating, importing, exporting, packaging, marketing, wholesale and retail, trading and selling of all kinds of pharmaceutical drugs and medicines. The shares of HPL are not publicly listed on a stock exchange and hence published price quotes are not available. The financial reporting date of HPL is June 30.

The fair value of equity has been worked out at Rs.44.91/- per share, as determined by M/s. Munaf Yusuf & Co., Chartered Accountants, on September 19, 2018. The valuation has been carried out using discounted cash flow method and thus there is no indication of any impairment in the value of these investment.

9.1.2 In the 30th Annual General Meeting, the Company has approved further investment in (HPL) amounting to Rs. 500 million for the working capital requirement and the same will be convertible into the shares subject to the approval of the authorities.

9.2.1 Novelty Enterprises (Private) Limited

The Company holds 33% (2018: 33%) voting and equity interest in Novelty Enterprises (Private) Limited (NEL). The shares of NEL are not publicly listed on a stock exchange and hence published price quotes are not available. The financial reporting date of NEL is June 30.

Total equity / net assets of NEL as at June 30, 2019 based on un-audited financial statements amounted to Rs. 561.428 million (2018: Rs. 561.459 million based on audited financial statements). However, as per report of an independent valuer, Masud Associates dated December 31, 2015 fair value of fixed assets of NEL amounted to Rs. 1,016.32 million resulting in surplus on fixed assets of Rs. 483.607 million. Revised net assets after the revaluation surplus amounted to Rs. 1,045.063 million (2018: Rs. 1,045.094 million). Accordingly, the management is of the view that it would be able to recover carrying values of its investment.

NEL has not commenced operations as of the reporting date.

9.2.2 The Bank of Khyber

The total shareholding of the Company in the Bank of Khyber (the Bank) is 241,639,031 shares which represents 24.16% of paid-up capital of the Bank (2018: 24.16%). In addition to this, the Company also has representation on the board of directors of the Bank. 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 annual audited financial results for the period ended December 31, 2018 and December 31, 2017 and from reviewed condensed interim financial information of the Bank for the six-month periods ended June 30, 2019 and June 30, 2018. 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 on June 30, 2019 was Rs. 2,382.561 million (June 30, 2018: Rs. 3,298.373 million)

These investments are accounted for under the equity method. The aggregate amount of the associates recognized in these unconsolidated financial statements are as follows:

9.2.3

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	2019	2018	**2019**	2018
	------------**Rupees**---------			
Balance as at July 1	**2,530,641,520**	2,782,115,507	**228,727,912**	228,737,812
Share of profit/(loss) relating to statement of profit or loss	**45,395,175**	393,221,050	**(10,161)**	(9,900)
Dividend received	**-**	(362,458,547)	**-**	-
Share of other comprehensive loss	**(574,804,064)**	(282,236,490)	**-**	-
Balance as at June 30	**2,001,232,631**	2,530,641,520	**228,717,751**	228,727,912

Summarized financial information in respect of the Company's associates as at June 30 is set out below:

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	2019	2018	**2019**	2018
	------------**Rupees**---------			
Assets	**235,558,869,000**	213,686,803,000	**561,456,320**	561,487,351
Liabilities	**223,629,985,000**	199,566,458,000	**27,760**	28,000
Revenue	**4,810,409,000**	5,363,311,000	**-**	-
Profit / (loss)	**187,911,000**	1,627,705,000	**(30,791)**	(30,781)

All transfers of funds to the Company, i.e. distribution of cash dividends, are subject to approval by means of a resolution passed by the shareholders of the associates. During the year, no cash dividend have been received from the Bank of Khyber (2018: Rs. 1.50 per share)

		Note	**2019**	2018
			------------**Rupees**---------	
9.3.1	**BankIslami Pakistan Limited**			
	Carrying value of investment		**195,107,650**	308,840,000
	Unrealized appreciation in the value of investments		**1,279,260**	15,020,840
	Less: Sale of investment at fair value		**(196,386,910)**	(128,753,190)
	Fair value of the investments		**-**	195,107,650
10	**LONG TERM DEPOSITS**			
	Lease - Conventional		**19,309,400**	23,765,098
	Lease - Islamic		**8,362,240**	-
	Less: Current maturity - Conventional	15	**(6,360,770)**	(3,502,300)
			21,310,870	20,262,798
	Utilities		**11,049,093**	11,293,893
	Others		**11,943,528**	7,761,948
			44,303,491	39,318,639

			2019	2018
11	**STORES AND SPARES**	**Note**	**------------Rupees---------**	
	Stores	11.1	**81,680,542**	84,310,776
	Spare parts	11.1	**186,291,451**	111,164,468
	Diesel and liquefied petroleum gas (LPG)	11.1	**317,420**	416,320
	Others	11.1	**10,686,480**	-
			278,975,893	195,891,564

11.1 Reconciliation of provision for slow moving spare parts

	Note	2019			
		Stores	**Spare parts**	**Diesel and LPG**	**Others**
		-------------------- Rupees --------------------			
Stores and spares		**90,271,962**	**186,291,451**	**317,420**	**10,686,480**
Provision for slow moving					
- opening		**(8,591,420)**	**-**	**-**	**-**
- charge for the year	31.3	**-**	**-**	**-**	**-**
- closing		**(8,591,420)**	**-**	**-**	**-**
Stores and spares - net		**81,680,542**	**186,291,451**	**317,420**	**10,686,480**

		2018			
		Stores	Spare parts	Diesel and LPG	Others
		-------------------- Rupees --------------------			
Stores and spares		92,902,196	111,164,468	416,320	-
Provision for slow moving					
- opening		(8,051,420)	-	-	-
- charge for the year	31.3	(540,000)	-	-	-
- closing		(8,591,420)	-	-	-
Stores and spares - net		84,310,776	111,164,468	416,320	-

			2019	2018
12	**STOCK-IN-TRADE**	**Note**	**------------Rupees---------**	
	Raw materials	12.1 & 12.2	**2,951,988,975**	3,182,907,393
	Packing materials	12.1	**451,115,557**	309,942,607
	Work-in-process	31	**82,183,155**	117,725,966
	Finished goods	12.1	**1,626,328,441**	1,358,964,654
			5,111,616,128	4,969,540,620

12.1 Reconciliation of provision for stock-in-trade

	Note	2019		
		Raw materials	**Packing materials**	**Finished goods**
		---------------------- Rupees --------------------		
Stock-in-trade		**2,965,373,558**	**560,964,105**	**1,626,328,441**
Provision for slow moving				
- opening		**(13,384,583)**	**(128,735,038)**	**-**
- written off	31.2	**-**	**(18,886,489)**	**-**
- closing		**(13,384,583)**	**(109,848,549)**	**-**
Stock-in-trade-net		**2,951,988,975**	**451,115,557**	**1,626,328,441**

		2018		
		Raw materials	Packing materials	Finished goods
		---------------------- Rupees --------------------		
Stock-in-trade		3,196,291,976	438,677,645	1,358,964,655
Provision for slow moving				
- opening		(13,404,278)	(118,216,276)	-
- charge for the year		-	(10,518,762)	-
- written off	31.2	19,695	-	-
- closing		(13,384,583)	(128,735,038)	-
Stock-in-trade-net		3,182,907,393	309,942,607	1,358,964,655

12.2 This includes raw materials in transit amounting to Rs. 256,893,934 (June 30, 2018: Rs. 114,081,023).

		Note	**2019**	2018
			------------Rupees---------	
13	**TRADE DEBTS**			
	Considered good			
	-export-secured		**784,297,206**	311,568,772
	-local- unsecured		**2,038,377,907**	1,306,581,183
			2,822,675,113	1,618,149,955
	Allowance for expected credit loss	13.1	**(76,343,145)**	(51,963,694)
	Trade debts - net		**2,746,331,968**	1,566,186,261
13.1	**Allowance for expected credit loss**			
	Balance at the beginning of the year		**(51,963,694)**	(42,313,694)
	Charge during the year - net	32	**(24,379,451)**	(9,650,000)
	Balance at the end of the year		**(76,343,145)**	(51,963,694)
13.2	**Age analysis**			
	Not Due		**2,092,296,767**	1,070,338,489
	More than 45 days but not more than 3 months		**310,893,102**	211,695,973
	More than 3 months but not more than 6 months		**286,546,208**	169,183,306
	More than 6 months but not more than 1 year		**80,522,538**	114,968,493
	More than 1 year		**52,416,498**	51,963,694
			2,822,675,113	1,618,149,955
14	**LOANS AND ADVANCES**			
	Loans - secured			
	- employees	14.1	**41,769,164**	51,162,075
	Advances - unsecured			
	- suppliers		**1,540,172,071**	669,797,882
	- Others		**17,899,292**	14,331,648
			1,599,840,527	735,291,605

14.1 These loans are to be repaid within a period of one year in equal monthly installments. Any outstanding loan due from an employee at the time of leaving the service of the company is adjustable against final settlement of staff gratuity fund.

		Note	**2019**	**2018**
			------------Rupees---------	
15	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Trade deposits - unsecured		**26,433,174**	9,668,000
	Short term prepayments		**615,752**	-
	Current maturity of lease deposits- *Conventional*	10	**6,360,770**	3,502,300
			33,409,696	13,170,300

16	OTHER RECEIVABLES	Note	2019	2018
			------------Rupees---------	
	Export rebate		**29,545,423**	32,742,859
	Federal excise duty		**2,024,952**	2,398,431
	Other receivables	16.2	**100,392,428**	101,069,162
			131,962,803	136,210,452

16.1 Other receivables have been reviewed for impairment and none have been found to be impaired.

16.2 This amounts includes Rs. 100.217 million (June 30 2018 Rs.100.217 million) due from Nazir of the Sindh High court as refer in note 28.1.3.

		Note	2019	2018
			------------Rupees---------	
17	**TAXATION - net**			
	Advance income tax		**1,223,297,525**	1,151,153,341
	Provision for taxation	39	**(293,841,398)**	(300,581,354)
			929,456,127	850,571,987
18	**CASH AND BANK BALANCES**			
	Cash in hand		**7,303,543**	6,288,157
	Cash at banks:			
	- current accounts - conventional	18.1	**20,660,039**	18,051,949
	- current accounts - Islamic		**4,430,682**	26,819,985
			32,394,264	51,160,091

18.1 This includes Rs. 65,534 (June 2018 Rs. 65,534) held with Bank of Khyber (related party).

19 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2019	2018		2019	2018
----- Number of Shares -----			------------Rupees---------	
50,520,750	50,520,750	Ordinary shares of Rs.10 each fully paid in cash	**505,207,500**	505,207,500
13,284,000	13,284,000	Ordinary shares of PKR 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation	**132,840,000**	132,840,000
63,804,750	63,804,750		**638,047,500**	638,047,500

20	RESERVES	Note	2019	2018
	Capital reserve			
	- Share premium	20.1	**579,265,000**	579,265,000
	- Remeasurement of investment in associate		**(854,605,234)**	(366,021,780)
	- Reserve arising due to amalgamation	20.2	**916,862,067**	916,862,067
	Revenue Reserve			
	- Unappropriated profit		**6,094,677,327**	5,425,785,968
	- Remeasurement of investments at fair value through OCI		**-**	26,092,557
	Total reserves	20.3	**6,736,199,160**	6,581,983,812

20.1 This represents share premium on right shares issued @ Rs. 20 per share. This reserve can be utilized by the Company for the purpose specified in section 81(2) of the Companies Act, 2017.

20.2 This represents reserve created under scheme of arrangement for amalgamation of an Astro Plastics (Private) Limited with the Company.

20.3 Movement of the total reserves have been reflected in statement of changes in equity.

	2019	2018
21 SPONSORS' LOAN - subordinated	------------Rupees---------	
Sponsors' loan - subordinated	**902,151,770**	902,151,770

21.1 The Company has obtained interest free loan from its sponsors. The sponsors have entered into an agreement with the Company and various banks in which they have under take to subordinate their loans and their claims over the Company's assets. During the year the Company has requested the Securities & Exchange Commission of Pakistan (the Commission) for special permission for conversion of sponsors loan into equity. The related formalities for the conversion of these loan into equity would be completed once the final approval received from the commission.

22 LONG TERM FINANCES - secured

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2019	2018
					--------- Rupees ---------	
<u>**Loans from banking companies and financial institutions**</u>						
CONVENTIONAL						
Habib Bank Limited						
- Term finance	Monthly	2017-2019	1 month KIBOR + 0.25%	36	**-**	100,000,000
- SBP-LTFF	Quarterly	2018-2028	SBP + 0.25%	36	**423,999,975**	462,509,250
- Term finance	Monthly	2017-2022	1 month KIBOR + 0.25%	60	**283,333,342**	383,333,336
- SBP-LTFF	Quarterly	2021-2029	SBP + 0.25%	34	**305,335,128**	-
Bank Al-Habib Limited						
- Term finance	Monthly	2018-2021	3 months KIBOR + 0.25%	42	**74,999,991**	117,857,143
- SBP-LTFF	Quarterly	2019-2028	SBP + 0.75%	32	**385,435,000**	400,000,000
- SBP-LTFF	Quarterly	2020-2028	SBP + 0.50%	32	**56,727,000**	56,727,000
MCB Bank Limited						
- SBP-LTFF	Quarterly	2018-2027	SBP + 0.75%	36	**275,520,152**	313,484,618
- SBP-LTFF	Quarterly	2020-2029	SBP + 0.25%	36	**487,894,244**	-
Allied Bank Limited						
- Term finance	Monthly	2015-2020	3 months KIBOR + 0.25%	60	**79,208,669**	174,259,346
- Term finance	Monthly	2018-2021	3 months KIBOR + 0.25%	36	**183,333,338**	275,000,001
- Term finance	Monthly	2016-2021	3 months KIBOR + 0.25%	60	**122,590,000**	186,550,000
Balance carried forward					**2,678,376,839**	2,469,720,694

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2019	2018
					--------- Rupees ---------	
Balance brought forward					**2,678,376,839**	2,469,720,694
Pak Brunei Investment Company Limited						
- SBP-LTFF	Quarterly	2020-2028	SBP + 0.5%	32	**499,244,000**	423,141,000
- Term finance	Quarterly	2017-2020	3 months KIBOR + 0.50%	12	**-**	99,999,998
- SBP-LTFF	Quarterly	2021-2029	SBP + 0.5%	32	**193,574,000**	-
Pak Oman Investment Company Limited						
- Term finance	Quarterly	2014-2019	3 month KIBOR + 0.5%	20	**-**	6,550,000
- Term finance	Monthly	2016-2021	1 month KIBOR + 0.5%	60	**95,000,000**	155,000,000
- Term finance	Monthly	2014-2019	1 month KIBOR + 0.5%	60	**-**	36,666,683
- SBP-LTFF	Quarterly	2022-2030	SBP + 1.5%	32	**379,843,000**	-
Bank Al falah Limited						
- SBP-LTFF	Quarterly	2017-2028	SBP+0.5%	40/36	**399,300,043**	452,987,544
JS Bank Limited						
- Term finance	Monthly	2016-2020	1 month KIBOR + 0.25%	42	**23,545,066**	80,053,207
- SBP-LTFF	Quarterly	2021-2029	SBP+0.30%	32	**129,759,000**	-
Faysal Bank Limited						
- Term finance	Monthly	2017-2021	3 months KIBOR + 0.25%	48	**197,916,667**	312,500,000
- Term finance	Quarterly	2016-2019	3 months KIBOR + 0.25%	13	**-**	81,405,846
Balance carried forward					**4,596,558,615**	4,118,024,972

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2019	2018
					--------- Rupees ---------	
Balance brought forward					**4,596,558,615**	4,118,024,972
National Bank of Pakistan						
- Term finance	Quarterly	2016-2019	3 months KIBOR + 0.25%	14	**-**	111,454,500
- Term finance	Monthly	2019-2022	1 month KIBOR + 0.25%	48	**308,333,337**	400,000,000
Askari Bank Limited						
- SBP-LTFF	Quarterly	2021-2031	SBP+0.50%	40	**230,347,000**	-
- Term finance	Monthly	2019-2023	1 month KIBOR + 0.50%	48	**391,666,667**	-
Soneri Bank Limited						
- Term finance	Monthly	2019-2024	1 month KIBOR + 0.75%	60	**491,666,667**	-
Islamic						
Habib Bank Limited						
- Islamic financing	Monthly	2016-2021	1 month KIBOR + 0.25%	60	**200,000,100**	300,000,008
MCB Islamic Bank Limited						
- Islamic finance	Quarterly	2018-2022	3 months KIBOR + 0.25%	20	**210,000,000**	280,000,000
Dubai Islamic Bank Pakistan Limited						
- Term finance	Monthly	2014-2019	1 month KIBOR + 0.25%	60	**-**	55,000,000
- Term finance	Monthly	2015-2019	1 month KIBOR + 0.25%	48	**-**	104,166,667
- Term finance	Quarterly	2017-2021	3 months KIBOR + 0.25%	16	**87,500,000**	137,500,000
Meezan Bank Limited						
- Term finance	Monthly	2018-2020	3 months KIBOR + 0.25%	24	**145,833,339**	375,000,001
Balance carried forward					**6,661,905,725**	5,881,146,147

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2019	2018
					--------- Rupees ---------	
Balance brought forward					**6,661,905,725**	5,881,146,147
- Term finance	Monthly	2019-2021	3 month KIBOR + 0.25%	36	**266,666,668**	400,000,000
- Term finance	Monthly	2020-2022	3 month KIBOR + 0.25%	24	**500,000,000**	-
Bank Islami Pakistan Limited						
- Term finance	Monthly	2018-2020	3 months KIBOR + 0.25%	24	**168,750,000**	393,750,000
Faysal Bank Limited						
- Term finance	Quarterly	2018-2021	3 months KIBOR + 0.25%	16	**168,750,000**	225,000,000
- SBP-LTFF	Quarterly	2021-2029	SBP+1%	36	**299,770,000**	-
Summit Bank Limited						
- Term finance	Monthly	2017-2020	1 month KIBOR + 0.20%	36	**-**	263,888,888
					8,065,842,393	7,163,785,036
Less: Current portion of long term finances shown under current liabilities - conventional					**(1,128,579,949)**	(1,203,850,907)
Less: Current portion of long term finances shown under current liabilities - Islamic					**(784,583,333)**	(1,229,166,659)
					6,152,679,111	4,730,767,470

22.1 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 sponsors.

22.2 The Company's total limit for long term loan amounting to Rs. 13,320 million. June 2018 (Rs. 12,370 million)

23 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Under the agreements, lease rentals are payable in 36 equal monthly, 16 equal quarterly & 6 equal biannually installments. Taxes, repairs, replacement and insurance costs, if any, are borne by the Company. The financings from conventional banks carry mark-up at rates ranging from 7.48% to 13.70% (2018: 6.70% to 7.21%) per annum and financing from Islamic banks carry mark-up at rates ranging from 7.18% to 13.63% (2018: 6.38% to 6.72%) approximately which have been used as a discounting factor. The Company has the option to purchase the asset upon completion of the lease period.

The net carrying amount of the assets held under finance lease arrangement is Rs. 331.92 million (2018: Rs. 545.92 million) (refer note 7).

These are secured against deposits of Rs. 27.67 million (2018: Rs 23.77 million), title of ownership of leased assets and personal guarantees of the directors of the Company.

The minimum lease payments for which the Company has committed to pay in future under the lease agreements are due as follows:

	2019			2018		
	Minimum lease payments	**Financial charges allocated**	**Present value of minimum lease payments**	Minimum lease payments	Financial charges allocated	Present value of minimum lease payments
	------ (Rupees in '000) ------					
Conventional						
Up to one year	**54,056,409**	**3,533,779**	**50,522,630**	75,469,532	7,094,153	68,375,379
Later than one year but not later than five years	**42,752,374**	**905,716**	**41,846,658**	94,274,118	3,091,556	91,182,562
	96,808,783	**4,439,495**	**92,369,288**	169,743,650	10,185,709	159,557,941
Islamic						
Up to one year	**60,599,603**	**10,902,388**	**49,697,215**	32,146,551	5,114,694	27,031,857
Later than one year but not later than five years	**103,226,393**	**9,048,493**	**94,177,900**	356,029,372	43,553,683	312,475,689
	163,825,996	**19,950,881**	**143,875,115**	388,175,923	48,668,377	339,507,546
	260,634,779	**24,390,376**	**236,244,403**	557,919,573	58,854,086	499,065,487

24 DEFERRED LIABILITIES

	Note	**2019**	2018
		--------- Rupees ---------	
Provision for staff gratuity scheme - unfunded	24.1	**358,574,405**	231,080,176
Deferred tax liability	24.2	**1,274,088,153**	1,199,724,005
		1,632,662,558	1,430,804,181

24.1 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, 2019, using the “Projected Unit Credit Method”. Provision has been made in the 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:

24.1.1 Significant actuarial assumptions

	2019	2018
Financial assumptions		
Discount rate (per annum)	**14.50%**	10.00%
Expected rate of increase in salaries (per annum)	**14.50%**	10.00%
Demographic assumptions		
Mortality rates (for death in service)	**Adjusted SLIC 2001-2005**	Adjusted SLIC 2001-2005
Retirement assumption	**60 years**	60 years

		Note	2019	2018
24.1.2	**Statement of Financial Position reconciliation**		--------- Rupees ---------	
	Present value of defined benefit obligation	24.1.3	**358,574,405**	231,080,176
	Fair value of plan assets		**-**	-
	Net liability in statement of financial position		**358,574,405**	231,080,176

			2019	2018
24.1.3	**Movement in the defined benefit obligation**			
	Present value of defined benefit obligation as at July 1		**231,080,176**	175,913,366
	Current service cost		**55,264,886**	47,403,329
	Interest cost		**21,981,428**	15,237,728
	Past service cost		**19,319,255**	
	Re-measurement on obligation	24.1.7	**53,460,458**	12,474,976
	Payments during the year		**(20,400,062)**	(19,949,223)
	Benefits payable transferred to short term liability		**(2,131,736)**	-
	Present value of defined benefit obligation as at June 30		**358,574,405**	231,080,176

			2019	2018
24.1.4	**Movement in the net liability at reporting date is as follows:**			
	Opening balance of net liability		**231,080,176**	175,913,366
	Charge for the year	24.1.5	**96,565,569**	62,641,057
	Re-measurements recognized in 'OCI'	24.1.7	**53,460,458**	12,474,976
	Payments during the year		**(20,400,062)**	(19,949,223)
	Benefits payable transferred to short term liability		**(2,131,736)**	-
	Closing balance of net liability		**358,574,405**	231,080,176

			2019	2018
24.1.5	**The amounts recognized in the statement of profit or loss account against defined benefit scheme are as follows:**			
	Current service cost		**55,264,886**	47,403,329
	Interest cost		**21,981,428**	15,237,728
	Past service cost		**19,319,255**	-
	Expected return on plan assets		**-**	-
	Charge for the year		**96,565,569**	62,641,057

24.1.6 For the year ended June 30, 2020, expected provisions to the staff retirement benefit scheme is Rs.119.157

		2019	2018
		--------- Rupees ---------	
24.1.7	**Re-measurement recognized in 'other comprehensive income'**		
	Experience losses	**53,460,458**	12,474,976
	Re-measurement of the fair value of the plan assets	**-**	-
		53,460,458	12,474,976
	Related deferred tax	**(15,503,533)**	(3,742,493)
		37,956,925	8,732,483

24.1.8 Amounts for the current and previous four years are as follows:

Comparison for five year	2019	2018	2017	2016	2015
	----------	----------	Rupees	----------	----------
Present value of the defined benefit obligation	**358,574,405**	231,080,176	175,913,366	125,731,191	93,334,560

24.1.9 The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

	Impact on defined benefit obligation		
	Change in assumptions	Increase in assumption	Decrease in assumption
		--------Rupees--------	
Discount rate	1%	324,783,112	(398,197,581)
Salary growth rate	1%	398,403,424	(323,987,160)

24.1.10 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 defined benefit obligation 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.

