ISMAIL
INDUSTRIES
LIMITED

ANNUAL REPORT 2020

Persistent Growth

COMPANY PROFILE

Board of Directors

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

Audit Committee Members

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

Registered Office

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

Factories

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

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

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

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

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

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

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

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

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

Human Resource & Remuneration Committee

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

Company Secretary

Mr. Ghulam Farooq

Chief Financial Officer

Mr. Abdul Qadir

Auditor

Grant Thornton Anjum Rahman
Chartered Accountants

Legal Advisor

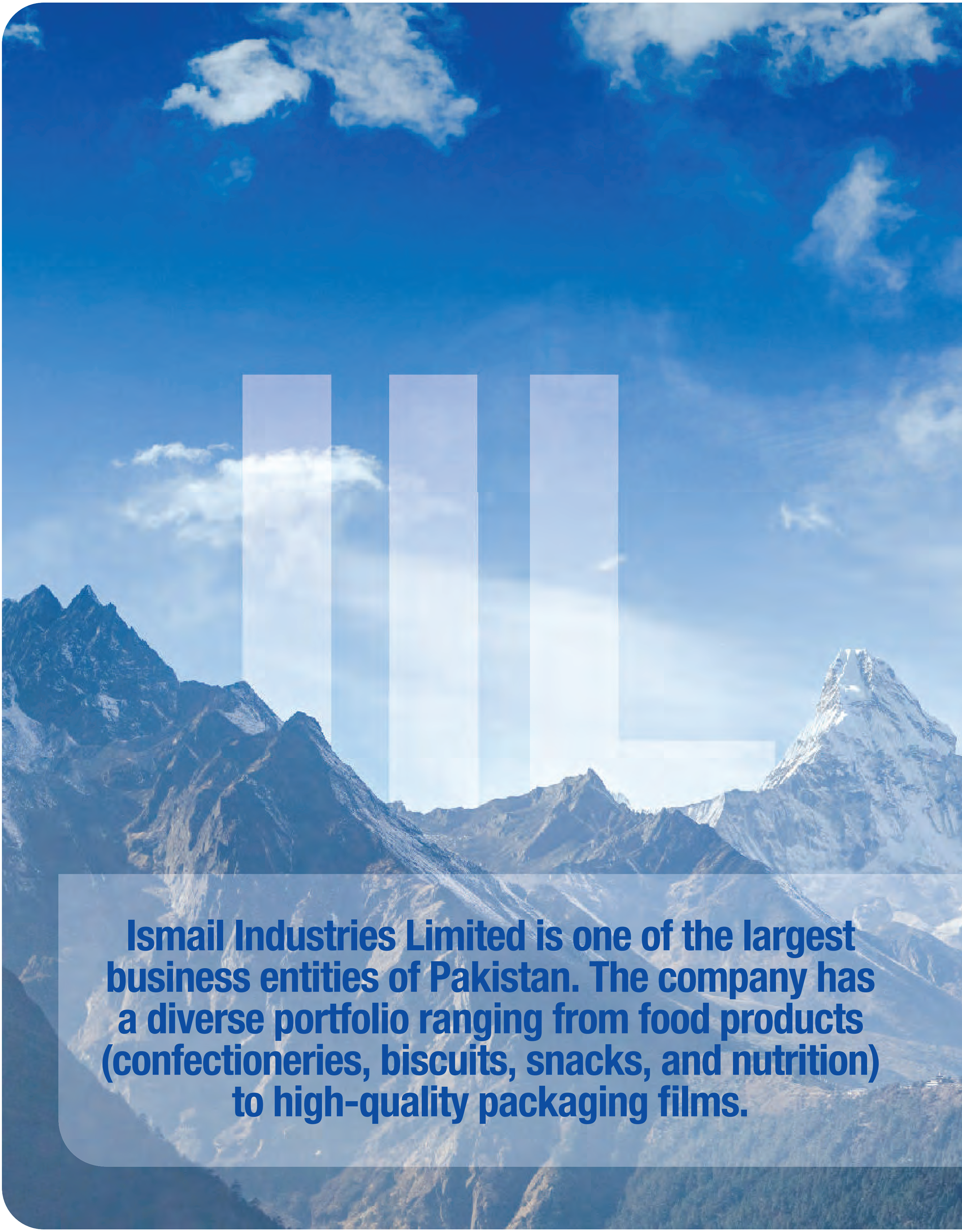
Mohsin Tayebaly & Co.

Share Registrar

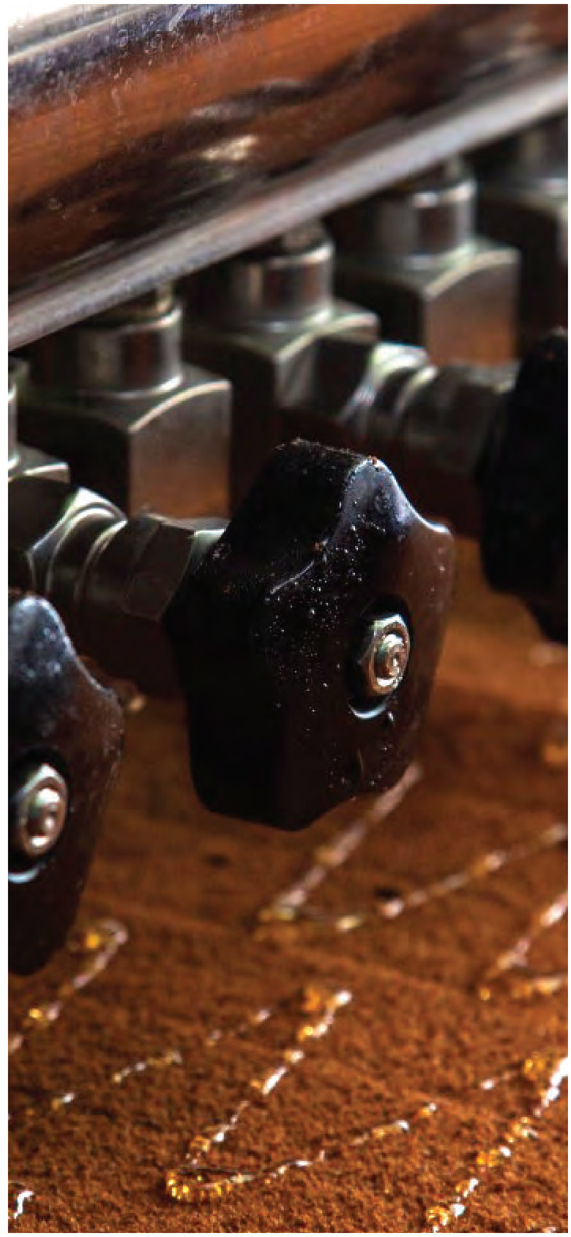
THK Associates (Pvt.) Limited

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
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
PAIR Investment Company Limited
Pak Brunei Investment Co Ltd
Pak Oman Investment Co. Ltd
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab

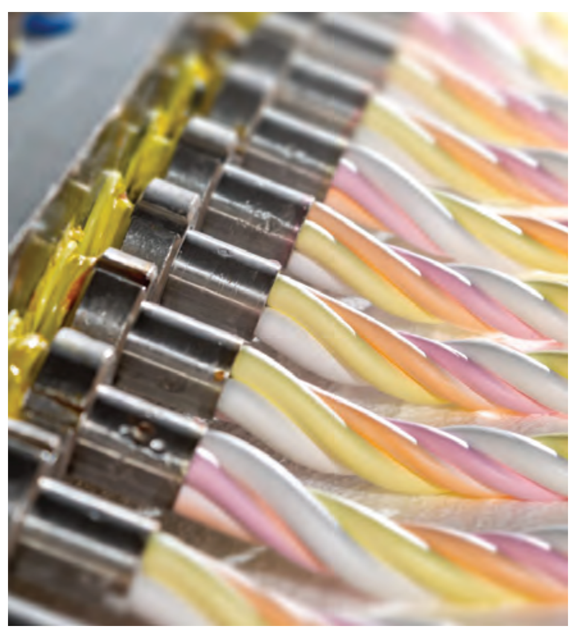


Ismail Industries Limited is one of the largest business entities of Pakistan. The company has a diverse portfolio ranging from food products (confectioneries, biscuits, snacks, and nutrition) to high-quality packaging films.



WELCOME

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



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OUR STORY

Since inception, our focus has remained on developing the most innovative and unique products for our customers. This commitment has resulted in some of the most loved sweet and savory products that are enjoyed by millions of our customers today. We are proud to develop the best brands in the business and some of the most innovative products which have become a part of our national lifestyle. The wide array of products appeals to children and grown-ups alike and is a source of joy for millions.