	Note	2019	2018
		--------- Rupees	---------
24.2 Deferred taxation			
The details of temporary differences are as follow:			
- accelerated tax depreciation allowances		**1,476,261,432**	1,259,672,650
- provision for gratuity		**(103,986,578)**	(73,066,546)
- allowance for expected credit loss		**(22,139,512)**	(15,589,108)
- investment in associates at fair value through OCI		**(37,818,069)**	69,940,615
- Other investment at fair value through OCI		**-**	3,979,706
- provision for stores and spares		**(2,491,512)**	(2,577,426)
- provision for stock in trade		**(35,737,608)**	(42,635,886)
Deferred tax liability		**1,274,088,153**	1,199,724,005

24.2.1 The movement in temporary differences is as follows:

	Balance as at July 1, 2017	Recognized in Statement of profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2018	Recognized in Statement of profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2019
	----------	----------	----------	Rupees	----------	----------	----------
Deferred tax debits:							
Provision for gratuity	(55,090,883)	14,233,170	3,742,493	(73,066,546)	(15,416,499)	(15,503,533)	(103,986,578)
Allowance for expected credit loss	(12,694,108)	2,895,000	-	(15,589,108)	(6,550,404)	-	(22,139,512)
Investment in associates at fair value through OCI	124,419,176	54,478,561	-	69,940,615	(21,538,074)	86,220,610	(37,818,069)
Other investment at fair value through OCI	3,605,000	-	(374,706)	3,979,706	(3,979,706)	-	-
Unabsorbed depreciation loss	(172,047,650)	(172,047,650)	-	-	-	-	-
Provision for stores & spares	(2,415,426)	162,000	-	(2,577,426)	85,914	-	(2,491,512)
Provision for stock in trade	(39,486,166)	3,149,720	-	(42,635,886)	6,898,278	-	(35,737,608)
Accelerated tax depreciation allowances	1,191,182,633	(68,490,017)		1,259,672,650	216,588,782	-	1,476,261,432
	1,037,472,576	(165,619,216)	3,367,787	1,199,724,005	176,088,290	70,717,077	1,274,088,153

		Note	2019	2018
			--------- Rupees ---------	
25	**TRADE AND OTHER PAYABLES**			
	Trade creditors	25.3	**1,358,568,340**	1,001,003,569
	Accrued liabilities		**482,344,352**	240,871,454
	Gratuity payable	25.2	**2,131,736**	-
	Workers' profit participation fund	25.3	**54,718,374**	91,008,126
	Workers' welfare fund		**28,892,420**	38,323,405
	Sales tax payable		**89,008,333**	19,398,537
	Other liabilities		**35,554,382**	34,008,265
			2,051,217,937	1,424,613,356

25.1 This includes payable to related party amounting to Rs. 14.58 million (2018: 5.50 million)

25.2 This represents benefits payable transferred to short term liability (note 24.1.3).

		Note	2019	2018
			--------- Rupees ---------	
25.3	**Workers' profit participation fund**			
	Balance at the beginning of the year		**91,008,126**	92,931,532
	Contribution for the year	34	**76,032,684**	100,851,067
	Interest on funds utilized in the Company's business	36	**3,622,596**	3,554,059
			170,663,406	197,336,658
	Less: Payments made during the year		**(115,945,032)**	(106,328,532)
	Balance at the end of the year		**54,718,374**	91,008,126
26	**ACCRUED MARK-UP**			
	Accrued mark-up on:			
	Conventional			
	- long term finances - secured		**52,011,565**	32,075,160
	- short term finances - secured		**111,413,476**	46,736,714
	Islamic			
	- long term finances - secured		**16,492,208**	9,791,749
	- short term finances - secured		**25,775,680**	12,837,330
			205,692,929	101,440,953
27	**SHORT TERM FINANCES - Secured**			
	From banking companies			
	Term finances - Conventional	27.1	**895,013,391**	939,675,000
	Term finances - Islamic	27.2	**1,599,200,000**	850,000,000
	Export refinances	27.3	**505,700,000**	434,350,000
	Running finance utilized under mark-up arrangemen	27.4	**3,299,990,421**	1,967,403,798
			6,299,903,812	4,191,428,798

27.1 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 1,005 million (2018: Rs. 1,200 million). These are secured against pari-passu hypothecation 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 6.24% to 13.21% per annum (2018: 5.98% to 6.24% per annum).

27.2 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 1,600 million (2018: Rs. 2,100 million). These are secured against pari-passu hypothecation 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 6.56% to 13.16% per annum (2018: 6.26% to 7.13% per annum).

27.3 These represent facilities for export refinance arranged from various banks aggregating to Rs. 685.70 million (2018: Rs. 614.35 million). These were secured against pari-passu hypothecation 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 0.5% above the State Bank of Pakistan (SBP) rate per annum (2018: 0.25 to 0.50% above SBP rate per annum).

27.4 These represent facilities for running finances available from various banks aggregated to Rs. 4,804.30 million (2018: Rs. 4,525.65 million). These are secured against pari-passu hypothecation of stocks and book debts and personal guarantees of the directors. These carry mark-up at the rates ranging from 7.02% to 13.54% per annum (2018: 6.27% to 7.17 % per annum).

28 CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

28.1.1 The Company had filed their return for the tax year 2014 with tax refundable amounting to Rs. 179 million which was subsequently reduced to Rs. 152 million by the department under Section 122 5A of the Ordinance. The Company has filed an appeal before the Commissioner (Appeals), LTU, Karachi against order passed and the same has been decided in favour of the Company. The department has filed an appeal before the Appellate Tribunal against the order of the Commissioner Appeal which is still pending. The order by the Appellate Tribunal will not have any impact on the tax liability of the Company as it falls under minimum tax.

28.1.2 As the Ministry of Industries has declared BOPET film manufacturing project of the Company as Pioneer Industry, after which imports of capital goods shall be duty free. The Company approached Board of Investment (BOI) for the permission of imports who entertained the request and is 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 amounting to Rs. 557.403 million (2018: Rs. 557.403 million) for provisional clearance in favor of Collector of Custom. 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 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 vide order dated May 13, 2015, has passed interim orders in favor of the company which are still operative. The management of the Company, based on legal counsel's opinion, is confident that exemption shall be granted on duties related to import of capital goods against BOPET project retrospective.

28.1.3 The Company has filed Constitutional Petition 620-K of 2015 on November 27, 2015 against Federation of Pakistan, Federal Board of Revenue and Collectorate of Custom in Sindh High Court against the operation of SRO 170(I)/2013 dated March 04, 2013 which required 8% import duty on import of Poly Ethylene Terephthalate (PET). In this connection Sindh High Court vide order dated March 12, 2013 directed that custom duties at the rate of 3% to be paid by the Company 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 has deposited pay orders amounting to Rs. 100.217 million (2018: Rs. 100.217 million) and issued post dated cheques amounting to Rs. 100.217 million (2018: Rs. 100.217 million) in favor of Nazir of High Court as directed. Further, the Company has filed petition for rationalization of duty structure on PET Resin. The main grievance of the Company 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 major 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 has been regretted by the High Court which has been challenged in the Honorable Supreme Court of Pakistan. As per legal Counsel, there is no immediate financial liability against the Company in the above mentioned matter and has a good prima facie case.

28.1.4 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) refused to issue exemption certificates under section 148 of the Income Tax Ordinance 2001, (the Ordinance) in order to avail the benefit of exemption of advance tax at import stage on plant and machineries as per SRO 947 of 2008, and the company is not going to 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 Honorable High Court has 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 are released under similar grounds. The total quantum of bank guarantees involved in above Suits/Petitions is Rs. 235 million. These cases are still pending in the High Court while the legal counsel is of the opinion that the company has a good prima facie case.

28.1.5 During the fiscal year 2017, Federal Board of Revenue has 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. 477,804,698 in their sales tax returns. In response of the SCN, the company has given the reference of the letter dated: October 2016 sent to Federal Board of Revenue in which it was 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 IIL and its members and the Company has claimed the input sales tax on that basis. However, the company has filed Suit No.1539/2017 on June 13, 2017 and obtained the stay order from the Court. During the year ended 2019, subject suit was ultimately withdrawn by the Company, to pursue the remedy available under section 134A of the Income Tax Ordinance, 2001 i.e. Alternative Dispute Resolution Committee.

28.1.6 The Company had filed sale tax reference 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. The High Court of Sindh 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. During the year ended 2019, subject suit was ultimately withdrawn by the Company, to pursue the remedy available under section 134A of the Income Tax Ordinance, 2001 i.e. Alternative Dispute Resolution Committee.

28.1.7 The Company has filed the Constitutional Petition 2752/2011on August 09, 2011 in High Court 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. In order to release the goods from the custom authority. Subsequently, the High Court ordered to release the goods upon furnishing Bank Guarantee amounting to Rs. 190 million which is equivalent to 50 % of amount of cess. The case is still pending in High Court.

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 Honorable High Courts of Pakistan by Industry at Large. In May 2015, the Government passed the GIDC Act, 2015 and the Company has challenged the GIDC Act 2015 and filed writ petition in the Sindh High Court (SHC) including retrospective treatment of the provisions of the GIDC Act, 2015. On October 2015, SHC decided this suit in favor of Company with the instructions to refund the GIDC collected so far by the Federation. However, the Government filed an appeal in SHC, where the Company was not party to such litigation. Since this issue is being faced by industry at large, management is of the view that there is no need to maintain any provision against this liability. The legal counsel of the Company is confident that decision of the case will be in favor of the Company.

28.1.9 The Company filed a Constitutional Petition D-6143/2017 on September 14 ,2017 before the Sindh High Court challenging the vires of Section 5A of the Income Tax Ordinance, 2001 which was amended through Finance Act 2017 that every public company shall pay tax @ 7.5% of its accounting profit before tax for the year in which such company does not distribute at least 40% of its after tax profits within six (6) months of the end of the tax year through cash or bonus shares. The Sindh High Court has accepted the Constitutional Petition and granted stay against the newly amended section 5A. Further, the Board of Directors of the Company in their meeting dated September 22, 2017 has proposed cash dividend in respect of the year ended June 30, 2017 of Rs. 2.75/- per share which amounts to Rs. 175.463 million (i.e. 15.05% of after tax profits) for the financial and tax year 2017, which is lower than the minimum prescribed distribution rate. In case the Sindh High Court's decision is not in favor of the Company; the Company will either be required to declare dividend to the extent of 40% of after tax profits or it will be liable to pay additional tax at the rate of 7.5% of the accounting profit before tax of the Company for the financial year ended June 30, 2017.

28.1.10 The Company had filed an appeal before the Commissioner Inland Revenue (Appeals-I), Karachi (CIRA) against Order-in-Original No. 06/11/2019 dated March 21, 2019 (ONO) passed by Assistant Commissioner Inland Revenue (ACIR), under section 45-B of Sales Tax Act, 1990. The ACIR had established sales tax demand on account of further tax of Rs. 202.63 million and extra tax of Rs. 105.90 million. The CIRA while considering the factual and legal position, as placed before him, passed an order dated May 29, 2019 in favour of the Company and deleted the entire sales tax demand of Rs. 308.53 million together with penalty and default surcharge. However, subsequent to the year end, the department had filled an appeal in the month of July, 2019 before the Appealate Tribunal Inland Revenue (ATIR) against the aforesaid order passed by the CIRA under section 46 of the sales tax act. The management is confident in this matter and expect to have favourable outcome from ATIR too.

	2019	2018
	--------- Rupees ---------	
28.2 Commitments		
Outstanding letters of guarantee	**929,682,424**	717,831,941
Outstanding letters of credit for:		
- capital expenditure	**4,295,585,276**	1,368,181,418
- others	**1,204,858,818**	999,649,684

		Food segment		Plastic segment		Total	
		2019	2018	**2019**	2018	**2019**	2018
29 OPERATING RESULTS	Note	--------	--------	Rupees	--------	--------	--------
Sales							
Local sales		**27,336,704,275**	22,446,922,974	**7,864,752,985**	6,221,602,669	**35,201,457,260**	28,668,525,643
Export sales		**1,589,199,922**	1,195,022,822	**220,503,684**	107,442,583	**1,809,703,606**	1,302,465,405
		28,925,904,197	23,641,945,796	**8,085,256,669**	6,329,045,252	**37,011,160,866**	29,970,991,048
Sales returns and discounts		**(1,688,862,702)**	(1,685,585,098)	**(92,395,212)**	(242,669,181)	**(1,781,257,914)**	(1,928,254,279)
		27,237,041,495	21,956,360,698	**7,992,861,457**	6,086,376,071	**35,229,902,952**	28,042,736,769
Add: Export rebate		**9,605,597**	12,494,844	**-**	34,360	**9,605,597**	12,529,204
		27,246,647,092	21,968,855,542	**7,992,861,457**	6,086,410,431	**35,239,508,549**	28,055,265,973
Sales tax		**(3,956,241,549)**	(3,244,115,996)	**(1,192,378,548)**	(904,931,954)	**(5,148,620,097)**	(4,149,047,950)
		23,290,405,543	18,724,739,546	**6,800,482,909**	5,181,478,477	**30,090,888,452**	23,906,218,023
Cost of sales	31	**17,814,159,276**	13,950,916,691	**5,922,711,037**	4,594,078,347	**23,736,870,313**	18,544,995,038
Gross profit		**5,476,246,267**	4,773,822,855	**877,771,872**	587,400,130	**6,354,018,139**	5,361,222,985
Selling and distribution expenses	32	**(3,402,314,820)**	(2,766,142,590)	**(187,734,903)**	(130,124,276)	**(3,590,049,723)**	(2,896,266,866)
Administrative expenses	33	**(507,955,624)**	(375,969,926)	**(32,566,708)**	(5,025,024)	**(540,522,332)**	(380,994,950)
		(3,910,270,444)	(3,142,112,516)	**(220,301,611)**	(135,149,300)	**(4,130,572,055)**	(3,277,261,816)
Operating profit		**1,565,975,824**	1,631,710,339	**657,470,260**	452,250,830	**2,223,446,084**	2,083,961,169
Other operating expense	34					**(172,581,775)**	(253,826,191)
Other income	35					**212,920,752**	232,481,148
Finance cost	36					**(905,629,820)**	(617,813,622)
Share of profit from associated	9.2.3					**45,385,014**	393,211,150
Profit before taxation						**1,403,540,255**	1,838,013,654
Taxation	39					**(436,942,413)**	(425,822,163)
Profit for the year						**966,597,842**	1,412,191,491

		Food segment		Plastic segment		Total	
		2019	2018	**2019**	2018	**2019**	2018
		----------	----------	----------	Rupees	----------	----------
29.1	Segment assets	**15,727,044,151**	12,929,984,078	**7,092,171,057**	6,343,832,820	**22,819,215,208**	19,273,816,898
29.2	Unallocated assets	**-**	-	**-**	-	**4,145,280,326**	3,798,631,772
		15,727,044,151	12,929,984,078	**7,092,171,057**	6,343,832,820	**26,964,495,534**	23,072,448,670
29.3	Segment liabilities	**4,675,009,250**	2,519,611,492	**4,436,912,905**	3,568,079,568	**9,111,922,155**	6,087,691,060
29.4	Unallocated liabilities	**-**	-	**-**	-	**10,478,326,719**	9,764,726,298
		4,675,009,250	2,519,611,492	**4,436,912,905**	3,568,079,568	**19,590,248,874**	15,852,417,358
29.5	Non-cash items						
	-depreciation	**779,082,719**	684,967,640	**315,817,183**	302,546,426	**1,094,899,902**	987,514,066
	-others	**88,106,299**	57,197,633	**8,459,270**	7,910,464	**96,565,569**	65,108,097
		867,189,018	742,165,273	**324,276,453**	310,456,890	**1,191,465,471**	1,052,622,163
29.6	Capital expenditure	**2,653,982,019**	1,305,154,557	**506,559,804**	288,717,406	**3,160,541,823**	1,593,871,963

29.7 The Company's export sales have been primarily made to continents in the Asia, Africa, Europe, North America and Australia.

29.8 There were no major customers of the Company which constituted 10 percent or more of the Company's revenue.

30 RECONCILIATION OF REPORTABLE SEGMENT SALES, COST OF SALES, ASSETS AND LIABILITIES

	Note	**2019**	2018
		--------- Rupees	**---------**
30.1 Assets			
Total assets for reportable segments	29.1	**22,819,215,208**	19,273,816,898
Administrative capital assets		**933,230,944**	238,170,690
Long-term investments	9	**3,212,049,382**	3,560,461,082
Total assets		**26,964,495,534**	23,072,448,670
30.2 Liabilities			
Total liabilities for reportable segments	29.3	**9,111,922,155**	6,087,691,060
Sponsors' loan-subordinated	21	**902,151,770**	902,151,770
Deferred liabilities	24	**1,274,088,153**	1,199,724,005
Long term finances-secured	22	**8,065,842,393**	7,163,785,036
Liabilities against assets subject to finance lease	23	**236,244,403**	499,065,487
Total liabilities		**19,590,248,874**	15,852,417,358

31 COST OF SALES

	Note	Food segment 2019	Food segment 2018	Plastic segment 2019	Plastic segment 2018	Total 2019	Total 2018
		---Rupees---					
Raw materials consumed	31.1	**9,687,168,937**	7,725,351,344	**4,636,017,994**	3,535,745,714	**14,323,186,931**	11,261,097,058
Packing materials consumed	31.2	**4,637,312,604**	3,497,284,302	**176,550,264**	134,575,484	**4,813,862,868**	3,631,859,786
Stores and spares consumed	31.3	**325,919,810**	213,334,186	**108,562,733**	102,774,399	**434,482,543**	316,108,585
Salaries, wages and other benefits		**1,879,135,403**	1,395,630,382	**308,043,371**	207,271,239	**2,187,178,774**	1,602,901,621
Electricity, gas, fuel and lubricants		**524,863,652**	361,400,539	**259,569,402**	207,863,879	**784,433,054**	569,264,418
Repairs and maintenance		**135,364,973**	84,539,033	**24,089,033**	17,993,849	**159,454,006**	102,532,882
Cold storage - rent & maintenance		**1,682,250**	11,831,925	**-**	-	**1,682,250**	11,831,925
Printing and stationery		**5,578,423**	1,407,946	**780,610**	199,440	**6,359,033**	1,607,386
Insurance		**18,075,506**	17,606,573	**7,818,502**	8,163,934	**25,894,008**	25,770,507
Rent, rates and taxes		**8,360,669**	2,890,181	**3,203,454**	2,488,082	**11,564,123**	5,378,263
Water charges		**49,688,220**	23,815,117	**9,446,220**	9,338,720	**59,134,440**	33,153,837
Postage and telephone		**4,450,308**	3,155,358	**1,700,106**	962,917	**6,150,414**	4,118,275
Travelling and conveyance		**5,782,197**	2,378,791	**304,067**	240,690	**6,086,264**	2,619,481
Vehicle running and maintenance		**18,333,957**	9,459,142	**5,822,753**	5,112,894	**24,156,710**	14,572,036
Depreciation	7.1	**703,124,265**	625,459,664	**313,148,259**	302,069,545	**1,016,272,524**	927,529,209
Amortisation charge	8.2	**1,130,640**	-	**350,312**	-	**1,480,952**	-
Laboratory expenses		**7,841,824**	4,629,925	**27,200**	201,375	**7,869,024**	4,831,300
Fees and subscription		**1,064,986**	3,425,634	**242,523**	762,622	**1,307,509**	4,188,256
Cartage inward		**18,772,599**	9,665,128	**6,589,475**	7,803,008	**25,362,074**	17,468,136
Procurement expenses		**8,050,140**	12,394,744	**-**	3,000	**8,050,140**	12,397,744
Other manufacturing expenses		**9,714,706**	16,344,744	**3,160,614**	779,686	**12,875,320**	17,124,430
		18,051,416,069	14,022,004,658	**5,865,426,891**	4,544,350,477	**23,916,842,960**	18,566,355,135
Work-in-process at the beginning of the year		**12,103,493**	25,549,994	**105,622,473**	125,615,809	**117,725,966**	151,165,803
Work-in-process at the end of the year		**(29,295,206)**	(12,103,493)	**(52,887,950)**	(105,622,473)	**(82,183,156)**	(117,725,966)
		(17,191,713)	13,446,501	**52,734,524**	19,993,336	**35,542,810**	33,439,837
Cost of goods manufactured		**18,034,224,356**	14,035,451,159	**5,918,161,414**	4,564,343,813	**23,952,385,770**	18,599,794,972

	Note	Food segment 2019	Food segment 2018	Plastic segment 2019	Plastic segment 2018	Total 2019	Total 2018
		Rupees					
Stock of finished goods at the beginning of the year		**1,281,886,032**	1,141,365,251	**77,078,622**	106,813,156	**1,358,964,654**	1,248,178,407
Purchase of finished goods		**56,698,705**	55,986,313	**-**	-	**56,698,705**	55,986,313
Insurance claim		**(4,249,415)**	-	**(600,960)**	-	**(4,850,375)**	-
Stock of finished goods at the end of the year		**(1,554,400,402)**	(1,281,886,032)	**(71,928,039)**	(77,078,622)	**(1,626,328,441)**	(1,358,964,654)
		(220,065,080)	(84,534,468)	**4,549,623**	29,734,534	**(215,515,457)**	(54,799,934)
		17,814,159,276	13,950,916,691	**5,922,711,037**	4,594,078,347	**23,736,870,313**	18,544,995,038
31.1 Raw materials consumed							
Stock of raw materials at the beginning of the year	12.1	**1,373,058,696**	1,533,542,963	**1,823,233,280**	1,592,687,175	**3,196,291,976**	3,126,230,138
Purchases		**9,789,844,067**	7,508,184,701	**4,291,670,053**	3,778,343,196	**14,081,514,120**	11,286,527,897
Cartage inward		**10,748,956**	57,281,251	**5,437**	-	**10,754,393**	57,281,251
Purchase discount		**-**	(598,875)	**-**	(12,051,377)	**-**	(12,650,252)
		11,173,651,719	9,098,410,040	**6,114,908,770**	5,358,978,994	**17,288,560,489**	14,457,389,034
Stock of raw materials at the end of the year	12.1	**(1,486,482,782)**	(1,373,058,696)	**(1,478,890,776)**	(1,823,233,280)	**(2,965,373,558)**	(3,196,291,976)
		9,687,168,937	7,725,351,344	**4,636,017,994**	3,535,745,714	**14,323,186,931**	11,261,097,058
31.2 Packing materials consumed							
Stock of packing materials at the beginning of the year	12.1	**418,306,058**	459,067,630	**20,371,587**	10,504,382	**438,677,645**	469,572,012
Purchases		**4,786,345,517**	3,447,712,452	**168,690,300**	143,490,489	**4,955,035,817**	3,591,202,941
Cartage inward		**-**	1,570	**-**	952,200	**-**	953,770
Purchase discount			(1,710,054)	**-**	-	**-**	(1,710,054)
		5,204,651,575	3,905,071,598	**189,061,887**	154,947,071	**5,393,713,462**	4,060,018,669
(Write off) /Provision for the year	12.1	**(18,886,489)**	10,518,762	**-**	-	**(18,886,489)**	10,518,762
Stock of packing materials at the end of the year	12.1	**(548,452,482)**	(418,306,058)	**(12,511,623)**	(20,371,587)	**(560,964,105)**	(438,677,645)
		4,637,312,604	3,497,284,302	**176,550,264**	134,575,484	**4,813,862,867**	3,631,859,786