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

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

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

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

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

MISSION

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

VISION

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

IIL BUSINESSES

CORE VALUES

BELIEF

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

LEADERSHIP

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

EXCELLENCE

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

FAIRNESS

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

TEAMWORK

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


CandyLand

LEADING CONFECTIONERY PLAYER

From humble beginnings to becoming the current largest confectionery segment of Ismail Industries Limited in Pakistan, Candyland has had a wonderful journey since its operations started on June 21, 1988. The foundation of our first production plant was laid down on 1-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 8 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 the utmost satisfaction every time they choose our products. A blend of highly qualified and experienced individuals in our technical and marketing teams helps 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, Spreads, Brittles and Truffles, all meeting the international standards of quality and food safety. All Candyland products are ISO 22000 certified and have Halal certification from SANHA.

The year marked Candyland's entry into the new markets such as Spreads, Cooking Chocolates, Brittles and No Added Sugar products. New product formats were also explored in Gums while some old favorites were also brought back. Some of the most notable brand launches were Choc-Oh, Nut Khut, Nutreat, Bubble Pop, Butter Scotch candy and Kitchen Creations cooking chocolates. These latest additions to our portfolio have been launched with great zeal across the company and are a part of Candyland's long-term growth strategy.

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.

In the coming year of 2020-2021, Candyland will be focusing on strengthening its sales and distribution structure along with reinforcement of channel management and development. Moreover, brand health tracking and ROI based marketing would be in focus. Candyland's communication development would be heavily constructed upon research along with which new ways to strengthen consumer touch points would be explored.

YUMS CAMPAIGN

Staying true to the Yums' philosophy, the campaign was an amalgamation of young and colorful characters; each of them representing a distinct personality. The brand slogan evolved to #HumYoungKareinYums associating further with the ever happening and discovering youth. An extensive media plan along with tailor-made digital content helped catch millions of eyeballs. The tireless efforts of the team helped Yums cement its position as the market leader in the coated chews category.

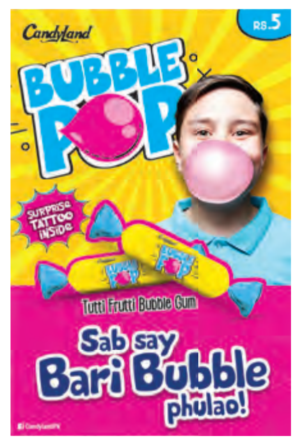
NOVELLA

We proudly introduced a new identity for Novella with a distinct look and vivid color combinations for outstanding shelf visibility and enhanced brand image.
To further enhance the consumer experience, we launched two new variants in Novella; Cookies n Cream and Biscuit Chunks. This was communicated to the audience through a TV and Digital campaign aired during Feb – March 2020.

CHILI MILI CAMPAIGN

Chili Mili is a brand that truly epitomizes Pakistanis and their tastes and lies at the heart of Candyland. This spicy, tangy jelly unlike any other in the world, has been a local favorite over the past 3 decades and is enjoyed all over Pakistan. To further solidify our position as the Number 1 jelly brand in the country, we launched a new campaign featuring Pakistani superstar Fahad Mustafa. The TVC captured the beautiful sights and cultures of Pakistan and had an overall nationalistic appeal. The catchy jingle was loved by the audiences and the Chili Mili dance move evolved into a social media sensation across multiple platforms including Instagram, Facebook and TikTok, making the campaign a big success!

BUBBLE POP



In order to grow Candyland's Gums portfolio, we launched Bubble Pop in April 2020. The concept behind this launch was to revive quirky childhood memories of blowing big bubbles and finding fun tattoos, to bring enjoyment back into our lives.

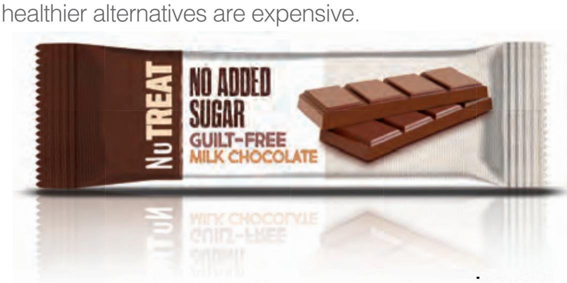
This aromatic Tutti Frutti bubble gum is the perfect combination of flavor and fun, encouraging consumers to blow the biggest bubble.