		Note	Food segment 2019	Food segment 2018	Plastic segment 2019	Plastic segment 2018	Total 2019	Total 2018
			Rupees					
31.3	**Stores and spares consumed**							
	Stock of stores and spares at the beginning of the year	11	**142,902,577**	105,131,734	**61,164,087**	71,185,645	**204,066,664**	176,317,379
	Purchases		**392,321,527**	250,350,475	**121,997,137**	92,718,981	**514,318,664**	343,069,456
	Cartage inward		**982,274**	381,703	**2,682,254**	59,000	**3,664,528**	440,703
	Purchase discounts		**-**	(167,149)	**-**	(25,140)	**-**	(192,289)
			536,206,378	355,696,763	**185,843,478**	163,938,486	**722,049,856**	519,635,249
	Provision for the year	11.1	**-**	540,000	**-**	-	**-**	540,000
	Stock of stores and spares at the end of the year	11.1	**(210,286,568)**	(142,902,577)	**(77,280,746)**	(61,164,087)	**(287,567,313)**	(204,066,664)
			325,919,810	213,334,186	**108,562,733**	102,774,399	**434,482,543**	316,108,585
32	**SELLING AND DISTRIBUTION EXPENSES**							
	Salaries and other benefits		**1,016,513,727**	811,056,539	**31,530,254**	26,394,993	**1,048,043,981**	837,451,532
	Cartage outward		**951,741,797**	677,634,974	**102,879,677**	76,205,905	**1,054,621,474**	753,840,879
	Export expenses		**92,719,181**	79,554,849	**17,935,006**	10,219,224	**110,654,187**	89,774,073
	Advertisements		**993,764,195**	873,591,715	**8,625**	8,215	**993,772,820**	873,599,930
	Entertainment		**6,173,255**	4,433,925	**150,841**	207,517	**6,324,096**	4,641,442
	Vehicle running and maintenance		**177,592,618**	165,548,382	**973,738**	563,185	**178,566,356**	166,111,567
	Printing and stationery		**5,285,648**	7,437,115	**547,967**	280,676	**5,833,615**	7,717,791
	Postage and telephone		**14,459,144**	26,219,932	**494,612**	542,198	**14,953,756**	26,762,130
	Conveyance and travelling		**40,938,867**	25,924,032	**1,751,944**	913,783	**42,690,811**	26,837,815
	Samples		**319,298**	696,457	**-**	8,300	**319,298**	704,757
	Utilities		**1,688,482**	3,093,159	**975,844**	456,817	**2,664,327**	3,549,976
	Repairs and maintenance		**2,856,850**	3,708,375	**207,907**	873,721	**3,064,757**	4,582,096
	Rent		**54,728,458**	47,659,713	**3,240,512**	3,520,460	**57,968,970**	51,180,173
	Depreciation	7.1	**32,431,289**	27,677,993	**464,302**	77,059	**32,895,591**	27,755,052
	Amortisation charge	8.2	**690,126**	-	**244,081**	-	**934,207**	-
	Fee and subscription		**16,200**	582,327	**946,200**	-	**962,400**	582,327
	Insurance		**8,626,048**	7,832,035	**931,996**	1,102,223	**9,558,044**	8,934,258
	Allowance for expected credit loss	13	**-**	900,000	**24,379,451**	8,750,000	**24,379,451**	9,650,000
	Miscellaneous		**1,769,637**	2,591,068	**71,945**	-	**1,841,582**	2,591,068
			3,402,314,820	2,766,142,590	**187,734,903**	130,124,276	**3,590,049,723**	2,896,266,866

33 ADMINISTRATIVE EXPENSES

	Note	Food segment 2019	Food segment 2018	Plastic segment 2019	Plastic segment 2018	Total 2019	Total 2018
		---Rupees---					
Salaries and other benefits including director's remuneration		**303,666,359**	237,769,431	**20,198,867**	3,331,473	**323,865,226**	241,100,904
Conveyance and travelling		**30,028,936**	19,821,495	**1,681,324**	52,290	**31,710,260**	19,873,785
Postage and telephone		**10,247,142**	10,452,764	**1,265,404**	309,253	**11,512,546**	10,762,017
Printing and stationery		**22,137,998**	10,857,995	**405,365**	2,820	**22,543,364**	10,860,815
Repairs and maintenance		**15,272,097**	7,882,597	**1,782,597**	-	**17,054,693**	7,882,597
Electricity and utilities		**10,857,062**	10,031,955	**332,402**	-	**11,189,464**	10,031,955
Insurance		**7,908,542**	6,194,119	**569,923**	137,548	**8,478,465**	6,331,667
Advertisement		**235,602**	499,064	**-**	-	**235,602**	499,064
Entertainment		**5,903,945**	4,342,813	**270,112**	-	**6,174,057**	4,342,813
Vehicle running and maintenance		**24,455,365**	15,809,128	**1,719,191**	33,578	**26,174,556**	15,842,706
Rent, rates and taxes		**1,881,208**	964,966	**444,990**	-	**2,326,198**	964,966
Fee and subscription		**8,288,916**	2,587,819	**574,579**	708,240	**8,863,494**	3,296,059
Legal and professional charges		**21,989,800**	13,974,756	**430,600**	50,000	**22,420,400**	14,024,756
Depreciation	7.1	**43,527,165**	31,829,983	**2,204,622**	399,822	**45,731,787**	32,229,805
Amortisation charge	8.2	**617,908**	-	**180,946**	-	**798,854**	-
General meeting expenses		**29,000**	31,600	**-**	-	**29,000**	31,600
Miscellaneous		**908,580**	2,919,441	**505,787**	-	**1,414,367**	2,919,441
		507,955,624	375,969,926	**32,566,708**	5,025,024	**540,522,332**	380,994,950

34 OTHER OPERATING EXPENSES	Note	2019	2018
		--------- Rupees ---------	
Contribution to:			
- workers' profits participation fund		**76,032,684**	100,851,067
- workers' welfare fund		**28,892,420**	38,323,405
Auditors' remuneration	**34.1**	**3,960,202**	3,440,226
Exchange loss		**12,188,319**	39,833,207
Donations	**34.2**	**50,021,439**	71,119,522
Other		**1,486,712**	258,764
		172,581,775	253,826,191

34.1 Auditor's remuneration

	2019	2018
Audit fee - unconsolidated	**2,200,000**	1,700,000
Audit fee - consolidated	**600,000**	500,000
Fee for other certification	**85,000**	85,000
Fee for half yearly review	**500,000**	500,000
Out-of-pocket expense	**575,202**	655,226
	3,960,202	3,440,226

34.2 Donation to the following organizations exceed 10% of total donation

	2019	2018
- Khadija Girls College	**14,579,194**	38,943,070
- Indus Hospital	**10,500,000**	12,000,000
- Al Mustufa Welfare Trust	**6,833,145**	1,600,000
	31,912,339	52,543,070

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.

35 OTHER INCOME	Note	2019	2018
		--------- Rupees ---------	
Income from financial assets			
Profit on sale of shares		**156,011**	29,580,016
Income from non financial assets			
Recovery from the sale of production scrap		**166,010,668**	147,171,837
Gain on disposal of property, plant and equipment-net		**10,886,911**	27,681,904
Processing income		**35,358,254**	28,035,097
Others		**508,908**	12,294
		212,920,752	232,481,148

	Note	2019	2018
		--------- Rupees ---------	

36 FINANCE COST

		2019	2018
Mark up on:			
- long term finances -Conventional		320,324,503	289,857,686
- long term finances-Islamic		210,877,828	179,895,122
- short term finances-Conventional		195,996,512	64,400,086
- short term finances-Islamic		131,215,853	49,391,432
Interest on workers' profits participation fund		3,622,596	3,554,059
Finance charge on finance leases		16,925,761	17,031,837
Bank charges		26,666,767	13,683,400
		905,629,820	617,813,622

37 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2019			2018		
	Chief executive officer	Directors	Executives	Chief executive officer	Directors	Executives
	---------- Rupees ----------					
Managerial remuneration	8,400,000	14,400,000	326,322,092	6,000,000	9,600,000	238,583,345
Gratuity	-	-	16,713,051	-	-	12,504,368
Bonus			16,713,051			12,504,368
Reimbursement of expenses						
Utilities	1,000,000	1,500,000	-	1,000,000	1,500,000	-
	9,400,000	15,900,000	359,748,194	7,000,000	11,100,000	263,592,081
Number of persons	1	2	75	1	2	68

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:

	2019			2018		
	Chief executive officer	Directors	Executives	Chief executive officer	Directors	Executives
	---------- Rupees ----------					
Cost of goods sold	-	-	149,098,501	-	-	117,022,484
Selling and distribution expenses	-	-	129,244,213	-	-	83,565,196
Administrative expenses	9,400,000	15,900,000	81,405,480	7,000,000	11,100,000	63,004,401
	9,400,000	15,900,000	359,748,194	7,000,000	11,100,000	263,592,081
Number of persons	1	2	75	1	2	68

38 CLASSIFICATION OF EXPENSES

	Note	2019 Local	2019 Export	2019 Common expenses	2019 Total
		------------------------Rupees------------------------			
Selling and distribution expenses	32	**3,454,628,262**	**135,421,460**	**-**	**3,590,049,723**
Administrative expenses	33	**-**	**-**	**540,522,332**	**540,522,332**
Finance cost	36	**890,105,111**	**15,524,710**	**-**	**905,629,820**

	Note	2018 Local	2018 Export	2018 Common expenses	2018 Total
		------------------------Rupees------------------------			
Selling and distribution expenses	32	2,786,381,003	109,885,863	-	2,896,266,866
Administrative expenses	33	-	-	380,994,950	380,994,950
Finance cost	36	606,261,459	11,552,163	-	617,813,622

39 TAXATION

	2019	2018
	--------- Rupees ---------	
Current	**293,841,398**	300,581,354
Prior year	**(32,987,276)**	(40,378,406)
Deferred	**176,088,290**	165,619,215
	436,942,413	425,822,163

39.1 The relationship between accounting profit and tax expense

The relationship between tax expense and accounting profit has not been presented in these financial statements as the current year's income of the Company attracts minimum tax under section 113 of Income Tax Ordinance, 2001.

40 EARNINGS PER SHARE

	2019	2018
	--------- Rupees ---------	
Basic earnings per share		
Profit for the year	**966,597,842**	1,412,191,491
	Number of shares	
Weighted average number of ordinary shares during the year	**63,804,750**	63,804,750
Weighted average number of shares outstanding as at year end	**63,804,750**	63,804,750
Basic earnings per share	**15.15**	22.13

Diluted earnings per share

There is no dilutive potential ordinary shares outstanding as at June 30, 2019 & June 30, 2018.

41 NUMBER OF EMPLOYEES

	2019	2018
Number of employees as at the year end	**2,336**	2,242
Average number of employees during the year	**2,244**	2,172

42 CASH GENERATED FROM OPERATIONS

	Note	2019	2018
		--------- Rupees ---------	
Profit before taxation		**1,403,540,255**	1,838,013,654
Adjustments for non-cash and other items:			
Depreciation	7.1	**1,094,899,902**	987,514,066
Amortisation charge	8.2	**3,214,013**	-
Gain on disposal of property, plant and equipment-net	35	**(10,886,911)**	(27,681,904)
Provision for staff gratuity scheme - unfunded	24.1.5	**96,565,569**	62,641,057
Finance cost	36	**905,629,820**	617,813,622
Share of profit from associated companies-net	9.2.3	**(45,385,014)**	(393,211,150)
Profit on sale of shares		**(156,011)**	-
Provision for slow moving - stores and spares		**-**	540,000
Provision for slow moving - stock in trade		**(18,886,489)**	10,518,762
Allowance for expected credit loss		**24,379,451**	9,650,000
Unrealized gain on trade debts		**(64,050,757)**	-
Unrealized loss on trade and other payables		**53,900,978**	-
		3,442,764,806	3,105,798,107
Working capital changes			
(Increase) / Decrease in current assets			
Stores and spares		**(83,084,329)**	(26,936,536)
Stock-in-trade		**(123,189,019)**	(116,533,577)
Trade debts		**(1,140,474,402)**	(132,983,496)
Loans and advances		**(864,548,922)**	(365,521,200)
Trade deposits and short term prepayments		**(20,239,396)**	8,518,337
Other receivables		**4,247,649**	81,231,164
		(2,227,288,419)	(552,225,308)
(Decrease) / Increase in current liabilities			
Trade and other payables		**570,571,867**	388,528,140
Short term finances-secured		**775,888,390**	(753,052,137)
Advances from customers		**56,885,293**	52,229,685
		1,403,345,549	(312,294,312)
Net decrease in working capital		**(823,942,870)**	(864,519,620)
Cash generated from operations		**2,618,821,937**	2,241,278,487

		Note	2019	2018
			--------- Rupees ---------	
43	**FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**			
43.1	**Financial instruments by category**			
	Financial assets			
	At amortized cost			
	Long term deposits	10	**44,303,491**	39,318,639
	Trade debts	13	**2,746,331,968**	1,566,186,261
	Trade deposits - unsecured	15	**26,433,174**	9,668,000
	Other receivables	16	**129,937,851**	133,812,021
	Cash and bank balances	18	**32,394,264**	51,160,091
	Total financial assets		**2,979,400,748**	1,800,145,012
	Financial liabilities			
	At amortized cost			
	Sponsors' loan - subordinated (interest-free)	21	**902,151,770**	902,151,770
	Long term finances	22	**8,065,842,393**	7,163,785,036
	Liabilities against assets subject to finance lease	23	**236,244,403**	499,065,487
	Trade and other payables	25	**1,872,228,827**	1,275,883,288
	Accrued mark-up	26	**205,692,929**	101,440,953
	Short term finances	27	**6,299,903,812**	4,191,428,798
	Unclaimed dividend		**2,338,500**	1,818,498
	Total financial liabilities		**17,584,402,634**	14,135,573,830

43.2 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 were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on market value of shares 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, 2019:

	2019			
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	-------------------Rupees --------------------			
Financial investments: fair value through OCI	**-**	**-**	**-**	**-**

	2018			
Financial assets	Level 1	Level 2	Level 3	Total
	-------------------Rupees --------------------			
Financial investments: fair value through OCI	195,107,650	-	-	195,107,650

	2019			
Investment in associates	**Level 1**	**Level 2**	**Level 3**	**Total**
	-------------------Rupees --------------------			
Investment in associates	**2,001,232,631**	**-**	**-**	**2,001,232,631**

	2018			
Investment in associates	Level 1	Level 2	Level 3	Total
	-------------------Rupees --------------------			
Investment in associates	2,530,641,520	-	-	2,530,641,520

43.3 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

43.3.1 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 of 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	2019	2018
		--------- Rupees ---------	
Al Baraka Bank Pakistan Limited	A1	**-**	26,444
Allied Bank Limited	AAA	**36,444**	-
Bank Al Habib Limited	AA+	**382,735**	383,850
Bank Al Falah Limited	AA+	**730,000**	-
Bank Islami Pakistan Limited	A+	**379,809**	103,350
Dubai Islamic Bank Pakistan Limited	A1+	**888,562**	1,972,299
Habib Bank Limited	A1+	**12,786,746**	150,227
Habib Metropolitan Bank Limited	AA+	**2,407,015**	3,289,888
JS Bank Limited	AA-	**5,885,662**	13,156,284
MCB Bank Limited	AAA	**27,923**	23,143
MCB Islamic Bank Limited	A	**748,859**	1,067,959
Meezan Bank Limited	A1+	**-**	23,649,934
National Bank Of Pakistan	AAA	**49,256**	612,767
Samba Bank Limited	A1	**8,685**	1,685
Soneri Bank Limited	AA-	**541,190**	53,611
Summit Bank Limited	Suspended	**99,235**	-
Standard Chartered Bank (Pakistan) Limited	AAA	**-**	122,117
The Bank Of Khyber	A	**65,534**	59,091
The Bank of Punjab	AA	**53,066**	199,286
		25,090,721	44,871,935

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	2019	2018
		--------- Rupees ---------	
Trade debts	13	**2,746,331,968**	1,566,186,261
Loans and advances	14	**1,558,071,363**	684,129,530
Trade deposits - unsecured	15	**26,433,174**	9,668,000
Bank balances	18	**25,090,721**	51,160,091
		4,355,927,227	2,311,143,882

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.

Advances recoverable from employees are secured against their retirement benefits.

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:

	2019	2018
	--------- Rupees ---------	
More than 45 days but not more than 3 months	310,893,102	211,695,973
More than 3 months but not more than 6 months	286,546,208	169,183,306
More than 6 months but not more than 1 year	80,522,538	114,968,493
More than 1 year	52,416,498	51,963,694
	730,378,346	547,811,466

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

43.3.2 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:

		2019			
		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	5%	6,018,572,286	1,128,579,949	4,889,992,337
Long term finances - secured (Islamic)		10%	2,047,270,107	784,583,333	1,262,686,774
Liabilities against assets subject to finance lease-conventional	23	7.48% to 13.70%	92,369,288	50,522,630	41,846,658
Liabilities against assets subject to finance lease-Islamic		7.18% to 13.63%	143,875,115	49,697,215	94,177,900
Short term finances-secured-conventional	27	5.98% to 6.24%	4,700,703,812	4,700,703,812	-
Short term finances - secured- Islamic	27	6.26% to 7.13%	1,599,200,000	1,599,200,000	-
Non - interest bearing					
Sponsors' loan - subordinated	21	-	902,151,770	-	902,151,770
Trade and other payables	25	-	1,872,228,827	1,872,228,827	-
Accrued mark-up	26	-	205,692,929	205,692,929	-
			17,582,064,134	10,391,208,695	7,190,855,439

	Note	2018 Effective rate of interest	Carrying amount	Maturity upto one year	Maturity after one year
		---Rupees---			
Financial liabilities					
Interest bearing					
Long term finances-secured-conventional	22	6%	4,629,479,472	1,203,850,907	3,425,628,565
Long term finances-secured-Islamic		5%	2,534,305,564	1,229,166,659	1,305,138,905
Liabilities against assets subject to finance lease-conventional	23	6.70% to 7.21%	159,557,941	68,375,379	91,182,562
Liabilities against assets subject to finance lease-Islamic		6.38% to 6.72%	339,507,546	27,031,857	312,475,689
Short term finances-secured-conventional	27	5.98% to 6.24%	3,341,428,798	3,341,428,798	-
Short term finances-secured-Islamic	27	6.26% to 7.13%	850,000,000	850,000,000	-
Non - interest bearing					
Sponsors' loan - subordinated	21	-	902,151,770	-	902,151,770
Trade and other payables	25	-	1,275,883,288	1,275,883,288	-
Accrued mark-up	26	-	101,440,953	101,440,953	-
			14,133,755,332	8,097,177,841	6,036,577,491

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the statement of financial position would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2019, 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. 80.66 million (2018: Rs. 71.64 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At June 30, 2019, 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. 62.99 million (2018: Rs. 41.91 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

43.3.3 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 or future cash flows of financial asset or a liability will 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:

	2019	2018
	---------- Amount in USD ----------	
Trade debts	4,051,426	2,564,352
Cash and bank balances	34,749	98,351
Trade and other payables	(3,959,324)	(4,205,576)
Loans and advances	51,259	3,868,310
Advance from customer	(244,293)	(388,743)
	(66,183)	1,936,694
Off balance sheet exposures		
Letter of credit	(28,346,447)	(337,266)
Net Exposure	(28,412,630)	1,599,428

The following significant exchange rates were applied during the year.

	2019	2018
	Rupee per USD	
Average rate	140.78	113.25
Reporting date rate	160.05	121.50

Foreign currency sensitivity analysis

A 10 percentage strengthening of the PKR against the USD at June 30, 2018 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, 2019.

	2019	2018
	--------- Rupees ---------	
Strengthening of PKR against respective currencies	454,750,136	(19,433,054)
Weakening of PKR against respective currencies	(454,750,136)	19,433,054

As at 30 June 2019, 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. -454.75 million (2018: Rs. 6.03 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	2019	2018
		--------- Rupees ---------	
Export debtors	13	784,297,206	311,568,772
Import creditors		624,660,887	510,977,433
		1,408,958,093	822,546,205

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, running finance facilities and finance leases. At the reporting date the interest rate profile of the Company's mark-up bearing financial instruments is as follows:

	Carrying amount	
	2019	2018
	--------- Rupees ---------	
Variable rate instruments		
Financial assets	-	-
Financial liabilities	14,601,990,608	11,854,279,321
	14,601,990,608	11,854,279,321

As at 30 June 2019, 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. 146.02 million. (2018: Rs. 118.54 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.

44 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, unappropriated profit and reserves. As at reporting date the capital of the Company is as follows:

	2019	2018
	--------- Rupees ---------	
Share capital	638,047,500	638,047,500
Reserves	6,736,199,160	6,581,983,812
	7,374,246,660	7,220,031,312

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.

During 2019 the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2019 and 2018 were as follows:

	Note	2019	2018
		------------ Rupees ------------	
Total borrowings		8,967,994,163	8,065,936,806
Less: Cash and bank balances		(32,394,264)	(51,160,091)
Net debt		8,935,599,899	8,014,776,715
Total equity		7,374,246,660	7,220,031,312
Total equity and debt		16,309,846,559	15,234,808,027
Net gearing ratio (%)		54.8%	52.61%

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.

45 PLANT CAPACITY AND ACTUAL PRODUCTION

	2019 Metric Ton		2018 Metric Ton	
	Rated Capacity	**Actual Production**	Rated Capacity	Actual Production
Food processing	**125,335**	**89,376**	115,350	81,628
Plastic film	**33,000**	**25,198**	33,000	26,726

46 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:

	2019	2018
	--------- Rupees ---------	
Associated Company - Plastiflex Films (Private) Limited (Common Directorship)		
- Purchase of raw & packing Materials	**164,048,773**	54,332,436
- Metallization of raw material	**(11,013,408)**	6,753,099
- Sales of raw and packing material	**(12,459,583)**	(2,165,352)
- Recovery against Sales	**25,646,302**	
- Payment against purchases	**(157,132,416)**	(55,009,525)
Balances		
Plastiflex Films (Private) Limited		
- Payable to associate	**14,586,783**	5,497,115
Director's subordinated - loan		
- Payable to directors'	**902,151,770**	902,151,770

47 CORRESPONDING FIGURES

Previous year figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison in the unconsolidated financial statements. For better presentation, reclassification made in these unconsolidated financial statements were as follows:

Reclassification from	Reclassification to	Rupees
Unconsolidated Statement of Financial Position		
Property, plant and equipment	Intangible assets	41,739,258

48 NON - ADJUSTING EVENT AFTER THE REPORTING DATE

48.1 The board of directors in its meeting held on September 25, 2019 has proposed dividend in respect of the year ended June 30, 2019 of Rs. 3/- per share (2018: Rs. 4.50/- per share) for approval of the members at the annual general meeting. The unconsolidated financial statements for the year ended June 30, 2019 do not include the effect of proposed dividend, which will be accounted for in the unconsolidated financial statements for the year ending June 30, 2020.

The proposed dividend for the year ended June 30, 2018 compiles with the requirement of Section 5A of the Income Tax Ordinance 2001, therefore, no provision for tax on undistributed profit has been recognized in these unconsolidated financial statements.

49 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue on September 25, 2019 by the board of directors of the Company.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Ismail Industries Limited

Opinion

We have audited the annexed consolidated financial statements of **Ismail Industries Limited** and its **subsidiary (the Group)**, which comprise the consolidated statement of financial position as at **June 30, 2019**, 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 significant 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, 2019, 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 Matters

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 are the Key Audit Matters:

S.No.	Key Audit Matters	How the matters were addressed in our audit
1.	**Valuation of Stock-in-Trade** As at June 30, 2019 the Group's total stock-in-trade balance amounting to Rs.5.261 billion as disclosed in note 13 represents 47.37% of the total current assets of the Group. The value of 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. 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. 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.	In response to this matter, our audit procedures included the following: • Reviewed the management procedures for evaluating the NRV of stock-in-trade, observed physical counts at major locations to ascertain the condition and existence of stock-in-trade, and performed a test on a sample of items to assess the NRV of the stock-in-trade held. • 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 obsolesce. • Tested the NRV of the stock-in-trade held by preforming a review of sales close to and subsequent to the year-end and compared with the cost for a sample of products. • Assessed the adequacy of the disclosures on stock-in-trade in the consolidated financial statements.

S.No.	Key Audit Matters	How the matters were addressed in our audit
2.	**First time adoption of IFRS 9 – Financial Instruments** As referred in note 6 to the consolidated financial statements, the Group has adopted IFRS 9 with effect from July 01, 2018. The new standard requires the Group to make provision for financial assets using expected credit loss (ECL) approach as against Incurred Loss Model previously applied by the Group. Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the first time application of IFRS 9 requirements as a key matters due to significance of the change in accounting methodology and involvement of estimates and judgement in this regard.	As part of our audit, we have performed the following audit procedures: • Reviewed the methodology developed and applied by the Group to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. • Assessed the integrity and quality of data used for ECL computation based on the accounting records and information system of the Group as well as the related external sources as used for this purpose. • Checked the mathematical accuracy of the ECL model by performing recalculation on test basis. • Checked the classification of financial assets and financial liabilities to ensure compliance of IFRS 9 classification requirement. • Assessed the adequacy of disclosures in the consolidated financial statements of the Group.

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.
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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.

The Board of Directors is 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 **Muhammad Khalid Aziz.**

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
Date: September 25, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		------------ Rupees ------------	
ASSETS			
Non-current assets			
Property, plant and equipment	7	**13,948,245,682**	12,196,647,115
Intangible assets	8	**85,453,143**	41,739,258
Goodwill	9	**11,959,187**	11,959,187
Long term investments	10	**2,229,950,382**	2,954,477,082
Long term deposits	11	**47,985,848**	42,996,197
Total non-current assets		**16,323,594,242**	15,247,818,839
Current assets			
Stores and spares	12	**292,887,591**	195,891,564
Stock-in-trade	13	**5,261,895,471**	5,007,426,291
Trade debts	14	**2,768,429,157**	1,569,862,225
Loans and advances	15	**1,634,108,116**	738,012,983
Trade deposits and short term prepayments	16	**37,273,112**	13,170,300
Other receivables	17	**131,962,804**	136,230,676
Taxation-net	18	**945,869,617**	861,475,370
Cash and bank balances	19	**36,602,222**	81,115,556
Total current assets		**11,109,028,090**	8,603,184,965
Total assets		**27,432,622,332**	23,851,003,804

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	2019	2018
		------------ Rupees ------------	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
250,000,000 (2018: 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	**638,047,500**	638,047,500
Non-controlling interest		**179,714,690**	220,543,953
Reserves	21	**6,451,888,083**	6,535,653,031
Total shareholders' equity		**7,269,650,273**	7,394,244,484
Non-current liabilities			
Sponsors' loan-subordinated	22	**915,357,737**	915,357,737
Long term finances-secured	23	**6,484,901,333**	5,230,767,470
Liabilities against assets subject to finance lease	24	**136,024,559**	403,658,251
Deferred liabilities	25	**1,643,629,575**	1,439,275,898
Total non-current liabilities		**9,179,913,204**	7,989,059,356
Current liabilities			
Trade and other payables	26	**2,106,806,641**	1,454,810,499
Accrued mark-up	27	**209,765,534**	103,908,088
Short term finances-secured	28	**6,299,903,813**	4,191,428,798
Current portion of:			
- long term finances-secured	23	**2,069,829,949**	2,483,017,566
- liabilities against assets subject to finance lease	24	**100,219,845**	95,407,236
Unclaimed Dividend		**2,338,500**	1,818,498
Advances from customers		**194,194,573**	137,309,279
Total current liabilities		**10,983,058,855**	8,467,699,964
Total liabilities		**20,162,972,059**	16,456,759,320
Total equity and liabilities		**27,432,622,332**	23,851,003,804
Contingencies and commitments	29		

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		------------ Rupees ------------	
Sales	30	**37,117,261,720**	29,970,991,048
Sales returns and discounts		**(1,791,242,484)**	(1,928,254,279)
Export Rebate		**9,605,597**	12,529,204
		(1,781,636,887)	(1,915,725,075)
		35,335,624,833	28,055,265,973
Sales tax		**(5,148,620,097)**	(4,149,047,950)
Sales - net		**30,187,004,736**	23,906,218,023
Cost of sales	32	**(23,881,824,697)**	(18,544,995,038)
Gross profit		**6,305,180,039**	5,361,222,985
Selling and distribution expenses	33	**(3,780,870,997)**	(2,896,266,866)
Administrative expenses	34	**(586,593,213)**	(413,888,986)
Operating profit		**1,937,715,829**	2,051,067,133
Other operating expenses	35	**(172,282,473)**	(254,651,191)
Other income	36	**213,759,588**	232,816,026
		1,979,192,944	2,029,231,968
Finance cost	37	**(956,336,302)**	(618,097,025)
		1,022,856,642	1,411,134,943
Share of profit from associated companies-net	10.1.3	**45,385,014**	393,211,150
Profit before taxation		**1,068,241,656**	1,804,346,093
Taxation	40	**(436,942,413)**	(425,822,163)
Profit for the year		**631,299,243**	1,378,523,930
Profit for the year attributable to:			
Shareholders of the Holding Company		**727,555,976**	1,388,138,228
Non-controlling interest		**(96,256,733)**	(9,614,298)
		631,299,243	1,378,523,930
Earnings per share - basic	41	**11.40**	21.76

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		------------ Rupees	------------
Profit for the year		**631,299,243**	1,378,523,930
Other comprehensive loss:			
Items that will be reclassified to consolidated statement of profit or loss in subsequent periods		**-**	-
Items that will not be reclassified to consolidated statement of profit or loss in subsequent periods:			
Loss on remeasurements of post employment benefit obligation-net of tax	25.1.7	**(36,467,885)**	(11,982,254)
Unrealized appreciation during the year on re-measurement of investment classified as fair value through OCI -net of tax	10.1.4	**1,279,260**	13,143,235
Realized appreciation during the year on sale of investment classified as fair value through OCI -net of tax		**-**	(10,520,291)
Share of other comprehensive loss from associate-net of tax	10.1.3	**(488,583,454)**	(282,236,490)
Other comprehensive loss - net of tax		**(523,772,079)**	(291,595,800)
Total comprehensive income for the year		**107,527,164**	1,086,928,130
Total comprehensive income for the year attributable to :			
Shareholders of the Holding Company		**203,356,427**	1,097,475,365
Non-controlling interest		**(95,829,263)**	(10,547,235)
		107,527,164	1,086,928,130

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid-up share capital	Total Reserves						Non-controlling Interest	Total shareholders' equity
		Capital reserve		Revenue reserve					
		Share premium	Amalgamation reserves	Remeasurement of investment in associate	Remeasurement of investments at fair value through OCI	Unappropriated profit	Total reserves		
	-------------------------- Rupees --------------------------								
Balance as at July 01, 2017	638,047,500	579,265,000	916,862,067	(83,785,290)	23,469,613	4,177,829,339	5,613,640,729	231,091,188	6,482,779,417
Profit for the year	-	-	-	-	-	1,388,138,228	1,388,138,228	(9,614,298)	1,378,523,930
Other Comprehensive Loss									
Remeasurement of defined benefit obligation	-	-	-	-	-	(11,049,317)	(11,049,317)	(932,937)	(11,982,254)
Unrealized appreciation on remeasurement of investment - net of tax	-	-	-	-	13,143,235	-	13,143,235	-	13,143,235
Realized gain on sale of investment-net of tax	-	-		-	(10,520,291)	-	(10,520,291)	-	(10,520,291)
Share of other comprehensive loss from associate-net of tax	-	-	-	(282,236,490)	-	-	(282,236,490)	-	(282,236,490)
Total comprehensive income for the year	-	-	-	(282,236,490)	2,622,944	1,377,088,911	1,097,475,365	(10,547,235)	1,086,928,130
Transactions with owners recognized directly in equity:									
Final dividend for the year ended June 30, 2017 @ Rs. 2.75 per share	-	-	-	-		(175,463,063)	(175,463,063)	-	(175,463,063)
Balance as at June 30, 2018	638,047,500	579,265,000	916,862,067	(366,021,780)	26,092,557	5,379,455,187	6,535,653,031	220,543,953	7,394,244,484
Profit for the year	**-**	**-**	**-**	**-**	**-**	**727,555,976**	**727,555,976**	**(96,256,733)**	**631,299,243**
Other comprehensive loss									
Remeasurement of defined benefit obligation - net of tax - note 25.1.7	**-**	**-**	**-**	**-**	**-**	**(36,895,355)**	**(36,895,355)**	**427,470**	**(36,467,885)**
Unrealized appreciation on remeasurement of investment - net of tax	**-**	**-**	**-**	**-**	**1,279,260**	**-**	**1,279,260**		**1,279,260**
Share of other comprehensive loss from associate-net of tax	**-**	**-**	**-**	**(488,583,454)**	**-**	**-**	**(488,583,454)**		**(488,583,454)**
Total comprehensive income for the year	**-**	**-**	**-**	**(488,583,454)**	**1,279,260**	**690,660,621**	**203,356,427**	**(95,829,263)**	**107,527,164**
Advance against issue of share								**55,000,000**	**55,000,000**
Reclassification due to sale of investment	**-**	**-**	**-**	**-**	**(27,371,817)**	**27,371,817**	**-**	**-**	**-**
Transactions with owners recognized directly in equity:									
Final dividend for the year ended June 30, 2018 @ Rs.4.5 per share	**-**	**-**	**-**	**-**	**-**	**(287,121,375)**	**(287,121,375)**	**-**	**(287,121,375)**
Balance as at June 30, 2019	**638,047,500**	**579,265,000**	**916,862,067**	**(854,605,234)**	**-**	**5,810,366,250**	**6,451,888,083**	**179,714,690**	**7,269,650,273**

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		------------ Rupees ------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	43	**2,318,422,214**	2,249,313,757
Gratuity paid	25.1.3	**(23,045,917)**	(20,020,923)
Income tax paid-net		**(345,248,368)**	(347,520,606)
Long term deposits paid		**(4,989,651)**	(7,360,224)
Net cash generated from operating activities		**1,945,138,278**	1,874,412,004
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure (including CWIP)		**(3,200,362,581)**	(1,972,894,543)
Intangible assets		**(46,927,898)**	-
Proceed from sale of long term investment		**196,386,910**	116,730,000
Purchase of investment - at fair value through profit or loss		**(1,574,979)**	-
Sale of investment - at fair value through profit or loss		**1,730,990**	-
Dividend received		**-**	362,458,547
Proceeds from disposal of property, plant and equipment	7.2	**232,464,389**	77,162,448
Net cash used in investing activities		**(2,818,283,169)**	(1,416,543,548)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts / (repayment) from long term financing-net		**840,946,246**	(1,039,117,258)
(Lease repayments) / lease repayments net off sale and lease back		**(262,821,083)**	250,511,780
Contribution from non-controlling shareholders		**55,000,000**	-
Interest / mark-up paid		**(850,478,856)**	(607,787,652)
Dividend paid		**(286,601,373)**	(175,673,011)
Net cash used in financing activities		**(503,955,066)**	(1,572,066,141)
Net decrease in cash and cash equivalents		**(1,377,099,957)**	(1,114,197,685)
Cash and cash equivalents at the beginning of the year		**(1,886,288,242)**	(772,090,557)
Cash and cash equivalents at the end of the year		**(3,263,388,199)**	(1,886,288,242)
Cash and cash equivalents at the end of the year comprise of:			
Cash and bank balances	19	**36,602,222**	81,115,556
Running finance utilized under mark-up arrangements	28	**(3,299,990,421)**	(1,967,403,798)
		(3,263,388,199)	(1,886,288,242)

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND OPERATIONS

1.1 The Group consist of:
Holding Company : Ismail Industries Limited
Subsidiary Company : Hudson Pharma (Private) Limited

a) 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 Holding 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 January 11, 2016 the shares of the Holding Company are now quoted on Pakistan Stock Exchange Limited. Principal activities of the Holding Company are manufacturing and trading of sugar confectionery items, biscuits, potato chips, cast polypropylene (CPP) and Biaxially-oriented polyethylene terephthalate (BOPET) film under the brands of 'Candyland', 'Bisconni', 'Snackcity' and 'Astro films' respectively.

Geographical location and addresses of business units including manufacturing units of the Holding Company are as under:

Head Office:
17 - Bangalore Town, Shahrah-e-Faisal, Karachi.

Factories:

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

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

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

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

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

Unit-6
D-91, D-92 & D-94 North Western Zone, Port Qasim.

Unit-7
E164-168, North Western Zone, Port Qasim.

Unit-8
E154-157, North Western Zone, Port Qasim.

b) Hudson Pharma (Private) Limited

The Subsidiary Company was incorporated in Pakistan as a private limited Company on May 5, 2010, under the repealed Companies Ordinance, 1984 (now Companies Act 2017). 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 and medicines.

Geographical location and addresses of business units including manufacturing units of the Subsidiary Company are as under:

Head Office:
17 - Bangalore Town, Shahrah-e-Faisal, Karachi.

Factory:
D-93, North Western Industrial Zone, Port Qasim.

2 BASIS OF PREPARATION

2.1 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 (IFRSs) 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 and of directives issued under the Companies Act, 2017 have been followed of the preparation of these unconsolidated financial statements.

2.2 Basis of measurement

These Consolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policies' note and Consolidated statement of cash flows.

2.3 Functional and presentation currency

These Consolidated financial statements are presented in Pakistani Rupees which is the Group's functional currency and presentation currency.

2.4 Basis of Consolidation

These consolidated financial statements include the financial statements of the Holding Company and its subsidiary Company.

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.

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 is 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 of the period, even if that results in a deficit balance.

The assets, liabilities, income and expenses of subsidiary 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.

2.5 Standard, Amendment or interpretation to published approved accounting standards

2.5.1 Standards, amendments and interpretations to the published standards that are relevant to the Group and adopted in the current year

The Group has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 15 'Revenue from Contracts with Customers'	July 1, 2018
IFRS 9 'Financial Instruments'	July 1, 2018

Refer note 6 for the impacts of the above newly adopted financial reporting standards on the Consolidated financial statements for the year ended June 30, 2019.

2.5.2 Standards, amendments to published standards and interpretations that are effective but not relevant.

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2018 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations and are therefore not presented here.

2.5.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Group.

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 16 'Leases'	January 1, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'	January 1, 2019
IAS 28 'Long-term Interests in Associates and Joint Ventures' (Amendments to IAS 28)	January 1, 2019
Annual improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019
IAS 19 'Plan Amendment, Curtail or Settlement' (Amendments to IAS 19)	January 1, 2019
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 1, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 1, 2020
Various Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020

The Group is in the process of assessing the impact of these standards, amendments and interpretations to the published standards on the Consolidated financial statements of the Group.

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

Following new standards 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.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts'	January 1, 2022
IFRS 14 Regulatory Deferral accounts	January 1, 2016
IFRS 1 - First time adoption of International Financial	July 1, 2009

3 Use of critical accounting estimates and judgments

The preparation of 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	3.1
b)	Stock-in-trade, stores and spares	3.2
c)	Trade debts and other receivables	3.3
d)	Income taxes	3.4
e)	Staff retirement benefits	3.5
f)	Impairment of non financial assets	3.6
g)	Impairment of financial assets	5.1.5

3.1 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.

3.2 Stock-in-trade, stores and spares

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

3.3 Trade debts and other receivables

Impairment loss against doubtful trade and other debts recorded in accordance with basis mentioned in note 5.1.5 of these consolidated financial statements.

3.4 Income taxes

In making the estimate for income taxes currently payable by the Group, the management refer to the current income tax law and the decisions of appellate authorities on certain issues in the past.

3.5 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 25.1 to the Consolidated 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.

3.6 Impairment of non-financial assets

Assets that are subject to depreciation/amortization 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 there are separately identifiable cash flows (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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant 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 except as disclosed in note (5).

4.1 Property, plant and equipment

4.1.1 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. Capital work-in-progress is stated at cost. 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 Consolidated Statement of profit or loss as and when incurred. Major renewals and improvements are capitalized.

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 7 to the Consolidated financial statements. Depreciation on leasehold land is charged to income applying the straight-line method at rates given in note 7 to the Consolidated financial statements whereby the cost is written off over the lease term. Depreciation on additions is charged from the month in which they are put to use and on disposals up to 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.

Maintenance and normal repairs are charged to profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

4.1.2 Leased

Leased assets in terms of which the Group assumes substantially all the risks and rewards incidental to ownership are capitalized at the inception of the lease at the fair value of leased assets or, if lower, at the present value of the minimum lease payments.

The outstanding obligations under the lease excluding finance charges allocated to future periods are shown as liability. Financial charges are allocated to the accounting periods in a manner so as to provide a constant rate of charge on the outstanding obligation.

Depreciation on leased assets is calculated so as to write-off the assets over their expected economic lives under the diminishing balance method at rates given in note 7 to the Consolidated financial statements. Depreciation on additions is charged from the month in which they are put to use and on disposals up to the month of disposal.

4.1.3 Capital work-in-progress

Capital work-in-progress is stated at cost. 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.

4.2 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 the straight line method.

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

4.3 Investments in associates

Associates are all entities over which the Group has significant influence but not control, generally a Grouping a shareholding of between 20% and 50% of the voting rights or common directorship. Investments in associates are accounted for using the equity method of accounting. 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 of the associate after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

4.4 Long term deposits

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

4.5 Stores and spare parts

All stores, spares and loose tools either imported or purchased locally are charged to Consolidated Statement of profit or loss when consumed and are valued at lower of moving weighted 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 statement of financial position date. Provision is made for obsolete and slow moving items where necessary and is recognized in the Consolidated Statement of profit or loss.

4.6 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)	Items in-transit	invoice value plus other charges incurred thereon

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

4.7 Trade debts and other receivables

These are classified at amortised cost and are initially recognised 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.

4.8 Cash and cash equivalents

For the purposes of Statement of cash flow , 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 running finances under mark up arrangements.

4.9 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 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.

4.10 Borrowings 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 Consolidated Statement of profit or loss in the period in which they are incurred.

4.11 Staff retirement benefits - gratuity

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 25.1 using the projected unit credit method.

4.12 Taxation

4.12.1 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.

4.12.2 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 statement of financial position date.

4.13 Provisions

Provisions are recognized in the 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.

4.14 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.

4.15 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 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.

4.16 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The Consolidated financial statements are presented in Pakistani rupee, which is the Group's functional and presentation currency. The figures have been rounded of to the nearest Pakistani Rupee.

4.17 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.

4.18 Dividend distribution

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

4.19 Related parties 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.

4.20 Share Capital

Ordinarily 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.

4.21 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 entity; 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.

4.22 Operating, administrative and selling expenses

These expenses are recognized in Consolidated Statement of profit or loss upon utilization of the services or as incurred except for specifically stated in the Consolidated financial statements.

5 NEW ACCOUNTING POLICIES UNDER IFRS-9 AND IFRS 15 EFFECTIVE FOR THE YEAR BEGINNING ON JULY 01, 2018.

During the year, the Group has adopted IFRS 9 and IFRS 15 which became applicable on July 01, 2018. This has resulted in a change in accounting policies of the Group for financial instruments and revenue recognition. The changes are discussed in note 6 to these Consolidated financial statements.

The new accounting policies for financial instruments and revenue recognition are as follows:

5.1 IFRS 9 - Financial Instruments - Initial Recognition and subsequent measurement

5.1.1 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.

5.1.2 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.

5.1.3 Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:
- at fair value through profit or loss ("FVTPL"), or
- at amortized cost

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL

(such as instrument held for trading or derivatives) or the Group has opted to measure them at FVTPL.

5.1.4 Subsequent measurement

i) Financial assets at FVTOCI

Elected 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 labilities 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. Realised and unrealised 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 recognise a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognised in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

5.1.5 Impairment of financial assets

The Group recognises 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 deposits;
- trade deposits;
- loans and advances;
- 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 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.

5.1.6 Derecognition

i) Financial assets

The Group derecognises 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 recognised in 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 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 Consolidated Statement of profit or loss, but is transferred to statement of changes in equity.

ii) Financial liabilities

The Group derecognises 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 derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in Consolidated Statement of profit or loss.

5.1.7 Off-setting of financial assets and liabilities

Financial assets and liabilities are off set and the net amount is reported in the 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.

5.2 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue.

The focus of the new standard is to recognize revenue when the performance obligations are met rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue.

The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Group is in the business of manufacturing and sale of goods. Revenue from contracts with customers is recognised 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. 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 and 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 income, other than those from investments in associates, are recognized at the time the right to receive payment is established.

6. IMPACT OF NEW ACCOUNTING POLICIES

6.1 IFRS 9 - Financial Instrument

The Group adopted IFRS 9 Financial Instruments on its effective date of July 01, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting.

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on July 01, 2018. However, the Group has chosen to take advantage of the option not to restate comparatives. Therefore, the 2018 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at July 01, 2018:

Financial Assets	Note	IAS 39 Classification	IAS 39 Measurement	IFRS 9 Classification	IFRS 9 Measurement
			Rupees		Rupees
July 01, 2018					
Long-term deposits	11	Loans and receivable	42,996,197	Amortised Cost	42,996,197
Trade debts	14	Loans and receivable	1,569,862,225	Amortised Cost	1,569,862,225
Trade deposits	16	Loans and receivable	9,668,000	Amortised Cost	9,668,000
Other receivables	17	Loans and receivable	133,823,211	Amortised Cost	133,823,211
Cash and bank balances	19	Loans and receivable	81,115,556	Amortised Cost	81,115,556

a) IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'Expected Credit Loss' (ECL) model. The Group has determined that the application of IFRS 9 impairment requirement at July 1, 2018 that results in additional allowance for trade receivables(Note 14).

6.2 IFRS 15 - Revenue from contracts with customers

The Group has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Under this transition method, comparative information for prior periods has not been restated and continues to be reported in accordance with the previous standard under IAS 18 and related interpretations.

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position of the Group. Accordingly there was no adjustment to retained earnings on application of IFRS 15 at 1 July 2018.