NuTREAT

Consumer trend-spotting and rapid innovation is the hallmark of great companies.

NuTreat is the first of its kind, locally-produced, guilt-free milk chocolate with no added sugar. It was developed specifically keeping in mind the fitness-conscious lifestyle of today's generation.

NuTreat allows consumers a chance to experience all the joys of a quality milk chocolate with none of the guilt of consuming too much sugar. Priced economically, NuTreat shatters perceptions that healthier alternatives are expensive.



NEW LAUNCHES

CANDYLAND KITCHEN CREATIONS

Candyland introduced its own line of high-quality cooking chocolates under the brand name **Candyland Kitchen Creations.** Our aim is to provide home cooks and professional chefs access to great-quality cooking chocolate locally available at an economical price point.

BUTTER SCOTCH

Candyland brings back Butter Scotch!

The classic candy offers the perfect concoction of sweet creamy butter and brings back childhood memories.

Butter Scotch has always been a favorite amongst our consumers and our relaunch success proved that the product has stood the test of time.

CHOC-OH

The current landscape of the Spreads category provided a great opportunity for Candyland to enter the market. Having had years of expertise in chocolate making, as well as extensive knowledge of consumer tastes and preferences, **Choc-Oh** was launched.

Choc-Oh provides the perfect chocolaty taste to our consumers and is within their affordability range. With Candyland's distribution muscle, we are confident in our ability to make Choc-Oh a hit amongst the masses.

NUT KHUT

In line with Candyland's growth objectives, we entered the Brittles category with the launch of Nut Khut, a caramel-peanut chikki!

Nut Khut has the perfect combination of chunky peanuts and crunchy caramel, and offers a more hygienic option for all the chikki lovers out there.

BINGO

Taking innovation to a whole new level, Candyland Bingo was launched in September 2019.

It is a center-filled chew with a variety of mouth-watering flavors; Blackcurrant, Mango, and Orange.

PERFECTING THE ART OF BAKING

At Bisconni, we have an exciting range that continues to expand and grow. By launching popular and powerful brands in the past 17 years, Bisconni has firmly established itself among the three leading biscuit manufacturers. We are poised to continue our journey towards opportunities and increase growth with innovative products of high quality and impeccable taste. Currently present in two categories of Cookies and Cakes, our flagship brands include the country's favorites Cocomo, Chocolatto, Chocolate Chip, Novita, Rite, Craving, Flo Cake, and Chai Wala Biskut. These are widely preferred by consumers as they constantly bring compelling value proposition and unforgettable experience that tantalizes the consumer's taste buds.

Since the start, Bisconni has adopted a 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 convert consumers' brand loyalty into brand love.

Bisconni is the value driver for Ismail Industries Limited (IIL) and will continue to increase its market share in all the categories by exploring untapped opportunities within the country and beyond. With great importance given to the introduction of exciting choices elevating consumers' delight, we are confident that Bisconni will reach new heights.

ELEVATING BISCONNI'S CORPORATE IMAGE

This year has proven to be a phenomenal year for Bisconni. Be it the launch of new brands, ground-breaking campaigns, or the launch of corporate campaigns, all of it has received immense support and attention from the viewers and consumers. This was the first year of setting corporate campaigns into motion, aimed towards building an intelligible and powerful image of Bisconni.

As last year Bisconni had collaborated with Pakistan Super League for promotions, this year the level of owning the main cricket event was elevated. For the first time in Ismail Industries Limited's history, Bisconni took the most admired music band, Strings, on board for the song Bola Bola Dil Se Cricket Bola. It quickly gained a lot of popularity as it was aired on television during PSL, promoted through OOH, and also on digital where its video reached over three million viewers.

As the mid of 2020 approached, everyone battled and coped with a global pandemic due to which consumer's and viewer's lifestyle was reformed. Thenceforth, Bisconni was quick to switch communications as per the circumstances. Our Eid Campaign idea was driven as per the COVID situation and revolved around the concept of "Iss Bar Eid Kaisi Hogi". It did not only speak about celebrating Eid in the time of fear and anxiety but it also reminded people to cherish the happiness that comes from small things and from being with loved ones.

Furthermore, Bisconni welcomed all opportunities to connect with its consumers and wrapped the year with a very special Father's Day campaign that payed a tribute to all the fathers who go above and beyond to fulfill their duties to provide the best to their children. The campaign was named "Baap, Baap Hi Rehta Hai" and showcased on digital platforms where it got the attention it deserved.

COCOMO

Cocomo is one of the leading brands of Bisconni that has delighted consumers with its chocolaty center enclosed in its distinctive shell for many years now. The new Cocomo campaign kicked off in August 2019, bringing back the iconic "Mujhay Bhi Do" jingle with a twist. The brand characters, Coco & Mo got new looks along with a new contemporary logo. After a thorough research into consumer insights, a new flavor Cocomo Strawberry was launched with the new campaign. With our super-efficient sales team, the campaign was taken forward with its excellent trade material. The eye-catching designs of the counter-tops, posters, and stickers also helped the campaign a great deal in becoming a huge success.

NOVITA

Novita firmly stands as the undisputed leader in the wafer segment. In July 2019, after an in-depth research on consumer behavior and buying habits, an exciting campaign was launched focusing on the core target audience of the brand, bringing an all-new "Khach-Khach" language. Key insights were used to revamp the product's packaging and launch an all-new Tutti Frutti flavor. The flavor and its concept received an overwhelming response from our consumers. To make the campaign stand out further, digital platforms were used and it was heavily supported by trade activities.

CHAI WALA BISKUT

In September 2019 Bisconni entered the plain segment with Bisconni 'Chai Wala Biskut.' Chai Wala Biskut was launched as a part of the Bisconni Family's endeavor to cater to the tea accompaniment category within the Biscuit landscape. A gap in the tea-biscuits category was identified and this launch was to establish a clear association with the mass market tea drinkers celebrating the colloquial style and merging it with the local chai dhaba culture, aided by the vibrance of truck art – all reflecting beautifully in the CWB campaign. The campaign garnered massive traction where it reached over 11 Million Unique Users and accumulated 21% Engagement Rate with 94% positive sentiment, which only confirmed how well the campaign was received among the targeted users. The brand gained a volume share of 5.8% in the plain biscuit segment within the seven months of its launch, yielding CWB to be Bisconni's biggest launch of 2020.

CHOCOLATE CHIP COOKIES

Bisconni Chocolate Chip Cookies launched its thematic campaign on all mass mediums in November 2019. Positioning the brand as an enabler for every kid to initiate fun, 'Bisconni Chocolate Chip' introduced a character, Cookiemon, who represents the inner mischievousness and plain old 'Masti' of every kid who consumes this endearing brand. The packaging of the cookies has also evolved to give the brand a fresh look that will resonate with today's generation of kids. The brand didn't stop there but launched a new variant called Chocolate Chip Loaded. Loaded is filled with a smooth layer of chocolate cream inside a chocolate chip cookie.

FLO

Flo launched a new campaign based around the idea of an innovative blend in regards to it being either cake or chocolate. The tagline was "Mazay ka Fusion" (Fun Fusion), that encouraged the audience to participate in the confusing but fun debate and helped in creating awareness and engagement. The team gave an interesting outlook to the campaign which created virality, articulation, and more awareness about the product. Trending celebrities like Minal Khan and Osman Mukhtar were taken on board for this project for promotion.

Considering a wonderful response in terms of consumer response and sales, FLO came out with two more exciting flavors; White Chocolate Enrobed White Cake and White Chocolate Enrobed Chocolate Cake.


SNACKCITY

FRESHLY BAKED EVERY DAY

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

Customer satisfaction has always been a priority, 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 the consumers taste the goodness of SnackCity products in each bite. Since its inception, SnackCity's Kurleez has grown to become the market leader in the crinkle chips category. The company has successfully ventured into other categories as well. Chillz, our brand of potato sticks, has also grown to become the market leader in its category, while our Nimko category is inclusive of a brand named SnackCity Peanuts.

Yearly goals for SnackCity consisted of achieving maximum coverage of its flagship brand Kurleez on Digital. The importance of using digital marketing platforms to support the digital transformation of the respective brands and division growth was at the forefront of SnackCity's yearly marketing plan.

Considering this, we aggressively pursued digital campaigns with greater emphasis on our website and Facebook page to reach a wider audience.

KURLEEZ CHALEGA

To start the quarter off with a bang, SnackCity ran a maintenance campaign with our Kurleez Chalega TVC running on all major channels. The TVC featured multiple characters and settings along with a catchy jingle to deliver a single unified message; Kurleez Chalega. The objective was to maintain our market share while enhancing brand awareness, recognition and recall.