	Note	2019	2018
		------------ Rupees ------------	
7 PROPERTY, PLANT AND EQUIPMENT			
Operating assets		13,310,211,836	12,039,726,243
Capital work in progress - at cost	7.3	638,033,846	156,920,872
		13,948,245,682	12,196,647,115

Year ended June 30, 2019	Owned assets									Leased assets			Grand total
	Leasehold land	Freehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Equipments	Computers	Vehicles	Sub-total	Plant and machinery	Vehicles	Sub-total	
	---------- Rupees ----------												
As at June 30, 2018													
Cost	759,956,769	87,584,247	3,580,015,678	11,739,770,675	77,368,337	337,607,222	33,446,034	242,924,013	16,858,672,975	417,258,339	240,204,401	657,462,740	17,516,135,715
Accumulated depreciation	(38,550,726)	-	(894,245,583)	(4,231,547,861)	(32,776,153)	(61,639,749)	(15,995,795)	(90,108,328)	(5,364,864,195)	(59,898,566)	(51,646,711)	(111,545,277)	(5,476,409,472)
Net book value	**721,406,043**	**87,584,247**	**2,685,770,095**	**7,508,222,814**	**44,592,184**	**275,967,473**	**17,450,239**	**152,815,685**	**11,493,808,780**	**357,359,773**	**188,557,690**	**545,917,463**	**12,039,726,243**
July 01, 2018													
Opening net book amount	721,406,043	87,584,247	2,685,770,095	7,508,222,814	44,592,184	275,967,473	17,450,239	152,815,685	11,493,808,780	357,359,773	188,557,690	545,917,463	12,039,726,243
Additions / Transfers from CWIP	393,931,954	1,104,333	278,589,505	1,825,474,779	11,194,349	31,619,293	29,354,350	39,593,394	2,610,861,957	-	108,387,650	108,387,650	2,719,249,607
Transfer from leased assets to owned assets													
Cost	-	-	-	251,731,063	-	-	-	31,874,109	283,605,172	(251,731,063)	(31,874,109)	(283,605,172)	-
Accumulated depreciation	-	-	-	(14,554,910)	-	-	-	(11,223,454)	(25,778,364)	14,554,910	11,223,454	25,778,364	-
	-	-	-	237,176,153	-	-	-	20,650,655	257,826,808	(237,176,153)	(20,650,655)	(257,826,808)	-
Disposal													
Cost	(195,395,919)	-	-	(430,000)	-	-	(574,558)	(43,548,102)	(239,948,579)	-	-	-	(239,948,579)
Accumulated depreciation	1,973,694	-	-	272,890	-	-	127,319	16,160,584	18,534,487	-	-	-	18,534,487
	(193,422,225)	-	-	(157,110)	-	-	(447,239)	(27,387,518)	(221,414,092)	-	-	-	(221,414,092)
Deprecation charge	(7,872,737)	-	(271,482,060)	(810,836,493)	(4,488,688)	(28,005,512)	(6,387,533)	(33,718,072)	(1,162,791,096)	(17,491,658)	(47,067,168)	(64,558,826)	(1,227,349,922)
Closing net book value	**914,043,035**	**88,688,580**	**2,692,877,540**	**8,759,880,142**	**51,297,845**	**279,581,254**	**39,969,817**	**151,954,144**	**12,978,292,357**	**102,691,962**	**229,227,517**	**331,919,479**	**13,310,211,836**
As at June 30, 2019													
Cost	958,492,804	88,688,580	3,858,605,183	13,816,546,517	88,562,686	369,226,515	62,225,826	270,843,414	19,513,191,525	165,527,276	316,717,942	482,245,218	19,995,436,743
Accumulated depreciation	(44,449,769)	-	(1,165,727,643)	(5,056,666,375)	(37,264,841)	(89,645,261)	(22,256,009)	(118,889,270)	(6,534,899,168)	(62,835,314)	(87,490,425)	(150,325,739)	(6,685,224,907)
Net book value	**914,043,035**	**88,688,580**	**2,692,877,540**	**8,759,880,142**	**51,297,845**	**279,581,254**	**39,969,817**	**151,954,144**	**12,978,292,357**	**102,691,962**	**229,227,517**	**331,919,479**	**13,310,211,836**
Depreciation rate (%)	**1**		**10**	**10 to 15**	**10**	**10**	**20**	**20**		**10**	**20**		

	Note	2019	2018
		----------- Rupees -----------	
7.1 The depreciation expense has been allocated as follows:			
Cost of sales	32	1,140,434,303	927,529,209
Selling and distribution expenses	33	38,834,322	27,755,052
Administrative expenses	34	48,081,298	33,610,628
Charge to trial production		-	59,200,491
		1,227,349,922	1,048,095,380

Year ended June 30, 2018	Owned assets									Leased assets			
	Leasehold land	Freehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Equipment	Computers	Vehicles	Sub-total	Plant and machinery	Vehicles	Sub-total	Grand total
	Rupees												
As at June 30, 2017													
Cost	561,053,489	5,774,050	2,384,187,266	10,043,697,210	61,747,345	129,991,629	23,478,113	210,787,354	13,420,716,456	165,527,276	146,075,455	311,602,731	13,732,319,187
Accumulated depreciation	(29,167,314)	-	(666,382,618)	(3,536,397,350)	(28,622,885)	(40,814,777)	(12,965,699)	(91,335,243)	(4,405,685,886)	(39,372,018)	(32,582,693)	(71,954,711)	(4,477,640,597)
Net book value	**531,886,175**	**5,774,050**	**1,717,804,648**	**6,507,299,860**	**33,124,460**	**89,176,852**	**10,512,414**	**119,452,111**	**9,015,030,570**	**126,155,258**	**113,492,762**	**239,648,020**	**9,254,678,590**
July 01, 2017													
Opening net book amount	531,886,175	5,774,050	1,717,804,648	6,507,299,860	33,124,460	89,176,852	10,512,414	119,452,111	9,015,030,570	126,155,258	113,492,762	239,648,020	9,254,678,590
Additions / Transfers from CWIP	198,903,280	81,810,197	1,195,828,412	1,947,804,528	15,620,992	207,615,593	10,075,677	79,563,335	3,737,222,014	-	145,066,688	145,066,688	3,882,288,702
Transfer From / To leased assets to owned assets													
Cost	-	-	-	(251,731,063)	-	-	-	50,937,742	(200,793,321)	251,731,063	(50,937,742)	200,793,321	-
Accumulated depreciation	-	-	-	8,473,470	-	-	-	(18,531,793)	(10,058,323)	(8,473,470)	18,531,793	10,058,323	-
	-	-	-	(243,257,593)	-	-	-	32,405,949	(210,851,644)	243,257,593	(32,405,949)	210,851,644	-
Disposal													
Cost	-	-	-	-	-	-	(107,756)	(98,364,418)	(98,472,174)	-	-	-	(98,472,174)
Accumulated depreciation	-	-	-	-	-	-	28,154	49,298,351	49,326,505	-	-	-	49,326,505
	-	-	-	-	-	-	(79,602)	(49,066,067)	(49,145,669)	-	-	-	(49,145,669)
Deprecation charge for the year	(9,383,412)	-	(227,862,965)	(703,623,981)	(4,153,268)	(20,824,972)	(3,058,250)	(29,539,643)	(998,446,491)	(12,053,078)	(37,595,811)	(49,648,889)	(1,048,095,380)
Closing net book value	**721,406,043**	**87,584,247**	**2,685,770,095**	**7,508,222,814**	**44,592,184**	**275,967,473**	**17,450,239**	**152,815,685**	**11,493,808,780**	**357,359,773**	**188,557,690**	**545,917,463**	**12,039,726,243**
As at June 30, 2018													
Cost	759,956,769	87,584,247	3,580,015,678	11,739,770,675	77,368,337	337,607,222	33,446,034	242,924,013	16,858,672,975	417,258,339	240,204,401	657,462,740	17,516,135,715
Accumulated depreciation	(38,550,726)	-	(894,245,583)	(4,231,547,861)	(32,776,153)	(61,639,749)	(15,995,795)	(90,108,328)	(5,364,864,195)	(59,898,566)	(51,646,711)	(111,545,277)	(5,476,409,472)
Net book value	**721,406,043**	**87,584,247**	**2,685,770,095**	**7,508,222,814**	**44,592,184**	**275,967,473**	**17,450,239**	**152,815,685**	**11,493,808,780**	**357,359,773**	**188,557,690**	**545,917,463**	**12,039,726,243**
Depreciation rate (%)	**1**		**10**	**10 to 15**	**10**	**10**	**20**	**20**		**10**	**20**		

7.2 Following are the particulars of the disposed assets having a book value of five hundred thousand or more.

Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain / (loss)	Particulars of buyer	Relationship	Mode of Disposal
.... Rupees							
Leasehold land							
195,395,919	1,973,694	193,422,225	195,000,000	1,577,775	Mr. Mehboob Ali	Independent Party	Negotiation
Vehicles							
Suzuki Cultus							
1,063,709	560,212	503,497	705,000	201,503	Mr. Umer Ali	Independent Party	Negotiation
1,265,000	235,710	1,029,290	1,110,000	80,710	Mr. Javed Iqbal	Independent Party	Negotiation
1,115,500	444,797	670,703	980,000	309,297	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,268,450	301,969	966,481	1,170,000	203,519	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,112,200	499,912	612,288	985,000	372,712	Mr. Umer Ali	Independent Party	Negotiation
1,129,000	393,709	735,291	1,020,000	284,709	Mr. Umer Ali	Independent Party	Negotiation
1,129,000	393,709	735,291	980,000	244,709	Mr. Umer Ali	Independent Party	Negotiation
1,129,000	393,709	735,291	1,000,000	264,709	Mr. Umer Ali	Independent Party	Negotiation
1,099,000	473,296	625,704	992,000	366,296	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,268,450	353,027	915,423	1,190,000	274,577	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,264,560	352,289	912,271	1,205,000	292,729	Mr. Umer Ali	Independent Party	Negotiation
1,110,500	455,168	655,332	1,015,000	359,668	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,250,000	332,211	917,789	1,200,000	282,211	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,099,000	461,263	637,737	965,000	327,263	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,115,500	483,953	631,547	975,000	343,453	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,110,500	473,295	637,205	960,000	322,795	Mr. Ali Raza Kazmi	Independent Party	Negotiation
1,129,000	421,990	707,010	1,025,000	317,990	Mr. Ali Raza Kazmi	Independent Party	Negotiation
Suzuki Mehran							
732,000	194,543	537,457	650,000	112,543	Mr. Ali Raza Kazmi	Independent Party	Negotiation
732,000	224,965	507,035	675,000	167,965	Mr. Ali Raza Kazmi	Independent Party	Negotiation
840,000	84,000	756,000	840,000	84,000	EFU General Insurance	Insurance Claim	Insurance policy
Toyota Corolla							
1,887,885	680,217	1,207,668	1,850,000	642,332	EFU General Insurance	Insurance Claim	Insurance policy
2,054,000	34,233	2,019,767	2,054,000	34,233	EFU General Insurance	Insurance Claim	Insurance policy
1,891,344	626,237	1,265,107	1,970,000	704,893	Mr. Ali Raza Kazmi	Independent Party	Negotiation
Honda Civic							
2,217,000	1,098,276	1,118,724	877,212	(241,512)	Mr. Fawwaz Ahmed	Management personnel	Negotiation
2,208,330	1,095,602	1,112,728	1,548,981	436,253	Mr. Anis Suleman	Management personnel	Negotiation
227,616,847	**13,041,987**	**214,574,860**	**222,942,193**	**8,367,333**			

Aggregate of assets disposed off having net book value below Rs. 500,000 each

	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain / (loss)
Plant and machinery	430,000	272,890	157,110	150,000	(7,110)
Vehicles	11,327,174	5,092,291	6,234,883	9,081,917	2,847,034
Computer	574,558	127,319	447,239	290,279	(156,960)
Sub-total	**12,331,732**	**5,492,499**	**6,839,233**	**9,522,196**	**2,682,963**
2019 - total	**239,948,579**	**18,534,487**	**221,414,092**	**232,464,389**	**11,050,297**
2018 - total	98,472,174	49,326,507	49,145,664	77,162,448	28,016,781

7.2.1 All Disposal are made through negotiation.

	Note	2019	2018
		------------Rupees---------	
7.3 Capital work-in-progress			
Civil works		**96,590,116**	39,475,190
Plant and machinery		**541,443,730**	109,433,166
Equipment and fittings		**-**	8,012,515
	7.3.1	**638,033,846**	156,920,872

7.3.1 Movement of capital work in progress:

	Civil works	Plant and machinery	Equipment and fittings	Total
	------------------------------Rupees------------------------------			
Balance as at July 1, 2017	913,617,393	1,104,341,395	72,687,172	2,090,645,960
Capital expenditure incurred during the year	386,577,029	872,758,543	71,841,375	1,331,176,947
Transferred to operating fixed assets	(1,260,719,232)	(1,867,666,771)	(136,516,032)	(3,264,902,035)
Balance as at June 30, 2018	**39,475,190**	**109,433,167**	**8,012,515**	**156,920,872**
Capital expenditure incurred during the year	**335,704,431**	**2,256,015,542**	**-**	**2,591,719,973**
Transferred to operating fixed assets	**(278,589,505)**	**(1,824,004,979)**	**(8,012,515)**	**(2,110,606,999)**
Balance as at June 30, 2019	**96,590,116**	**541,443,730**	**-**	**638,033,846**

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

Locations	Usage of Immovable Property	Total Area in Acres
17 - Bangalore Town, Shahrah-e-Faisal, Karachi.	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	6.67 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	5.47 acres
E154-157, North Western Zone, Port Qasim.	Manufacturing facility - Unit 8	5.51 acres
D-101/M, D-101/N, S.I.T.E area, Nooriabad,	For future expansion	20.50 acres
Deh Landhi, Tappo Landhi, Bin Qasim Town, Karachi	For future expansion	14.125 acres
PT2-24-2402, Pearl Tower, Plot # 7 (R9)	Administrative purpose	2,209.57 sq.ft
A-39 North Western Zone, Port Qasim	For future expansion	5.0 acres
Sabzi mandi road, Chak no. 241 Dist. Faisalabd	For future expansion	7 kanal

8 INTANGIBLE ASSETS

	Note	2019	2018
		------------Rupees---------	
Software	8.1	**85,453,143**	-
Software under implementation		**-**	41,739,258
		85,453,143	41,739,258

8.1 Represent various computer softwares amortized on straight line basis over a period of 36 months. Movement during the year is as follows:

	Note	2019	2018
		------------Rupees---------	
Balance as at July 01		**-**	-
Transfer from capital work-in-progress	8.3	**88,667,156**	-
		88,667,156	-
Less: Amortization charge for the year		**(3,214,013)**	-
Closing net book value		**85,453,143**	-
As at June 30			
Cost		**88,667,156**	-
Accumulated amortisation		**(3,214,013)**	-
Net book value		**85,453,143**	-
Amortization rate (%)		**33.33%**	

		Note	2019	2018
			------------Rupees---------	
8.2	The amortization charge has been allocated as follows:			
	Cost of sales	32	**1,480,952**	-
	Selling and distribution expenses	33	**934,207**	-
	Administrative expenses	34	**798,854**	-
			3,214,013	-
8.3	**Software under implementation**			
	Software under implementation		**-**	41,739,258
	Movement of software under implementation:			
	Balance as at July 1,		**41,739,258**	5,662,440
	Capital expenditure incurred during the year		**46,927,898**	36,076,818
	Transferred to software		**(88,667,156)**	-
	Balance as at June 30		-	41,739,258
9	**GOODWILL**	9.1	**11,959,187**	11,959,187

9.1 This represents amount recognized on acquisition of subsidiary

		Note	2019	2018
10	**LONG TERM INVESTMENTS**			
10.1	**Investment in associated companies**			
	Novelty Enterprises (Private) Limited	10.1.1	**228,717,751**	228,727,912
	The Bank of Khyber	10.1.2	**2,001,232,631**	2,530,641,520
			2,229,950,382	2,759,369,432
	Other investment - Fair value through OCI			
	BankIslami Pakistan Limited	10.1.4	**-**	195,107,650
			2,229,950,382	2,954,477,082

10.1.1 Novelty Enterprises (Private) Limited

The Holding Company holds 33% (2018: 33%) voting and equity interest in Novelty Enterprises (Private) Limited (NEL). The shares of NEL are not publicly listed on a stock exchange and hence published price quotes are not available. The financial reporting date of NEL is June 30.

Total equity / net assets of NEL as at June 30, 2019 based on un-audited financial statements amounted to Rs. 561.428 million (2018: Rs. 561.487 million based on audited financial statements). However, as per report of an independent valuer, Masud Associates dated December 31, 2015 fair value of fixed assets of NEL amounted to Rs. 1,016.32 million resulting in surplus on fixed assets of Rs. 483.607 million. Revised net assets after the revaluation surplus amounted to Rs. 1,045.063 million (2018: Rs. 1,045.094 million). Accordingly, the management is of the view that it would be able to recover carrying values of its investment.

NEL has not commenced operations as of the reporting date. Hence this investment is stated at cost.

10.1.2 The Bank of Khyber

The total shareholding of the Holding Company in the Bank of Khyber (the Bank) is 241,639,031 shares which represents 24.16% of paid-up capital of the Bank (2018: 24.16%). In addition to this, the Holding Company also has representation on the board of directors of the Bank. 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 annual audited financial results for the period ended December 31, 2018 and December 31, 2017 and from reviewed condensed interim financial information of the Bank for the six-month periods ended June 30, 2019 and June 30, 2018. 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 on June 30, 2019 was Rs. 2,382.561 million (June 30, 2018: Rs. 3,298.373 million)

These investments are accounted for under the equity method. The aggregate amount of the associates recognized in these consolidated financial statements are as follows:

10.1.3

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	2019	2018	**2019**	2018
	------------Rupees---------			
Balance as at July 1	**2,530,641,520**	2,782,115,507	**228,727,912**	228,737,812
Share of profit/(loss) relating to statement of profit or loss	**45,395,175**	393,221,050	**(10,161)**	(9,900)
Dividend received	**-**	(362,458,547)	**-**	-
Share of other comprehensive loss	**(574,804,064)**	(282,236,490)	**-**	-
Balance as at June 30	**2,001,232,631**	2,530,641,520	**228,717,751**	228,727,912

Summarized financial information in respect of the Holding Company's associates as at June 30 is set out below:

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	2019	2018	**2019**	2018
	------------Rupees---------			
Assets	**235,558,869,000**	213,686,803,000	**561,456,320**	561,487,351
Liabilities	**223,629,985,000**	199,566,458,000	**27,760**	28,000
Revenue	**4,810,409,000**	5,363,311,000	**-**	-
Profit / (loss)	**187,911,000**	1,627,705,000	**(30,791)**	(30,781)

All transfers of funds to the Holding Company, i.e. distribution of cash dividends, are subject to approval by means of a resolution passed by the shareholders of the associates. During the year, no cash dividend have been received from the Bank of Khyber (2018: Rs. 1.50 per share)

		Note	**2019**	2018
			------------Rupees---------	
10.1.4	**BankIslami Pakistan Limited**			
	Carrying value of investment		**195,107,650**	308,840,000
	Unrealized appreciation in the value of investments		**1,279,260**	15,020,840
	Less: Sale of investment at fair value		**(196,386,910)**	(128,753,190)
	Fair value of the investments		**-**	195,107,650
11	**LONG TERM DEPOSITS**			
	Lease - Conventional		**21,351,958**	23,765,098
	Lease - Islamic		**8,362,240**	-
	Less: Current maturity - Conventional	16	**(6,360,770)**	(3,502,300)
			23,353,428	20,262,798
	Utilities		**11,049,092**	13,336,451
	Others		**13,583,328**	9,396,948
			47,985,848	42,996,197
12	**STORES AND SPARES**			
	Stores	12.1	**92,881,207**	84,310,776
	Spare parts	12.1	**189,002,484**	111,164,468
	Diesel and liquefied petroleum gas (LPG)	12.1	**317,420**	416,320
	Others	12.1	**10,686,480**	-
			292,887,591	195,891,564

12.1 Reconciliation of provision for slow moving spare parts

	Note	2019 Stores	2019 Spare parts	2019 Diesel and LPG	2019 Others
		-------------------- Rupees --------------------			
Stores and spares		**101,472,627**	**189,002,484**	**317,420**	**10,686,480**
Provision for slow moving					
- opening		**(8,591,420)**	**-**	**-**	**-**
- charge for the year	32.3	**-**	**-**	**-**	**-**
- closing		**(8,591,420)**	**-**	**-**	**-**
Stores and spares - net		**92,881,207**	**189,002,484**	**317,420**	**10,686,480**

	Note	2018 Stores	2018 Spare parts	2018 Diesel and LPG	2018 Others
		-------------------- Rupees --------------------			
Stores and spares		92,902,196	111,164,468	416,320	-
Provision for slow moving					
- opening		(8,051,420)	-	-	-
- charge for the year	32.3	(540,000)	-	-	-
- closing		(8,591,420)	-	-	-
Stores and spares - net		84,310,776	111,164,468	416,320	-

13 STOCK-IN-TRADE

	Note	2019	2018
		------------Rupees---------	
Raw materials	13.1 & 13.2	**3,001,271,860**	3,194,941,766
Packing materials	13.1	**459,813,888**	312,061,635
Work-in-process	32	**82,183,155**	129,522,333
Finished goods	13.1	**1,718,626,567**	1,370,900,558
		5,261,895,471	5,007,426,291

13.1 Reconciliation of provision for stock-in-trade

	Note	2019 Raw materials	2019 Packing materials	2019 Finished goods
		---------------------- Rupees --------------------		
Stock-in-trade		**3,014,656,443**	**569,662,436**	**1,718,626,567**
Provision for slow moving				
- opening		**(13,384,583)**	**(128,735,038)**	**-**
- written off	32.1	**-**	**(18,886,490)**	**-**
- closing		**(13,384,583)**	**(109,848,548)**	**-**
Stock-in-trade-net		**3,001,271,860**	**459,813,889**	**1,718,626,567**

	Note	2018 Raw materials	2018 Packing materials	2018 Finished goods
		---------------------- Rupees --------------------		
Stock-in-trade		3,208,326,349	440,796,673	1,370,900,558
Provision for slow moving				
- opening		(13,404,278)	(118,216,276)	-
- charge for the year		-	(10,518,762)	-
- written off	32.1	19,695	-	-
- closing		(13,384,583)	(128,735,038)	-
Stock-in-trade-net		3,194,941,766	312,061,635	1,370,900,558

13.2 This includes raw materials in transit amounting to Rs. 259,269,436 (June 30, 2018: Rs. 115,492,023).

			2019	2018
14	**TRADE DEBTS**	Note	------------Rupees---------	
	Considered good			
	-export-secured		**784,297,206**	311,568,772
	-local- unsecured		**2,060,475,096**	1,310,257,147
			2,844,772,302	1,621,825,919
	Allowance for expected credit loss	14.1	**(76,343,145)**	(51,963,694)
	Trade debts - net		**2,768,429,157**	1,569,862,225
14.1	**Allowance for expected credit loss**			
	Balance at the beginning of the year		**(51,963,694)**	(42,313,694)
	Charge during the year - net	33	**(24,379,451)**	(9,650,000)
	Balance at the end of the year		**(76,343,145)**	(51,963,694)
14.2	**Age analysis**			
	Not Due		**2,098,175,664**	1,070,338,489
	More than 45 days but not more than 3 months		**321,633,973**	213,039,102
	More than 3 months but not more than 6 months		**290,433,386**	171,373,560
	More than 6 months but not more than 1 year		**82,565,781**	115,111,074
	More than 1 year		**51,963,498**	51,963,694
			2,844,772,302	1,621,825,919

			2019	2018
15	**LOANS AND ADVANCES**	Note	------------Rupees---------	
	Loans - secured			
	- employees	15.1	**42,962,151**	51,601,075
	Advances - unsecured			
	- suppliers		**1,573,246,673**	672,080,260
	- Others		**17,899,292**	14,331,648
			1,634,108,116	738,012,983

15.1 These loans are to be repaid within a period of one year in equal monthly installments. Any outstanding loan due from an employee at the time of leaving the service of the company is adjustable against final settlement of staff gratuity fund.

			2019	2018
		Note	------------Rupees---------	
16	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Trade deposits - unsecured		**28,096,589**	9,668,000
	Short term prepayments		**2,815,753**	-
	Current maturity of lease deposits-			
	Conventional	11	**6,360,770**	3,502,300
			37,273,112	13,170,300
17	**OTHER RECEIVABLES**			
	Export rebate		**29,545,423**	32,742,859
	Federal excise duty		**2,024,952**	2,407,465
	Other receivables	17.2	**100,392,428**	101,080,352
			131,962,804	136,230,676

17.1 Other receivables have been reviewed for impairment and none have been found to be impaired.

17.2 This amounts includes Rs. 100.217 million (June 30 2018 Rs.100.217 million) due from Nazir of the Sindh high court as refer in note 29.1.3.

18 TAXATION - net

	Note	2019	2018
		------------Rupees---------	
Advance income tax		**1,239,711,016**	1,162,056,724
Provision for taxation	40	**(293,841,399)**	(300,581,354)
		945,869,617	861,475,370

19 CASH AND BANK BALANCES

	Note	2019	2018
		------------Rupees---------	
Cash in hand		**8,395,095**	6,906,185
Cash at banks:			
- current accounts - conventional	19.1	**23,717,548**	47,327,427
- current accounts - Islamic		**4,489,579**	26,881,944
		36,602,222	81,115,556

19.1 This includes Rs. 65,534 (June 2018 Rs. 65,534) held with Bank of Khyber (private) Limited (related party).

20 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

Number of Shares 2019	Number of Shares 2018		2019	2018
			------------Rupees---------	
50,520,750	50,520,750	Ordinary shares of Rs.10 each fully paid in cash	**505,207,500**	505,207,500
13,284,000	13,284,000	Ordinary shares of PKR 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation	**132,840,000**	132,840,000
63,804,750	63,804,750		**638,047,500**	638,047,500

21 RESERVES

	Note	2019	2018
		------------Rupees---------	
Capital Reserve			
- Share premium	21.1	**579,265,000**	579,265,000
- Remeasurement of investment in associate		**(854,605,234)**	(366,021,780)
- Reserve arising due to amalgamation	21.2	**916,862,067**	916,862,067
Revenue Reserve			
- Unappropriated profit		**5,810,366,250**	5,379,455,187
- Remeasurement of investments at fair value through OCI		**-**	26,092,557
Total reserves	21.3	**6,451,888,083**	6,535,653,031

21.1 This represents share premium on right shares issued @ Rs. 20 per share. 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 Astroplastic (Private) Limited with the company.

21.3 Movement of the total reserves have been reflected in statement of changes in equity.

22 SPONSORS' LOAN - subordinated

	2019	2018
	------------Rupees---------	
Sponsors' loan - Subordinated	**915,357,737**	915,357,737

22.1 The Holding Company has obtained interest free loan from its sponsors. The sponsors have entered into an agreement with the company and various banks in which they have under take to subordinate their loans and their claims over the company's assets. During the period the Holding Company has applied with the Securities & Exchange Commission of Pakistan for special permission for conversion of Sponsors Loan into equity without going into public. The required formalities would be completed once the approval received from the regulatory authority.

23 **LONG TERM FINANCES - secured**

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2019	2018
					--------- Rupees ---------	
<u>Loans from banking companies and financial institutions</u>						
CONVENTIONAL						
Habib Bank Limited						
- Term finance	Monthly	2017-2019	1 month KIBOR + 0.25%	36	**-**	100,000,000
- SBP-LTFF	Quarterly	2018-2028	SBP + 0.25%	36	**423,999,975**	462,509,250
- Term finance	Monthly	2017-2022	1 month KIBOR + 0.25%	60	**283,333,342**	383,333,336
- SBP-LTFF	Quarterly	2021-2029	SBP + 0.25%	34	**305,335,128**	-
Bank Al-Habib Limited						
- Term finance	Monthly	2018-2021	3 months KIBOR + 0.25%	42	**74,999,991**	117,857,143
- SBP-LTFF	Quarterly	2019-2028	SBP + 0.75%	32	**385,435,000**	400,000,000
- SBP-LTFF	Quarterly	2020-2028	SBP + 0.50%	32	**56,727,000**	56,727,000
MCB Bank Limited						
- SBP-LTFF	Quarterly	2018-2027	SBP + 0.75%	36	**275,520,152**	313,484,618
- SBP-LTFF	Quarterly	2020-2029	SBP + 0.25%	36	**487,894,244**	-
Allied Bank Limited						
- Term finance	Monthly	2015-2020	3 months KIBOR + 0.25%	60	**79,208,669**	174,259,346
- Term finance	Monthly	2018-2021	3 months KIBOR + 0.25%	36	**183,333,338**	275,000,001
- Term finance	Monthly	2016-2021	3 months KIBOR + 0.25%	60	**122,590,000**	186,550,000
Balance carried forward					**2,678,376,839**	2,469,720,694

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2019	2018
					--------- Rupees ---------	
Balance brought forward					**2,678,376,839**	2,469,720,694
Pak Brunei Investment Company Limited						
- SBP-LTFF	Quarterly	2020-2028	SBP + 0.5%	32	**499,244,000**	423,141,000
- Term finance	Quarterly	2017-2020	3 months KIBOR + 0.50%	12	**-**	99,999,998
- SBP-LTFF	Quarterly	2021-2029	SBP + 0.5%	32	**193,574,000**	-
Pak Oman Investment						
- Term finance	Quarterly	2014-2019	3 month KIBOR + 0.5%	20	**-**	6,550,000
- Term finance	Monthly	2016-2021	1 month KIBOR + 0.5%	60	**95,000,000**	155,000,000
- Term finance	Monthly	2014-2019	1 month KIBOR + 0.5%	60	**-**	36,666,683
- SBP-LTFF	Quarterly	2022-2030	SBP + 1.5%	32	**379,843,000**	-
Bank Al falah Limited						
- SBP-LTFF	Quarterly	2017-2028	SBP+0.5%	40/36	**399,300,043**	452,987,544
JS Bank Limited						
- Term finance	Monthly	2016-2020	1 month KIBOR + 0.25%	42	**23,545,066**	80,053,207
- SBP-LTFF	Quarterly	2021-2029	SBP+0.30%	32	**129,759,000**	-
- Term finance	Monthly	2018 - 2021	1 month KIBOR + 0.3%	36	**100,000,000**	150,000,000
- Term finance	Monthly	2019-2022	1 month KIBOR + 0.3%	36	**188,888,889**	200,000,000
Faysal Bank Limited						
- Term finance	Monthly	2017-2021	3 months KIBOR + 0.25%	48	**197,916,667**	312,500,000
- Term finance	Quarterly	2016-2019	3 months KIBOR + 0.25%	13	**-**	81,405,846
Balance carried forward					**4,885,447,504**	4,468,024,972

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2019	2018
					--------- Rupees ---------	
Balance brought forward					**4,885,447,504**	4,468,024,972
National Bank of Pakistan						
- Term finance	Quarterly	2016-2019	3 months KIBOR + 0.25%	14	**-**	111,454,500
- Term finance	Monthly	2019-2022	1 month KIBOR + 0.25%	48	**308,333,337**	400,000,000
Askari Bank Limited						
- SBP-LTFF	Quarterly	2021-2031	SBP+0.50%	40	**230,347,000**	-
- Term finance	Monthly	2019-2023	1 month KIBOR + 0.50%	48	**391,666,667**	-
Soneri Bank Limited						
- Term finance	Monthly	2019-2024	1 month KIBOR + 0.75%	60	**491,666,667**	-
Islamic						
Habib Bank Limited						
- Islamic financing	Monthly	2016-2021	1 month KIBOR + 0.25%	60	**200,000,100**	300,000,008
MCB Islamic Bank ltd						
- Islamic finance	Quarterly	2018-2022	3 months KIBOR + 0.25%	20	**210,000,000**	280,000,000
Dubai Islamic Bank Pakistan Limited						
- Term finance	Monthly	2014-2019	1 month KIBOR + 0.25%	60	**-**	55,000,000
- Term finance	Monthly	2015-2019	1 month KIBOR + 0.25%	48	**-**	104,166,667
- Term finance	Quarterly	2017-2021	3 months KIBOR + 0.25%	16	**87,500,000**	137,500,000
Meezan Bank Limited						
- Term finance	Monthly	2018-2020	3 months KIBOR + 0.25%	24	**145,833,339**	375,000,001
- Diminishing Musharika	Quarterly	2020-2024	3 months KIBOR + 0.25%	20	**200,000,000**	200,000,000
- Term finance	Monthly	2019-2021	3 month KIBOR + 0.25%	36	**266,666,668**	400,000,000
- Term finance	Monthly	2020-2022	3 month KIBOR + 0.25%	24	**500,000,000**	-
Balance carried forward					**7,917,461,282**	6,831,146,147

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2019	2018
					--------- Rupees ---------	
Balance brought forward					**7,917,461,282**	6,831,146,147
Bank Islami Pakistan Limited						
- Term finance	Monthly	2018-2020	3 months KIBOR + 0.25%	24	**168,750,000**	393,750,000
Faysal Bank Limited						
- Term finance	Quarterly	2018-2021	3 months KIBOR + 0.25%	16	**168,750,000**	225,000,000
- SBP-LTFF	Quarterly	2021-2029	SBP+1%	36	**299,770,000**	-
Summit Bank Limited						
- Term finance	Monthly	2017-2020	1 month KIBOR + 0.20%	36	**-**	263,888,888
					8,554,731,282	7,713,785,036
Less: Current portion of long term finances shown under current liabilities - conventional					**(1,245,246,616)**	(1,253,850,907)
Less: Current portion of long term finances shown under current liabilities - Islamic					**(824,583,333)**	(1,229,166,659)
					6,484,901,333	5,230,767,470

23.1 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 sponsors.

23.2 The Company's total limit for long term loan amounting to Rs. 13,320 million.

24 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Under the agreements, lease rentals are payable in 36 equal monthly, 16 equal quarterly & 6 equal biannually installments. Taxes, repairs, replacement and insurance costs, if any, are borne by the Company. The financings from conventional banks carry mark-up at rates ranging from 7.48% to 13.70% (2018: 6.70% to 7.21%) per annum and financing from Islamic banks carry mark-up at rates ranging from 7.18% to 13.63% (2018: 6.38% to 6.72%) approximately which have been used as a discounting factor. The Holding Company has the option to purchase the asset upon completion of the lease period.

The net carrying amount of the assets held under finance lease arrangement is Rs. 331.92 million (2018: Rs. 545.92 million) (refer note 7).

These are secured against deposits of Rs. 27.67 million (2018: Rs 23.77 million), title of ownership of leased assets and personal guarantees of the directors of the Company.

The minimum lease payments for which the Company has committed to pay in future under the lease agreements are due as follows:

	2019			2018		
	Minimum lease payments	**Financial charges allocated**	**Present value of minimum lease payments**	Minimum lease payments	Financial charges allocated	Present value of minimum lease payments
	Rupees					
Conventional						
Up to one year	**54,056,409**	**3,533,779**	**50,522,630**	75,469,532	7,094,153	68,375,379
Later than one year but not later than five years	**42,752,374**	**905,716**	**41,846,658**	94,274,118	3,091,556	91,182,562
	96,808,783	**4,439,495**	**92,369,288**	169,743,650	10,185,709	159,557,941
Islamic						
Up to one year	**60,599,603**	**10,902,388**	**49,697,215**	32,146,551	5,114,694	27,031,857
Later than one year but not later than five years 1	**103,226,394**	**9,048,493**	**94,177,901**	356,029,372	43,553,683	312,475,689
	163,825,997	**19,950,881**	**143,875,116**	388,175,923	48,668,377	339,507,546
	260,634,780	**24,390,376**	**236,244,404**	557,919,573	58,854,086	499,065,487

25 DEFERRED LIABILITIES

	Note	**2019**	2018
		Rupees	
Provision for staff gratuity scheme - unfunded	25.1	**369,541,421**	239,551,893
Deferred tax liability	25.2	**1,274,088,154**	1,199,724,005
		1,643,629,575	1,439,275,898

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, 2019, using the “Projected Unit Credit Method”. Provision has been made in the 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 Significant actuarial assumptions

	2019	2018
Financial assumptions		
Discount rate (per annum)	**14.50%**	10.00%
Expected rate of increase in salaries (per annum)	**14.50%**	10.00%
Demographic assumptions		
Mortality rates (for death in service)	**Adjusted SLIC 2001-2005**	Adjusted SLIC 2001-2005
Retirement assumption	**60 years**	60 years

		Note	2019	2018
			--------- Rupees ---------	
25.1.2	**Consolidated Statement of Financial Position reconciliation**			
	Present value of defined benefit obligation	25.1.3	**369,541,421**	239,551,893
	Fair value of plan assets		**-**	-
	Net liability in balance sheet		**369,541,421**	239,551,893
25.1.3	**Movement in the defined benefit obligation**			
	Present value of defined benefit obligation as at July 1		**239,551,893**	178,356,600
	Current service cost		**61,251,689**	49,826,680
	Interest cost		**22,624,819**	15,664,791
	Past service cost		**19,319,255**	-
	Re-measurement on obligation	25.1.7	**51,971,418**	15,724,747
	Payments during the year		**(23,045,917)**	(20,020,925)
	Benefits payable transferred to short term liability		**(2,131,736)**	-
	Present value of defined benefit obligation as at June 30		**369,541,421**	239,551,893
25.1.4	**Movement in the net liability at reporting date is as follows:**			
	Opening balance of net liability		**239,551,893**	178,356,600
	Charge for the year	25.1.5	**103,195,763**	65,491,471
	Re-measurements recognized in 'OCI'	25.1.7	**51,971,418**	15,724,747
	Payments during the year		**(23,045,917)**	(20,020,925)
	Benefits payable transferred to short term liability		**(2,131,736)**	-
	Closing balance of net liability		**369,541,421**	239,551,893
25.1.5	**The amounts recognized in the Consolidated statement of profit or loss account against defined benefit scheme are as follows:**			
	Current service cost		**59,735,507**	49,826,680
	Interest cost		**22,624,819**	15,664,791
	Past service cost		**20,835,437**	-
	Expected return on plan assets		**-**	-
	Charge for the year		**103,195,763**	65,491,471

25.1.6 For the year ended June 30, 2020, expected provisions to the staff retirement benefit scheme is Rs.119.157 million.

		2019	2018
		--------- Rupees ---------	
25.1.7	**Re-measurement recognized in 'other comprehensive income'**		
	Experience losses - net of deferred tax	**36,467,885**	11,982,254

25.1.8 Amounts for the current and previous four years are as follows:

Comparison for five years	2019	2018	2017	2016	2015
	---Rupees---				
Present value of the defined benefit obligation	**369,541,421**	239,551,893	178,356,600	125,731,191	93,334,560

25.1.9 The sensitivity of the defined benefit obligation to changes in the weighted principal assumption

	Impact on defined benefit obligation		
	Change in assumptions	Increase in assumption	Decrease in assumption
		---Rupees---	
Discount rate	1%	334,768,630	(410,334,782)
Salary growth rate	1%	410,551,111	(333,945,240)

25.1.10 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 defined benefit obligation 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 balance sheet.

25.2 Deferred taxation

	2019	2018
	--- Rupees ---	
The details of temporary differences are as follow:		
- accelerated tax depreciation allowances	**1,476,261,432**	1,259,672,650
- provision for gratuity	**(103,986,578)**	(73,066,546)
- allowance for expected credit loss	**(22,139,512)**	(15,589,108)
- investment in associates at fair value through OCI	**(37,818,069)**	69,940,615
- Other investment at fair value through OCI	**-**	3,979,706
- provision for stores and spares	**(2,491,512)**	(2,577,426)
- provision for stock in trade	**(35,737,608)**	(42,635,886)
Deferred tax liability	**1,274,088,154**	1,199,724,005

25.2.1 The movement in temporary differences is as follows:

	Balance as at July 1, 2017	Recognized in Consolidated Statement of profit or loss	Recognized in Statement of other comprehensive income	Balance as at June 30, 2018	Recognized in Consolidated Statement of profit or loss	Recognized in Statement of other comprehensiv e income	Balance as at June 30, 2019
	Rupees						
Deferred tax debits:							
Provision for gratuity	(55,090,883)	14,233,170	3,742,493	(73,066,546)	(15,416,499)	(15,503,533)	(103,986,578)
Allowance for expected credit loss	(12,694,108)	2,895,000	-	(15,589,108)	(6,550,404)	-	(22,139,512)
Investment in associates	124,419,176	54,478,560	-	69,940,615	(21,538,074)	86,220,610	(37,818,069)
Other investment at fair value through OCI	3,605,000	-	(374,706)	3,979,706	(3,979,706)	-	-
Unabsorbed depreciation loss	(172,047,650)	(172,047,650)	-	-	-	-	-
Provision for stores & spares	(2,415,426)	162,000	-	(2,577,426)	85,914	-	(2,491,512)
Provision for stock in trade	(39,486,166)	3,149,720	-	(42,635,886)	6,898,278	-	(35,737,608)
Accelerated tax depreciation allowances	1,191,182,633	(68,490,017)		1,259,672,650	216,588,782	-	1,476,261,432
	1,037,472,576	(165,619,217)	3,367,787	1,199,724,005	176,088,292	70,717,077	1,274,088,153

	Note	**2019**	2018
		--------- Rupees ---------	
26 TRADE AND OTHER PAYABLES			
Trade creditors	26.1	**1,395,260,414**	1,015,598,798
Accrued liabilities		**501,240,982**	240,871,454
Gratuity payable	25.1.3	**2,131,736**	-
Workers' profit participation fund	26.3	**54,718,374**	91,008,126
Workers' welfare fund		**28,892,420**	38,323,405
Sales tax payable		**89,008,333**	19,398,537
Other liabilities		**35,554,382**	49,610,179
		2,106,806,641	1,454,810,499

26.1 This includes payable to related party amounting to Rs. 14.58 million (2018: 5.50 million)

26.2 This represents benefits payable transferred to short term liability (note 25.1.3).

	Note	**2019**	2018
		--------- Rupees ---------	
26.3 Workers' profit participation fund			
Balance at the beginning of the year		**91,008,126**	92,931,532
Contribution for the year	35	**76,032,684**	100,851,067
Interest on funds utilized in the Company's business	37	**3,622,596**	3,554,059
		170,663,406	197,336,658
Less: Payments made during the year		**(115,945,032)**	(106,328,532)
Balance at the end of the year		**54,718,374**	91,008,126

		Note	2019	2018
			--------- Rupees ---------	
27	**ACCRUED MARK-UP**			
	Accrued mark-up on:			
	Conventional			
	- long term finances - secured		**55,287,458**	34,107,720
	- short term finances - secured		**111,413,476**	46,736,714
	Islamic			
	- long term finances - secured		**17,288,920**	10,226,324
	- short term finances - secured		**25,775,680**	12,837,330
			209,765,534	103,908,088
28	**SHORT TERM FINANCES - Secured**			
	From banking companies			
	Term finances - Conventional	28.1	**895,013,391**	939,675,000
	Term finances - Islamic	28.2	**1,599,200,000**	850,000,000
	Export refinances	28.3	**505,700,000**	434,350,000
	Running finance utilized under mark-up arrangements	28.4	**3,299,990,421**	1,967,403,798
			6,299,903,813	4,191,428,798

28.1 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 1,005 million (2018: Rs. 1,200 million). These are secured against pari-passu hypothecation over stocks and book debts of the Holding Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 6.24% to 13.21% per annum (2018: 5.98% to 6.24% per annum).

28.2 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 1,600 million (2018: Rs. 2,100 million). These are secured against pari-passu hypothecation over stocks and book debts of the Holding Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 6.56% to 13.16% per annum (2018: 6.26% to 7.13% per annum).

28.3 These represent facilities for export refinance arranged from various banks aggregating to Rs. 685.70 million (2018: Rs. 614.35 million). These were secured against pari-passu hypothecation of stocks, book debts and lien on export letters of credits of the Holding Company along with the personal guarantees of the directors. These carried mark-up at the rate ranging from 0.25% to 0.5% above the State Bank of Pakistan (SBP) rate per annum (2018: 0.25 to 0.50% above SBP rate per annum).

28.4 These represent facilities for running finances available from various banks aggregated to Rs. 4,804.30 million (2018: Rs. 4,525.65 million). These are secured against pari-passu hypothecation of stocks and book debts and personal guarantees of the directors. These carry mark-up at the rates ranging from 7.02% to 13.54% per annum (2018: 6.27% to 7.17 % per annum).

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 The Holding Company had filed their return for the tax year 2014 with tax refundable amounting to Rs. 179 million which was subsequently reduced to Rs. 152 million by the department under Section 122 5A of the Ordinance. The Holding Company has filed an appeal before the Commissioner (Appeals), LTU, Karachi against order passed and the same has been decided in favour of the Holding Company. The department has filed an appeal before the Appellate Tribunal against the order of the Commissioner Appeal which is still pending. The order by the Appellate Tribunal will not have any impact on the tax liability of the Holding Company as it falls under minimum tax.

29.1.2 As the Ministry of Industries has declared BOPET film manufacturing project of the Holding Company as Pioneer Industry, after which imports of capital goods shall be duty free. The Holding Company approached Board of Investment (BOI) for the permission of imports who entertained the request and is 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 amounting to Rs. 557.403 million (2018: Rs. 557.403 million) for provisional clearance in favor of Collector of Custom. 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 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 vide order dated May 13, 2015, has passed interim orders in favor of the Holding company which are still operative. The management of the Holding Company, based on legal counsel's opinion, is confident that exemption shall be granted on duties related to import of capital goods against BOPET project retrospective.

29.1.3 The Holding Company has filed Constitutional Petition 620-K of 2015 on November 27, 2015 against Federation of Pakistan, Federal Board of Revenue and Collectorate of Custom in Sindh High Court against the operation of SRO 170(I)/2013 dated March 04, 2013 which required 8% import duty on import of Poly Ethylene Terephthalate (PET). In this connection Sindh High Court vide order dated March 12, 2013 directed that custom duties at the rate of 3% to be paid by the Holding Company 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 has deposited pay orders amounting to Rs. 100.217 million (2018: Rs. 100.217 million) and issued post dated cheques amounting to Rs. 100.217 million (2018: Rs. 100.217 million) in favor of Nazir of High Court as directed. Further, the Holding Company has filed petition for rationalization of duty structure on PET Resin. The main grievance of the Holding Company 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 major 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 has been regretted by the High Court which has been challenged in the Honorable Supreme Court of Pakistan. As per legal Counsel, there is no immediate financial liability against the Holding Company in the above mentioned matter and has a good prima facie case.

29.1.4 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) refused to issue exemption certificates under section 148 of the Income Tax Ordinance 2001, (the Ordinance) in order to avail the benefit of exemption of advance tax at import stage on plant and machineries as per SRO 947 of 2008, and the Holding Company is not going to 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 Honorable High Court has 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 are released under similar grounds. The total quantum of bank guarantees involved in above Suits/Petitions is Rs. 235 million. These cases are still pending in the High Court while the legal counsel is of the opinion that the company has a good prima facie case.

29.1.5 During the fiscal year 2017, Federal Board of Revenue has 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. 477,804,698 in their sales tax returns. In response of the SCN, the company has given the reference of the letter dated: October 2016 sent to Federal Board of Revenue in which it was 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 IIL and its members and the Company has claimed the input sales tax on that basis. However, the company has filed Suit No.1539/2017 on June 13, 2017 and obtained the stay order from the Court. During the year ended 2019, subject suit was ultimately withdrawn by the Company, to pursue the remedy available under section 134A of the Income Tax Ordinance, 2001 i.e. Alternative Dispute Resolution Committee.

29.1.6 The Holding Company had filed sale tax reference 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. The High Court of Sindh 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. During the year ended 2019, subject suit was ultimately 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.

29.1.7 The Holding Company has filed the Constitutional Petition 2752/2011on August 09, 2011 in High Court 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. In order to release the goods from the custom authority. Subsequently, the High Court ordered to release the goods upon furnishing Bank Guarantee amounting to Rs. 190 million which is equivalent to 50 % of amount of cess. The case is still pending in High Court.

29.1.8 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 Honorable High Courts of Pakistan by Industry at Large. In May 2015, the Government passed the GIDC Act, 2015 and the Company has challenged the GIDC Act 2015 and filed writ petition in the Sindh High Court (SHC) including retrospective treatment of the provisions of the GIDC Act, 2015. On October 2015, SHC decided this suit in favor of Company with the instructions to refund the GIDC collected so far by the Federation. However, the Government filed an appeal in SHC, where the Company was not party to such litigation. Since this issue is being faced by industry at large, management is of the view that there is no need to maintain any provision against this liability. The legal counsel of the company is confident that decision of the case will be in favor of the company.