This campaign, along with the collective efforts of all stakeholders, proved to be highly successful as SnackCity revenues hit an all-time high. SnackCity was able to achieve three back-to-back **highest ever sales** from August to October 2019.

Growing confidence and revenues enabled us to strive for bigger goals by setting higher production targets as well.

FLAVORS OF THE WORLD

Expanding the Kurleez portfolio has always been a priority for SnackCity. Keeping that in mind, two new flavors, Greek Yogurt & Mexican Chilli were launched as part of Kurleez 'Flavors of the World' range.

The objective was to introduce internationally-inspired flavors, allowing our audience to explore authentic and unconventional tastes.

Kurleez Flavors of the World included a digital contest whereby the consumers stood a chance to win Rs. 100,000. We leveraged our newly revamped website to drive engagement by having consumers vote for their favorite flavors and enter the lucky draw.

The introduction of newer variants, owing to the increased demand for innovative varieties of flavors, enabled us to establish Kurleez as a fun and exciting brand that keeps innovating while ultimately growing brand sales.

CASH HUNT

Consumer promotions are still one of the most effective ways to entice the target audience. With that in mind, the strategy was to create a promotion that allows for a high frequency of reward, delivering the prize consumers want the most; cash. Over the course of 3 months, SnackCity introduced limited edition cash hunt packs for both Kurleez and Chillz.

The goal was to accelerate sales during peak snacking season and encourage consumption of multiple SKUs. These campaigns were supported by digital-heavy content including a DVC for Kurleez Cash Hunt.

KURLEEZ SWISS CHEESE

SnackCity's campaign 'Flavors of the World' was launched to add new internationally-inspired flavors to the Kurleez portfolio. Kurleez expanded the 'Flavors of the World' range by adding a new flavor called Swiss Cheese. Through this flavor, we aimed to depict the original taste of Switzerland in a way that tempts the taste buds of the viewers.

The Flavors of the World campaign built on our previous campaigns through which the brand's identity as an exciting flavorful brand was augmented.

The campaign also featured our first-ever Scratch & Win consumer promotion. The limited-edition packs were customized to include a scratchable area which revealed different European cities. Consumers had to collect them all to enter the competition.

Through this competition, our newly revamped website was leveraged to drive engagement by having consumers enter their European cities, found on the pack, on the website.

KURLEEZ CRICKET CAMPAIGN

The enthusiasm around PSL 2020 was a great opportunity to associate Kurleez with cricket and launch a cricket-themed consumer promotion campaign. The cricket season brings friends and family together to watch, eat, and celebrate. Hence, as cricket fever rises, the propensity to snack increases significantly as well. SnackCity grabbed this opportunity and launched a cricket-centric campaign for our most popular flavors; Kurleez Mirch Masala and Catchy Ketchup.

The idea was to leverage PSL to boost consumers' excitement and ultimately grow brand sales. Owing to the success of our previous Scratch & Win consumer promotion, we included a similar competition mechanism in this campaign as well. The campaign, which included an animated DVC, was aired extensively on digital platforms for maximum reach. As a result, we received over 20,000 entries on our website, and consumers were given exciting gifts weekly.


Astro
Films
packaging solution
CPP-BOPP-BOPET

OFFERING HIGH QUALITY FLEXIBLE PACKAGING FILMS

Astro Films is one of Pakistan’s leading flexible packaging film suppliers, manufacturing CPP, BOPP, and BoPET Films as a fully owned and operated subsidiary 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 customers.

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 Plant of the renowned Gruppo Colines (Italy) 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 Plant from the same company at Port Qasim; increasing overall annual CPP films capacity to 16,000 tons.

In addition, we have three metallizers from ‘General Vacuum’ (UK). Two metallizers are installed at the Hub CPP Plant and one at Port Qasim Plant. The two facilities have an annual metallization capacity of 12,000 and 7,000 tons respectively.

In 2011, Ismail Industries Limited added a small BOPP plant from Brückner (Germany) with a capacity of 4,500 tons per annum as a strategic addition to packaging portfolio under the name of Plastiflex. This expansion was especially executed to support in-house requirement of IIL’s food businesses.