29.1.9 The Holding Company filed a Constitutional Petition D-6143/2017 on September 14 ,2017 before the Sindh High Court challenging the vires of Section 5A of the Income Tax Ordinance, 2001 which was amended through Finance Act 2017 that every public company shall pay tax @ 7.5% of its accounting profit before tax for the year in which such company does not distribute at least 40% of its after tax profits within six (6) months of the end of the tax year through cash or bonus shares. The Sindh High Court has accepted the Constitutional Petition and granted stay against the newly amended section 5A. Further, the Board of Directors of the Holding Company in their meeting dated September 22, 2017 has proposed cash dividend in respect of the year ended June 30, 2017 of Rs. 2.75/- per share which amounts to Rs. 175.463 million (i.e. 15.05% of after tax profits) for the financial and tax year 2017, which is lower than the minimum prescribed distribution rate. In case the Sindh High Court's decision is not in favor of the Holding Company; the Holding Company will either be required to declare dividend to the extent of 40% of after tax profits or it will be liable to pay additional tax at the rate of 7.5% of the accounting profit before tax of the Holding Company for the financial year ended June 30, 2017.

29.1.10 The Holding Company had filed an appeal before the Commissioner Inland Revenue (Appeals-I), Karachi (CIRA) against Order-in-Original No. 06/11/2019 dated March 21, 2019 (ONO) passed by Assistant Commissioner Inland Revenue (ACIR), under section 45-B of Sales Tax Act, 1990. The ACIR had established sales tax demand on account of further tax or Rs. 202.63 million and extra tax of Rs. 105.90 million. The CIRA while considering the factual and legal position, as placed before him, passed an order dated May 29, 2019 in favour of the Holding Company and deleted the entire sales tax demand of Rs. 308.53 million together with penalty and default surcharge. However, subsequent to the year end, the department had filled an appeal in the month of July, 2019 before the Appealate Tribunal Inland Revenue (ATIR) against the aforesaid order passed by the CIRA under section 46 of the sales tax act. The management is confident in this matter and expect to have favourable outcome from ATIR too.

	2019	2018
	--------- Rupees ---------	
29.2 Commitments		
Outstanding letters of guarantee	**929,682,424**	717,831,941
Outstanding letters of credit for:		
- capital expenditure	**4,445,660,146**	1,368,181,418
- others	**1,235,906,399**	999,649,684

30 OPERATING RESULTS

	Note	Food segment 2019	Food segment 2018	Plastic segment 2019	Plastic segment 2018	Pharmaceutical segment 2019	Pharmaceutical segment 2018	Total 2019	Total 2018
		----------Rupees----------							
Sales									
Local sales		**27,336,704,275**	22,446,922,974	**7,864,752,985**	6,221,602,669	**106,100,854**	-	**35,307,558,114**	28,668,525,643
Export sales		**1,589,199,922**	1,195,022,822	**220,503,684**	107,442,583	**-**	-	**1,809,703,607**	1,302,465,405
		28,925,904,197	23,641,945,796	**8,085,256,669**	6,329,045,252	**106,100,854**	-	**37,117,261,720**	29,970,991,048
Sales returns and discounts		**(1,688,862,702)**	(1,685,585,098)	**(92,395,212)**	(242,669,181)	**(9,984,570)**	-	**(1,791,242,484)**	(1,928,254,279)
		27,237,041,495	21,956,360,698	**7,992,861,457**	6,086,376,071	**96,116,284**	-	**35,326,019,236**	28,042,736,769
Add: Export rebate		**9,605,597**	12,494,844	**-**	34,360	**-**	-	**9,605,597**	12,529,204
		27,246,647,092	21,968,855,542	**7,992,861,457**	6,086,410,431	**96,116,284**	-	**35,335,624,833**	28,055,265,973
Sales tax		**(3,956,241,549)**	(3,244,115,996)	**(1,192,378,548)**	(904,931,954)	**-**	-	**(5,148,620,097)**	(4,149,047,950)
Sales - Net		**23,290,405,543**	18,724,739,546	**6,800,482,909**	5,181,478,477	**96,116,284**	-	**30,187,004,736**	23,906,218,023
Cost of sales	32	**17,814,159,275**	13,950,916,691	**5,922,711,038**	4,594,078,347	**144,954,384**	-	**23,881,824,697**	18,544,995,038
Gross profit		**5,476,246,268**	4,773,822,855	**877,771,871**	587,400,130	**(48,838,100)**	-	**6,305,180,039**	5,361,222,985
Selling and distribution expenses	33	**(3,402,314,820)**	(2,766,142,590)	**(187,734,903)**	(130,124,276)	**(190,821,275)**	-	**(3,780,870,997)**	(2,896,266,866)
Administrative expenses	34	**(507,955,624)**	(375,969,926)	**(32,566,708)**	(5,025,024)	**(46,070,881)**	(32,894,036)	**(586,593,213)**	(413,888,986)
		(3,910,270,444)	(3,142,112,516)	**(220,301,611)**	(135,149,300)	**(236,892,155)**	(32,894,036)	**(4,367,464,210)**	(3,310,155,852)
Operating profit		**1,565,975,825**	1,631,710,339	**657,470,260**	452,250,830	**(285,730,255)**	(32,894,036)	**1,937,715,829**	2,051,067,133
Unallocated items									
Other operating expense	35							**(172,282,473)**	(254,651,191)
Other income	36							**213,759,588**	232,816,026
Finance cost	37							**(956,336,302)**	(618,097,025)
Share of profit from associated companies-net	10.1.3							**45,385,014**	393,211,150
Profit before taxation								**1,068,241,656**	1,804,346,093
Taxation	40							**(436,942,413)**	(425,822,163)
Profit for the year								**631,299,243**	1,378,523,930

		Food segment		Plastic segment		Pharmaceutical segment		Total	
		2019	2018	2019	2018			2019	2018
		Rupees							
30.1	Segment assets	15,727,045,611	12,929,984,078	7,092,171,057	6,343,832,820	1,450,224,337	778,555,134	24,269,441,005	20,052,372,032
30.2	Unallocated assets	-	-	-	-	-	-	3,163,181,326	3,798,631,772
		15,727,045,611	12,929,984,078	7,092,171,057	6,343,832,820	1,450,224,337	778,555,134	27,432,622,331	23,851,003,804
30.3	Segment liabilities	4,675,003,868	2,519,611,492	4,436,912,905	3,568,079,568	572,728,565	604,341,962	9,684,645,338	6,692,033,022
30.4	Unallocated liabilities	-	-	-	-	-	-	10,478,326,721	9,764,726,298
		4,675,003,868	2,519,611,492	4,436,912,905	3,568,079,568	572,728,565	604,341,962	20,162,972,059	16,456,759,320
30.5	Non-cash items								
	-depreciation	779,082,719	684,967,640	315,817,183	302,546,426	132,450,020	1,380,823	1,227,349,922	987,514,066
	-others	88,106,299	57,197,633	8,459,270	7,910,464	57,173,290	7,910,464	153,738,859	65,108,097
		867,189,018	742,165,273	324,276,453	310,456,890	189,623,310	9,291,287	1,381,088,781	1,052,622,163
30.6	Capital expenditure	2,693,802,777	1,305,154,557	506,559,804	288,717,406	39,820,758	379,022,580	3,200,362,581	1,593,871,963

30.7 The Company's export sales have been primarily made to continents in the Asia, Africa, Europe, North America and Australia.

30.8 There were no major customers of the Company which constituted 10 percent or more of the Company's revenue.

31 RECONCILIATION OF REPORTABLE SEGMENT SALES, COST OF SALES, ASSETS AND LIABILITIES

	Note	2019	2018
		Rupees	
31.1 Assets			
Total assets for reportable segments	30.1	24,269,441,005	20,052,372,032
Administrative capital assets		933,230,944	238,170,690
Long term investments	10	2,229,950,382	3,560,461,082
Total assets		27,432,622,331	23,851,003,804
31.2 Liabilities			
Total liabilities for reportable segments	30.3	9,684,645,338	6,692,033,022
Sponsors' loan-subordinated	22	902,151,770	902,151,770
Deferred liabilities	25	1,274,088,154	1,199,724,005
Long term finances-secured	23	8,065,842,393	7,163,785,036
Liabilities against assets subject to finance lease	24	236,244,404	499,065,487
Total liabilities		20,162,972,059	16,456,759,320

32 COST OF SALES

	Note	Food segment 2019	Food segment 2018	Plastic segment 2019	Plastic segment 2018	Pharmaceutical segment 2019	Pharmaceutical segment 2018	Total 2019	Total 2018
		-----	-----	-----	Rupees	-----	-----	-----	-----
Raw materials consumed	32.1	**9,687,168,937**	7,725,351,344	**4,636,017,993**	3,535,745,714	**18,085,861**	-	**14,341,272,791**	11,261,097,058
Packing materials consumed	32.2	**4,637,312,604**	3,497,284,302	**176,550,264**	134,575,484	**17,439,649**	-	**4,831,302,516**	3,631,859,786
Stores and spares consumed	32.3	**325,919,810**	213,334,186	**108,562,733**	102,774,399	**7,693,997**	-	**442,176,540**	316,108,585
Salaries, wages and other benefits		**1,879,135,403**	1,395,630,382	**308,043,371**	207,271,239	**61,709,043**	-	**2,248,887,818**	1,602,901,621
Electricity, gas, fuel and lubricants		**524,863,652**	361,400,539	**259,569,402**	207,863,879	**23,665,338**	-	**808,098,392**	569,264,418
Repairs and maintenance		**135,364,973**	84,539,033	**24,089,033**	17,993,849	**5,066,116**	-	**164,520,122**	102,532,882
Cold storage - rent & maintenance		**1,682,250**	11,831,925	**-**	-	**-**	-	**1,682,250**	11,831,925
Printing and stationery		**5,578,423**	1,407,946	**780,610**	199,440	**692,076**	-	**7,051,110**	1,607,386
Insurance		**18,075,506**	17,606,573	**7,818,502**	8,163,934	**1,386,522**	-	**27,280,530**	25,770,507
Rent, rates and taxes		**8,360,669**	2,890,181	**3,203,454**	2,488,082	**505,303**	-	**12,069,426**	5,378,263
Water charges		**49,688,220**	23,815,117	**9,446,219**	9,338,720	**-**	-	**59,134,440**	33,153,837
Postage and telephone		**4,450,308**	3,155,358	**1,700,106**	962,917	**645,356**	-	**6,795,769**	4,118,275
Travelling and conveyance		**5,782,197**	2,378,791	**304,067**	240,690	**326,566**	-	**6,412,830**	2,619,481
Vehicle running and maintenance		**18,333,957**	9,459,142	**5,822,753**	5,112,894	**1,274,555**	-	**25,431,264**	14,572,036
Depreciation	7.1	**703,124,265**	625,459,664	**313,148,259**	302,069,545	**124,161,778**	-	**1,140,434,303**	927,529,209
Amortisation charge	8.2	**1,130,640**	-	**350,312**	-	**-**	-	**1,480,952**	-
Laboratory expenses		**7,841,824**	4,629,925	**27,200**	201,375	**7,467,035**	-	**15,336,058**	4,831,300
Fees and subscription		**1,064,986**	3,425,634	**242,523**	762,622	**-**	-	**1,307,509**	4,188,256
Cartage inward		**18,772,599**	9,665,128	**6,589,475**	7,803,008	**-**	-	**25,362,073**	17,468,136
Procurement expenses		**8,050,140**	12,394,744	**-**	3,000	**-**	-	**8,050,140**	12,397,744
Other manufacturing expenses		**9,714,706**	16,344,744	**3,160,614**	779,686	**808,766**	-	**13,684,086**	17,124,430
		18,051,416,068	14,022,004,658	**5,865,426,890**	4,544,350,477	**270,927,961**	-	**24,187,770,919**	18,566,355,135
Work-in-process at the beginning of the year		**12,103,493**	25,549,994	**105,622,473**	125,615,809	**11,796,367**	-	**129,522,333**	151,165,803
Work-in-process at the end of the year		**(29,295,206)**	(12,103,493)	**(52,887,950)**	(105,622,473)	**-**	-	**(82,183,155)**	(117,725,966)
		(17,191,713)	13,446,501	**52,734,524**	19,993,336	**11,796,367**	-	**47,339,177**	33,439,837
Cost of goods manufactured		**18,034,224,355**	14,035,451,159	**5,918,161,414**	4,564,343,813	**282,724,328**	-	**24,235,110,097**	18,599,794,972

	Note	Food segment 2019	Food segment 2018	Plastic segment 2019	Plastic segment 2018	Pharmaceutical segment 2019	Pharmaceutical segment 2018	Total 2019	Total 2018
		---Rupees---							
Stock of finished goods at the beginning of the year		**1,281,886,032**	1,141,365,251	**77,078,622**	106,813,156	**11,935,904**	-	**1,370,900,559**	1,248,178,407
Purchase of finished goods		**56,698,705**	55,986,313	**-**	-	**-**	-	**56,698,705**	55,986,313
Cost of promotional samples reclassified to selling expenses		**-**	-	**-**	-	**(57,407,722)**		**(57,407,722)**	-
Insurance claim		**(4,249,415)**	-	**(600,960)**	-	**-**	-	**(4,850,375)**	-
Stock of finished goods at the end of the year		**(1,554,400,403)**	(1,281,886,032)	**(71,928,039)**	(77,078,622)	**(92,298,126)**	-	**(1,718,626,567)**	(1,358,964,654)
		(220,065,080)	(84,534,468)	**4,549,623**	29,734,534	**(137,769,944)**	-	**(353,285,401)**	(54,799,934)
		17,814,159,275	13,950,916,691	**5,922,711,038**	4,594,078,347	**144,954,384**	-	**23,881,824,697**	18,544,995,038
32.1 Raw materials consumed									
Stock of raw materials at the beginning of the year	13.1	**1,373,058,696**	1,533,542,963	**1,823,233,280**	1,592,687,175	**10,622,854**	-	**3,206,914,830**	3,126,230,138
Purchases		**9,789,844,067**	7,508,184,701	**4,291,670,053**	3,778,343,196	**54,370,390**	-	**14,135,884,510**	11,286,527,897
Cartage inward		**10,748,956**	57,281,251	**5,437**	-	**-**	-	**10,754,393**	57,281,251
Purchase discount		**-**	(598,875)	**-**	(12,051,377)	**-**	-	**-**	(12,650,252)
		11,173,651,719	9,098,410,040	**6,114,908,770**	5,358,978,994	**64,993,244**	-	**17,353,553,733**	14,457,389,034
Stock of raw materials at the end of the year	13.1	**(1,486,482,782)**	(1,373,058,696)	**(1,478,890,776)**	(1,823,233,280)	**(46,907,383)**	-	**(3,012,280,941)**	(3,196,291,976)
		9,687,168,937	7,725,351,344	**4,636,017,993**	3,535,745,714	**18,085,861**	-	**14,341,272,791**	11,261,097,058
32.2 Packing materials consumed									
Stock of packing materials at the beginning of the year	13.1	**418,306,058**	459,067,630	**20,371,587**	10,504,382	**2,119,028**	-	**440,796,673**	469,572,012
Purchases		**4,786,345,517**	3,447,712,452	**168,690,300**	143,490,489	**24,018,952**	-	**4,979,054,769**	3,591,202,941
Cartage inward		**-**	1,570	**-**	952,200	**-**	-	**-**	953,770
Purchase discount			(1,710,054)	**-**	-	**-**	-	**-**	(1,710,054)
		5,204,651,575	3,905,071,598	**189,061,887**	154,947,071	**26,137,980**	-	**5,419,851,442**	4,060,018,669
(Write off) /Provision for the year	13.1	**(18,886,489)**	10,518,762	**-**	-	**-**	-	**(18,886,489)**	10,518,762
Stock of packing materials at the end of the year	13.1	**(548,452,482)**	(418,306,058)	**(12,511,623)**	(20,371,587)	**(8,698,331)**	-	**(569,662,437)**	(438,677,645)
		4,637,312,604	3,497,284,302	**176,550,264**	134,575,484	**17,439,649**	-	**4,831,302,516**	3,631,859,786

	Note	Food segment 2019	Food segment 2018	Plastic segment 2019	Plastic segment 2018	Pharmaceutical segment 2019	Pharmaceutical segment 2018	Total 2019	Total 2018
		-----	-----	-----	Rupees	-----	-----	-----	-----
32.3 Stores and spares consumed									
Stock of stores and spares at the beginning of the year	12	**142,902,577**	105,131,734	**61,164,087**	71,185,645	**-**	-	**204,066,664**	176,317,379
Purchases		**392,321,527**	250,350,475	**121,997,137**	92,718,981	**38,861,884**	-	**553,180,548**	343,069,456
Reclassification to selling expenses		**-**	-	**-**	-	**(17,256,189)**	-	**(17,256,189)**	-
Cartage inward		**982,274**	381,703	**2,682,254**	59,000	**-**	-	**3,664,528**	440,703
Purchase discounts		**-**	(167,149)	**-**	(25,140)	**-**	-	**-**	(192,289)
		536,206,378	355,696,763	**185,843,478**	163,938,486	**21,605,695**	-	**743,655,551**	519,635,249
Provision for the year	12.1	**-**	540,000	**-**	-	**-**	-	**-**	540,000
Stock of stores and spares at the end of the year	12.1	**(210,286,568)**	(142,902,577)	**(77,280,746)**	(61,164,087)	**(13,911,698)**	-	**(301,479,011)**	(204,066,664)
		325,919,810	213,334,186	**108,562,733**	102,774,399	**7,693,997**	-	**442,176,540**	316,108,585
33 SELLING AND DISTRIBUTION EXPENSES									
Salaries and other benefits		**1,016,513,727**	811,056,539	**31,530,254**	26,394,993	**73,999,748**	-	**1,122,043,729**	837,451,532
Cartage outward		**951,741,797**	677,634,974	**102,879,677**	76,205,905	**-**	-	**1,054,621,474**	753,840,879
Export expenses		**92,719,181**	79,554,849	**17,935,006**	10,219,224	**4,105,974**	-	**114,760,161**	89,774,073
Advertisements		**993,764,195**	873,591,715	**8,625**	8,215	**-**	-	**993,772,820**	873,599,930
Entertainment		**6,173,255**	4,433,925	**150,841**	207,517	**1,247,165**	-	**7,571,261**	4,641,442
Vehicle running and maintenance		**177,592,618**	165,548,382	**973,738**	563,185	**5,935,174**	-	**184,501,530**	166,111,567
Printing and stationery		**5,285,648**	7,437,115	**547,967**	280,676	**287,011**	-	**6,120,626**	7,717,791
Postage and telephone		**14,459,144**	26,219,932	**494,612**	542,198	**1,780,493**	-	**16,734,250**	26,762,130
Conveyance and travelling		**40,938,867**	25,924,032	**1,751,944**	913,783	**20,196,767**	-	**62,887,578**	26,837,815
Samples		**319,298**	696,457	**-**	8,300	**57,407,722**	-	**57,727,020**	704,757
Sales promotion		**-**	-	**-**	-	**17,256,189**	-	**17,256,189**	-
Utilities		**1,688,482**	3,093,159	**975,844**	456,817	**-**	-	**2,664,327**	3,549,976
Repairs and maintenance		**2,856,850**	3,708,375	**207,907**	873,721	**63,368**	-	**3,128,125**	4,582,096
Rent		**54,728,458**	47,659,713	**3,240,512**	3,520,460	**-**	-	**57,968,970**	51,180,173
Depreciation	7.1	**32,431,289**	27,677,993	**464,302**	77,059	**5,938,730**	-	**38,834,322**	27,755,052
Amortisation charge	8.2	**690,126**	-	**244,081**	-	**-**	-	**934,207**	-
Fee and subscription		**16,200**	582,327	**946,200**	-	**1,624,198**	-	**2,586,598**	582,327
Insurance		**8,626,048**	7,832,035	**931,996**	1,102,223	**742,688**	-	**10,300,733**	8,934,258
Allowance for expected credit loss	14	**-**	900,000	**24,379,451**	8,750,000	**-**	-	**24,379,451**	9,650,000
Miscellaneous		**1,769,637**	2,591,068	**71,945**	-	**236,047**	-	**2,077,629**	2,591,068
		3,402,314,820	2,766,142,590	**187,734,903**	130,124,276	**190,821,275**	-	**3,780,870,997**	2,896,266,866

34 ADMINISTRATIVE EXPENSES

	Note	Food segment 2019	Food segment 2018	Plastic segment 2019	Plastic segment 2018	Pharmaceutical segment 2019	Pharmaceutical segment 2018	Total 2019	Total 2018
		---Rupees---							
Salaries and other benefits including director's remuneration		**303,666,359**	237,769,431	**20,198,867**	3,331,473	**29,764,617**	19,409,476	**353,629,843**	260,510,380
Conveyance and travelling		**30,028,936**	19,821,495	**1,681,324**	52,290	**1,151,827**	319,795	**32,862,087**	20,193,580
Postage and telephone		**10,247,142**	10,452,764	**1,265,404**	309,253	**582,827**	712,934	**12,095,373**	11,474,951
Printing and stationery		**22,137,998**	10,857,995	**405,365**	2,820	**645,768**	582,451	**23,189,132**	11,443,266
Repairs and maintenance		**15,272,097**	7,882,597	**1,782,597**	-	**1,264,348**	2,309,996	**18,319,041**	10,192,593
Electricity and utilities		**10,857,062**	10,031,955	**332,402**	-	**409,722**	-	**11,599,186**	10,031,955
Insurance		**7,908,542**	6,194,119	**569,923**	137,548	**624,568**	573,003	**9,103,033**	6,904,670
Advertisement		**235,602**	499,064	**-**	-	**-**	-	**235,602**	499,064
Entertainment		**5,903,945**	4,342,813	**270,112**	-	**256,476**	122,318	**6,430,533**	4,465,131
Vehicle running and maintenance		**24,455,365**	15,809,128	**1,719,191**	33,578	**1,128,961**	1,150,432	**27,303,516**	16,993,138
Rent, rates and taxes		**1,881,208**	964,966	**444,990**	-	**3,300,000**	351,840	**5,626,198**	1,316,806
Fee and subscription		**8,288,916**	2,587,819	**574,579**	708,240	**2,370,749**	2,814,366	**11,234,243**	6,110,425
Legal and professional charges		**21,989,800**	13,974,756	**430,600**	50,000	**1,142,910**	459,130	**23,563,310**	14,483,886
Depreciation	7.1	**43,527,165**	31,829,983	**2,204,622**	399,822	**2,349,511**	1,380,823	**48,081,298**	33,610,628
Laboratory expenses		**-**	-	**-**	-	**-**	2,121,398	**-**	2,121,398
Amortisation charge	8.2	**617,908**	-	**180,946**	-	**-**	-	**798,854**	-
General meeting expenses		**29,000**	31,600	**-**	-	**-**	-	**29,000**	31,600
Miscellaneous		**908,580**	2,919,441	**505,787**	-	**1,078,597**	586,074	**2,492,964**	3,505,515
		507,955,624	375,969,926	**32,566,708**	5,025,024	**46,070,881**	32,894,036	**586,593,213**	413,888,986

35 OTHER OPERATING EXPENSES	Note	2019	2018
		--------- Rupees ---------	
Contribution to:			
- workers' profits participation fund		**76,032,684**	100,851,067
- workers' welfare fund		**28,892,419**	38,323,405
Auditors' remuneration	**35.1**	**4,485,202**	3,865,226
Exchange loss		**11,364,017**	39,833,207
Donations	**35.2**	**50,021,439**	71,519,522
Other		**1,486,712**	258,764
		172,282,473	254,651,191

35.1 Auditor's remuneration

	2019	2018
Audit fee - unconsolidated	**2,200,000**	1,700,000
Audit fee - consolidated	**600,000**	500,000
Audit fee - subsidiary	**500,000**	400,000
Fee for other certification	**85,000**	85,000
Fee for half yearly review	**500,000**	500,000
Out-of-pocket expense	**600,202**	680,226
	4,485,202	3,865,226

35.2 Donation to the following organizations exceed 10% of total donation

	2019	2018
- Khadija Girls College	**14,579,194**	38,943,070
- Indus Hospital	**10,500,000**	1,200,000
- Al Mustufa Welfare Trust	**6,833,145**	1,600,000
	31,912,339	41,743,070

35.2.1 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.

36 OTHER INCOME	Note	2019	2018
		--------- Rupees ---------	
Income from financial assets			
Profit on sale of shares		**156,011**	29,580,016
Income from non financial assets			
Recovery from the sale of production scrap		**166,686,118**	147,171,837
Gain on disposal of property, plant and equipment-net		**11,050,296**	28,016,782
Processing income		**35,358,254**	28,035,097
Others		**508,908**	12,294
		213,759,588	232,816,026

	Note	2019	2018
		--------- Rupees ---------	
37 FINANCE COST			
Mark up on:			
- long term finances -Conventional		**351,964,205**	289,857,686
- long term finances-Islamic		**229,854,650**	179,895,122
- short term finances-Conventional		**195,996,512**	64,400,086
- short term finances-Islamic		**131,215,853**	49,391,432
Interest on workers' profits participation fund		**3,622,596**	3,554,059
Finance charge on finance leases		**16,925,761**	17,031,837
Bank charges		**26,756,725**	13,966,803
		956,336,302	618,097,025

38 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2019			2018		
	Chief executive officer	**Directors**	**Executives**	Chief executive officer	Directors	Executives
	-----Rupees-----					
Managerial remuneration	**8,400,000**	**14,400,000**	**326,322,092**	6,000,000	9,600,000	238,583,345
Gratuity	**-**	**-**	**16,713,051**	-	-	12,504,368
Bonus			**16,713,051**			12,504,368
Reimbursement of expenses						
Utilities	**1,000,000**	**1,500,000**	**-**	1,000,000	1,500,000	-
	9,400,000	**15,900,000**	**359,748,194**	7,000,000	11,100,000	263,592,081
Number of persons	**1**	**2**	**75**	1	2	68

In addition to the above, Company maintained cars are provided to the chief executive officer, directors and executives.

38.1 The remuneration has been allocated as follows:

	2019			2018		
	Chief executive officer	**Directors**	**Executives**	Chief executive officer	Directors	Executives
	-----Rupees-----					
Cost of goods sold	**-**	**-**	**149,098,501**	-	-	117,022,484
Selling and distribution expenses	**-**	**-**	**129,244,213**	-	-	83,565,196
Administrative expenses	**9,400,000**	**15,900,000**	**81,405,480**	7,000,000	11,100,000	63,004,401
	9,400,000	**15,900,000**	**359,748,194**	7,000,000	11,100,000	263,592,081
Number of persons	**1**	**2**	**75**	1	2	68

39 CLASSIFICATION OF EXPENSES

	Note	2019 Local	2019 Export	2019 Common expenses	2019 Total
		------------------------Rupees------------------------			
Selling and distribution expenses	33	**3,641,343,563**	**139,527,434**	**-**	**3,780,870,997**
Administrative expenses	34	**-**	**-**	**586,593,213**	**586,593,213**
Finance cost	37	**940,812,317**	**15,523,985**	**-**	**956,336,302**

	Note	2018 Local	2018 Export	2018 Common expenses	2018 Total
		------------------------Rupees------------------------			
Selling and distribution expenses	33	2,786,381,003	109,885,863	-	2,896,266,866
Administrative expenses	34	-	-	380,994,950	380,994,950
Finance cost	37	606,261,459	11,552,163	-	617,813,622

40 TAXATION

	2019	2018
	--------- Rupees ---------	
Current	**293,841,399**	300,581,354
Prior year	**(32,987,276)**	(40,378,406)
Deferred	**176,088,290**	165,619,215
	436,942,413	425,822,163

40.1 The relationship between accounting profit and tax expense

The relationship between tax expense and accounting profit has not been presented in these financial statements as the current year's income of the Company attracts minimum tax under section 113 of Income Tax Ordinance, 2001.

41 EARNINGS PER SHARE

	2019	2018
	--------- Rupees ---------	
Basic earnings per share		
Profit for the year attributtable to holding Company	**727,555,976**	1,388,138,228
	Number of shares	
Weighted average number of ordinary shares during the year	**63,804,750**	63,804,750
Weighted average number of shares outstanding as at year end	**63,804,750**	63,804,750
Basic earnings per share	**11.40**	21.76

Diluted earnings per share

There are no dilutive potential ordinary shares outstanding as at June 30, 2019 & June 30, 2018.

42 NUMBER OF EMPLOYEES

	2019	2018
Number of employees as at the year end	**2,336**	2,382
Average number of employees during the year	**2,244**	2,274

43 CASH GENERATED FROM OPERATIONS

	Note	2019	2018
		--------- Rupees ---------	
Profit before taxation		**1,068,241,656**	1,804,346,093
Adjustments for non-cash and other items:			
Depreciation	7.1	**1,227,349,922**	1,048,095,380
Amortisation charge	8.2	**3,214,013**	-
Gain on disposal of property, plant and equipment-net	36	**(11,050,296)**	(28,016,782)
Provision for staff gratuity scheme - unfunded	25.1.5	**103,195,763**	65,491,471
Finance cost	37	**956,336,302**	618,097,025
Share of profit from associated companies-net	10.1.3	**(45,385,014)**	(393,211,150)
Profit on sale of shares		**(156,011)**	-
Provision for slow moving - stores and spares		**-**	540,000
Provision for slow moving - stock in trade		**(18,886,489)**	10,518,762
Allowance for expected credit loss		**24,379,451**	9,650,000
Unrealized gain on trade debts		**(64,050,757)**	-
Unrealized loss on trade and other payables		**53,900,978**	-
		3,297,089,518	3,135,510,799
Working capital changes			
(Increase) / Decrease in current assets			
Stores and spares		**(96,996,027)**	(26,936,536)
Stock-in-trade		**(235,582,690)**	(154,419,248)
Trade debts		**(1,158,895,627)**	(136,659,460)
Loans and advances		**(896,095,133)**	(361,662,108)
Trade deposits and short term prepayments		**(24,102,812)**	8,518,337
Other receivables		**4,267,873**	81,244,881
		(2,407,404,416)	(589,914,134)
(Decrease) / Increase in current liabilities			
Trade and other payables		**595,963,428**	404,539,544
Short term finances-secured		**775,888,391**	(753,052,137)
Advances from customers		**56,885,294**	52,229,685
		1,428,737,113	(296,282,908)
Net decrease in working capital		**(978,667,303)**	(886,197,042)
Cash generated from operations		**2,318,422,214**	2,249,313,757

44 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

44.1 Financial instruments by category

	Note	2019	2018
		--------- Rupees ---------	
Financial assets			
At amortized cost			
Long term deposits	11	**47,985,848**	42,996,197
Trade debts	14	**2,768,429,157**	1,569,862,225
Trade deposits - unsecured	16	**28,096,589**	9,668,000
Other receivables	17	**129,937,851**	133,823,211
Cash and bank balances	19	**36,602,222**	81,115,556
Total financial assets		**3,011,051,668**	1,837,465,189
Financial liabilities			
At amortized cost			
Sponsors' loan - subordinated (interest-free)	22	**915,357,737**	915,357,737
Long term finances	23	**8,554,731,282**	7,713,785,036
Liabilities against assets subject to finance lease	24	**236,244,404**	499,065,487
Trade and other payables	26	**1,927,817,531**	1,306,080,432
Accrued mark-up	27	**209,765,534**	103,908,088
Short term finances	28	**6,299,903,813**	4,191,428,798
Unclaimed Dividend		**2,338,500**	1,818,498
Total financial liabilities		**18,146,158,801**	14,731,444,075

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

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 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 were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on market value of shares 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, 2019:

	2019			
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	-------------------Rupees --------------------			
Financial investments: fair value through OCI	**-**	**-**	**-**	**-**

	2018			
Financial assets	Level 1	Level 2	Level 3	Total
	-------------------Rupees --------------------			
Financial investments: fair value through OCI	195,107,650	-	-	195,107,650

	2019			
Investment in Associate	**Level 1**	**Level 2**	**Level 3**	**Total**
	-------------------Rupees --------------------			
Investment in associate - *Bank of Khyber*	**2,001,232,631**	**-**	**-**	**2,001,232,631**

	2018			
Investment in Associate	Level 1	Level 2	Level 3	Total
	-------------------Rupees --------------------			
Investment in associate - *Bank of Khyber*	2,530,641,520	-	-	2,530,641,520

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 of 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. The Group establishes and allowance for impairment that represents its estimate of incurred 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	2019	2018
		--------- Rupees ---------	
Al Baraka Bank Pakistan Ltd	A1	-	26,444
Allied Bank Limited	AAA	36,444	-
Bank Al Habib	AA+	382,735	383,850
Bank Al Falah	AA+	730,000	-
Bank Islami Pakistan Ltd	A+	379,809	103,350
Dubai Islamic Bank Pakistan Limited	A1+	888,562	1,972,299
Habib Bank Limited	A1+	14,896,964	773,091
Habib Metropolitan Bank Limited	AA+	2,523,150	3,332,353
JS Bank Limited	AA-	6,147,638	41,609,595
MCB Bank Limited	AAA	74,908	65,129
MCB Islamic Bank Limited	A	748,859	1067959
Meezan Bank Limited	A1+	58,897	23,711,893
National Bank Of Pakistan	AAA	571,451	727,619
Samba Bank Ltd	A1	8,685	1,685
Soneri Bank Ltd	AA-	541,190	53,611
Summit Bank Ltd	Suspended	99,235	-
Standard Chartered Bank (Pakistan) Limited	AAA	-	122,117
The Bank Of Khyber	A	65,534	59,091
The Bank of Punjab	AA	53,066	199,286
		28,207,127	74,209,371

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	2019	2018
		--------- Rupees ---------	
Trade debts	14	2,768,429,157	1,569,862,225
Loans and advances	15	1,591,145,965	686,411,908
Trade deposits - unsecured	16	28,096,589	9,668,000
Bank balances	19	28,207,127	74,209,371
		4,415,878,838	2,340,151,504

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.

Advances recoverable from employees are secured against their retirement benefits.

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:

	2019	2018
	--------- Rupees ---------	
More than 45 days but not more than 3 months	**321,633,973**	213,039,102
More than 3 months but not more than 6 months	**290,433,386**	171,373,560
More than 6 months but not more than 1 year	**82,565,781**	115,111,074
More than 1 year	**51,963,498**	51,963,694
	746,596,638	551,487,430

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.

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:

		2019			
		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	**6%**	**6,307,461,175**	**1,245,246,616**	**5,062,214,559**
Long term finances - secured (Islamic)		**10%**	**2,247,270,107**	**824,583,333**	**1,422,686,774**
Liabilities against assets subject to finance lease-conventional	24	**7.48% to 13.70%**	**92,369,288**	**50,522,630**	**41,846,658**
Liabilities against assets subject to finance lease-Islamic		**7.18% to 13.63%**	**143,875,116**	**49,697,215**	**94,177,901**
Short term finances - secured - conventional	28	**5.98% to 6.24%**	**4,700,703,812**	**4,700,703,812**	**-**
Short term finances - secured- Islamic	28	**6.26% to 7.13%**	**1,599,200,000**	**1,599,200,000**	**-**
Non - interest bearing					
Sponsors' loan - subordinated	22	**-**	**915,357,737**	**-**	**915,357,737**
Trade and other payables	26	**-**	**1,927,817,531**	**1,927,817,531**	**-**
Accrued mark-up	27	**-**	**209,765,534**	**209,765,534**	**-**
			18,143,820,301	**10,607,536,672**	**7,536,283,629**

	Note	2018 Effective rate of interest	Carrying amount	Maturity upto one year	Maturity after one year
		---------------------------------Rupees-----------------------------			
Financial liabilities					
Interest bearing					
Long term finances - secured - conventional	23	6%	4,979,479,472	1,253,850,907	3,725,628,565
Long term finances - secured - Islamic		5%	2,734,305,564	1,229,166,659	1,505,138,905
Liabilities against assets subject to finance lease-conventional	24	6.70% to 7.21%	159,557,941	68,375,379	91,182,562
Liabilities against assets subject to finance lease-Islamic		6.38% to 6.72%	339,507,546	27,031,857	312,475,689
Short term finances - secured-conventional	28	5.98% to 6.24%	3,341,428,798	3,341,428,798	-
Short term finances - secured-Islamic	28	6.26% to 7.13%	850,000,000	850,000,000	-
Non - interest bearing					
Sponsors' loan - subordinated	22	-	915,357,737	-	915,357,737
Trade and other payables	26	-	1,306,080,432	1,306,080,432	-
Accrued mark-up	27	-	103,908,088	103,908,088	-
			14,729,625,578	8,179,842,120	6,549,783,458

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2019, 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. 80.66 million (2018: Rs. 71.64 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At June 30, 2019, 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. 62.99 million (2018: Rs. 41.91 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

44.3.3Market 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 or future cash flows of financial asset or a liability will 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:

	2019	2018
	---------- Amount in USD ----------	
Trade debts	**4,051,426**	2,564,352
Cash and bank balances	**34,749**	98,351
Trade and other payables	**(3,959,324)**	(4,205,576)
Loans and advances	**51,259**	3,868,310
Advance from customer	**(244,293)**	(388,743)
	(66,184)	1,936,694
Off balance sheet exposures		
Letter of credit	**(28,346,447)**	(337,266)
Net Exposure	**(28,412,632)**	1,599,428

The following significant exchange rates were applied during the year.

	2019	2018
	Rupee per USD	
Average rate	**140.78**	113.25
Reporting date rate	**160.05**	121.50

Foreign currency sensitivity analysis

A 10 percentage strengthening of the PKR against the USD at June 30, 2018 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, 2019.

	2019	2018
	--------- Rupees ---------	
Strengthening of PKR against respective currencies	**454,750,136**	(19,433,054)
Weakening of PKR against respective currencies	**(454,750,136)**	19,433,054

As at 30 June 2019, 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. -454.75 million (2018: Rs. 6.03 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	2019	2018
		--------- Rupees ---------	
Export debtors	14	**784,297,206**	311,568,772
Import creditors		**624,660,887**	510,977,433
		1,408,958,093	822,546,205

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, running finance facilities and finance leases. At the reporting date the interest rate profile of the Group's mark-up bearing financial instruments is as follows:

	Carrying amount	
	2019	2018
	--------- Rupees ---------	
Variable rate instruments		
Financial assets	**-**	-
Financial liabilities	**15,090,879,499**	12,404,279,321
	15,090,879,499	12,404,279,321

As at 30 June 2019, 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. 150.91 million. (2018: Rs. 118.54 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, unappropriated profit and reserves. As at reporting date the capital of the Group is as follows:

	2019	2018
	--------- Rupees ---------	
Share capital	**638,047,500**	638,047,500
Reserves	**6,451,888,082**	6,535,653,031
	7,089,935,582	7,173,700,531

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 Consolidated statement of financial position and includes share capital and accumulated profit.

During 2019 the Group's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2019 and 2018 were as follows:

		2019	2018
	Note	------------ Rupees ------------	
Total borrowings		**9,470,089,019**	8,629,142,773
Less: Cash and bank balances		**(36,602,222)**	(81,115,556)
Net debt		**9,433,486,797**	8,548,027,217
Total equity		**7,089,935,582**	7,173,700,531
Total equity and debt		**16,523,422,379**	15,721,727,747
Net Gearing ratio (%)		**57.1%**	54.37%

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

	2019		2018	
	Metric Ton		Metric Ton	
	Rated Capacity	**Actual Production**	Rated Capacity	Actual Production
Food processing	**125,335**	**89,376**	115,350	81,628
Plastic film	**33,000**	**25,198**	33,000	26,726
Pharmaceuticals				
Blow fill seal	**18,000**	**6,016**	**18,000**	-
Opthalmic	**2,500**	**499**	**2,500**	-

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:

	2019	2018
	--------- Rupees ---------	
Associated Group - Plastiflex Films (Private) Limited (Common Directorship)		
- Purchase of raw & packing Materials	**164,048,773**	54,332,436
- Metallization of raw material	**(11,013,408)**	6,753,099
- Sales of raw and packing material	**(12,459,583)**	(2,165,352)
- Recovery against Sales	**25,646,302**	
- Payment against purchases	**(157,132,416)**	(55,009,525)
Balances		
Plastiflex Films (Private) Limited		
- Payable to associate	**14,586,784**	5,497,115
Director's subordinated - loan		
- Payable to directors'	**915,357,737**	915,357,737

48 CORRESPONDING FIGURES

Previous year figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison in these consolidated financial statements. For better presentation, reclassification made in these consolidated financial statements were as follows:

Reclassification from	**Reclassification to**	**Rupees**
Consolidated Statement of Financial Position		
Property, plant and equipment	Intangible assets	41,739,258

49 NON - ADJUSTING EVENT AFTER THE REPORTING DATE

The board of directors in its meeting held on September 25, 2019 has proposed dividend in respect of the year ended June 30, 2019 of Rs. 3/- per share (2018: Rs. 4.50/- per share) for approval of the members at the annual general meeting. These consolidated financial statements for the year ended June 30, 2019 do not include the effect of proposed dividend, which will be accounted for in the consolidated financial statements for the year ending June 30, 2020.

The proposed dividend for the year ended June 30, 2018 compiles with the requirement of Section 5A of the Income Tax Ordinance 2001, therefore, no provision for tax on undistributed profit has been recognized in these consolidated financial statements.

50 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on September 25, 2019 by the board of directors of the Group.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

PATTERN OF SHAREHOLDING
SHAREHOLDERS STATISTICS
AS AT JUNE 30, 2019

Number of Shareholders	Shareholdings From		To	Total Number of Shares Held
1289	1	-	100	19,017
139	101	-	500	40,873
34	501	-	1000	27,933
49	1001	-	5000	107,005
5	5001	-	10000	41,182
4	10001	-	15000	49,506
1	15001	-	20000	16,600
1	20001	-	25000	20,876
1	30001	-	35000	34,500
1	185001		190000	190,000
1	435001	-	440000	435,400
1	1125001	-	1130000	1,130,000
1	1270001	-	1275000	1,271,650
1	1380001	-	1385000	1,380,450
1	9555001	-	9560000	9,556,643
1	10100001	-	10105000	10,100,090
1	19660001		19665000	19,662,293
1	19720001	-	19725000	19,720,732
Total 1532				**63,804,750**

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
CEO, Directors their Spouses & Children	12	63,039,638	98.80%
Associated Company	1	435,400	0.68%
Foreign Companies	1	3,300	0.01%
Others	8	4,514	0.01%
General Public	1510	321,898	0.50%
Total	**1532**	**63,804,750**	**100.0%**

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2019

Shareholder Category	Number of Folios	Number of Share Held	Percentage
Associated Company:			
Uniron Industries (Private) Limited	1	435,400	0.682
Directors:			
Mr. Maqsood Ismail Ahmed	1	190,000	0.298
Ms. Farzana Muhammad	1	1,380,450	2.164
Ms. Almas Maqsood	2	20,792,293	32.587
Ms. Reema Ismail Ahmed	1	1,271,650	1.993
Mr. Ahmed Muhammad	1	10,100,090	15.830
Mr. Hamid Maqsood	1	10,090	0.016
Mr. Muhammad Zubair Motiwala (Independent)	1	500	0.001
Chief Executive Officer:			
Mr. Munsarim Saifullah	1	590	0.001
Chairman:			
Mr. Muhammad M. Ismail	2	9,573,243	15.004
CEO, Directors their Spouses & Children:			
Mr. Miftah Ismail	1	19,720,732	30.908
Others	1519	329,712	0.517
Total	**1532**	**63,804,750**	**100.000**

Shareholders holding 5% or more voting interest

Mr. Muhammad M. Ismail	2	9,573,243	15.004
Mr. Miftah Ismail	1	19,720,732	30.908
Ms. Almas Maqsood	2	20,792,293	32.587
Mr. Ahmed Muhammad	1	10,100,090	15.830

STATEMENT SHOWING SHARES PRUCHASE, SALE AND GIFT BY DIRECTORS, EXECUTIVES THEIR SPOUSES & CHILDREN

FROM JULY 01, 2018 TO JUNE 30, 2019

S.no.	Name	Designation	Shares Traded		Shares Gifted	
			Purchase	Sale	Received	Given
1	Mr. Muhammad M. Ismail	Director	8,700	-	-	9,100,000
2	Ahmed Muhammad	Director	-	-	9,100,000	-

ELECTRONIC DIVIDEND MANDATE FORM

To: ____ **Date:**______________

Subject: Bank account details for payment of Dividend through electronic mode

Dear Sir,

I/We/Messrs., ____ , being the shareholder(s) of Ismail Industries Limited (the "Company"), hereby authorize the Company, to directly credit cash dividends declared by it, in my bank account as detailed below:

(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 (See Note 1 below)	
Bank's Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me/us are correct and I/we shall keep the Company, informed in case of any changes in the said particulars in future.

Yours sincerely,

____

Signature of Shareholder
(Please affix company stamp in case of corporate entity)

Notes:

1. Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.

2. This letter must be sent to shareholder's participant/CDC Investor Account Services which maintains his/her/their CDC account for incorporation of bank account details for direct credit of cash dividend declared by the Company from time to time.

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 25, 2019 and/ or any adjournment thereof.

Signed this __________ day of ___________ 2019.

(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. 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi 75400 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)

سیکریٹری/رجسٹرار

میں/ہم ____________ بیٹا/بیٹی/زوجہ ____________ اسمعیل انڈسٹریز لمیٹڈ کا/کے شیئر ہولڈر (حصص یافتگان)، فولیو نمبر ____________ اور/یا سی ڈی سی کے شراکت دار کی آئی ڈی ____________ اور ذیلی اکاونٹ نمبر ____________ کے تحت رجسٹر ہونے کے مطابق ____________ عام شیئر رکھتا ہوں/رکھتی ہوں/رکھتے ہیں۔ ____________ کو مقرر کرتا ہوں/کرتی ہوں/کرتے ہیں (جو فولیو نمبر ____________ اور/یا سی ڈی سی کے شراکت دار کی آئی ڈی ____________ اور ذیلی اکاونٹ 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 اکاونٹ نمبر ____________ کے تحت رجسٹر ہونے کے مطابق ____________ کمپنی میں عام شیئر رکھتا ہوں/رکھتی ہوں/رکھتے ہیں) بطور میرا/ہمارا پراکسی (نمائندہ مختار) جو 25 اکتوبر 2019 کو منعقد ہونے والے سالانہ اجلاس عام میں اور/یا ملتوی ہونے پر میری/ہمارے طرف سے شرکت کرنے، ووٹ ڈالنے کا حق رکھتا ہے۔

دستخط ____________ تاریخ ____________ 2019

(دستخط کا کمپنی میں موجود رجسٹر شدہ دستخط کے نمونے سے مطابقت رکھنا ضروری ہے۔)

5 روپے کے رینیو مہر پر دستخط

ممبر (ممبران) کے دستخط

گواہ 1

دستخط ____________________

نام ____________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________

گواہ 2

دستخط ____________________

نام ____________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________

نوٹس:

1۔ پراکسی (نامزد نمائندہ) کو کمپنی کا ممبر ہونا لازمی ہے۔

2۔ درست ہونے کے لئے پراکسی جو کہ ہر لحاظ سے با قاعدہ مکمل ہو، کا ہمارے رجسٹرار/ٹرانسفر ایجنٹس، میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، فرسٹ فلور، 40-C، بلاک 6، پی ای سی ایچ ایس، کراچی 75400، 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 بمعہ شراکت دار کا آئی ڈی نمبر اور ان کا اکاونٹ نمبر اپنے ہمراہ لائیں۔

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Unit 7: E-164 to E-168, North Western Industrial Zone,
Port Qasim Authority, Karachi. Tel.: (92-21) 34154171-73, Fax: (92-21) 34154176

Unit 8: E-154 to E-157, North Western Industrial Zone,
Port Qasim Authority, Karachi. Tel.: (92-21) 34154174-75, Fax: (92-21) 34154176