The company embarked on further expansion of its packaging film portfolio in 2012; ordering the first-ever BoPET film line from Brückner, in Pakistan. With an annual capacity of 18,000 tons per annum, this production line is designed to produce BoPET films ranging from 10µ to 120µ thickness. The enhanced features in the BoPET line have further improved operational efficiency, providing the technical capabilities to meet the customer’s expectations and market trends.

Adding another milestone to its illustrious history, Astro Films signed the MOU for a new BoPET plant with Brückner (Germany) in February 2018. The new state-of-the-art 8.7 meter production line is set to be commissioned in November 2020 with an annual output capacity of 42,000 tons, increasing Astro Films’ overall BoPET capacity to 60,000 tons per annum. With the addition of this production line, Astro Films’ total film production capacity will be 80,000+ tons/annum.

Complying with the highest quality, process, and food safety standards, Astro Films possesses certifications including ISO 9001:2015 and FSSC 22000 Version 5. We are proud of our accomplishments and manufacturing capabilities which have enabled us to become one of the most competitive suppliers of CPP and BoPET films in the international market as well. Our international customer base, spanning from USA to Europe and Asia, is a testament to our truly global footprint as a packaging film supplier. Our competitive advantage in international markets has been the ability to supply the best quality film in the fastest lead times; creating sustainable business and a strongly established image of reliability.


ISMAIL
NUTRITION
100
APPROX
80
60
40

NUTRITIONAL SOLUTION FOR A BRIGHTER TOMORROW

Malnutrition is a universal plague that affects a population of over 815 million people in the world. Due to overpopulation and scarcity of adequate nutrition in Pakistan, stunting has become prevalent in children belonging to low socio-economic classes.

Being a socially responsible company which has been dedicated to providing high-quality food products for more than 50 years, Ismail Industries Limited initiated the manufacturing of lipid-based nutritional products in 2010 after considering the imperative need of nutritional foods, under the umbrella of Ismail Nutrition division. Within a short span of time, Ismail Nutrition became a United Nations Children's Fund (UNICEF) and World Food Program (WFP) approved supplier. In addition to this, Ismail Industries' extensive network of partners in advanced food technology aids Ismail Nutrition in the consistent development of products with high quality standards, to ensure that all standards of WFP are met.

HUDSON PHARMA (PVT) LTD

(Subsidiary of Ismail Industries Limited)

MISSION

Hudson Pharma's 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. Our mission is simple; we are making game-changing drugs attainable and safer for the populations we serve.

INTERNATIONAL EXPANSIONS

Our first step is to identify geographies with similar customer habits, socio-economic conditions, genealogy, and routes to market. We are continuously looking across the world for new markets to plant seeds of 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 view is to use a balanced approach by continuously investing for long term growth, while making sure that our current competitiveness in our existing markets is not hampered.

OPERATIONS

In our plant in Karachi, Pakistan, we produce injectables, oral liquids, and respules in polyethylene containers using the innovative Blow Fill Seal (BFS) process. Our ophthalmic 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 though the microencapsulation process to ensure accurate dosing. Our firm also plans to launch our 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, anesthetics, anti-infectives, anti-nauseants, anti-emetics, anti-ulcers, NSAIDs and ophthalmics.

RESPONSIBILITY

Patients & 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 is an important factor in order 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 regardless of age, race, gender, seniority, ethnicity, background or any improper 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 respectively, who share Hudson's commitment to environmental responsibility.

HUDSON AT PRESENT

In the last year, our firm has achieved a colossal 150% increase in sales. We have successfully launched six innovative molecules that are considered first-line therapies across the world, but were unavailable in Pakistan prior to our launch. These six products are Vydee (Cholecalciferol) which is the only Vitamin D3 injection/oral solution with a convenient twist-off cap, 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 commit to identify molecules that address local patient's unmet needs across the globe. In the coming year, we aim to expand our production capacity in steroidal inhalation, nutraceuticals, and over-the-counter dermatological products.

In developing markets, in particular, 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.

IIL EXPORT BUSINESS

We at Ismail Industries can proudly claim to be Pakistan's largest confectionery producer. Currently the company is exporting to more than 40 countries around the globe, including regions such as USA, UK, Canada, Australia, Europe, Far East, Middle East Africa, and the GCC.

Ismail Industries has achieved nearly triple growth in export business volumes as compared to the previous fiscal year, despite the challenges faced due to the pandemic. We take immense pride in contributing to Pakistan's exports and are optimistic of achieving even greater export sales numbers in the upcoming years.

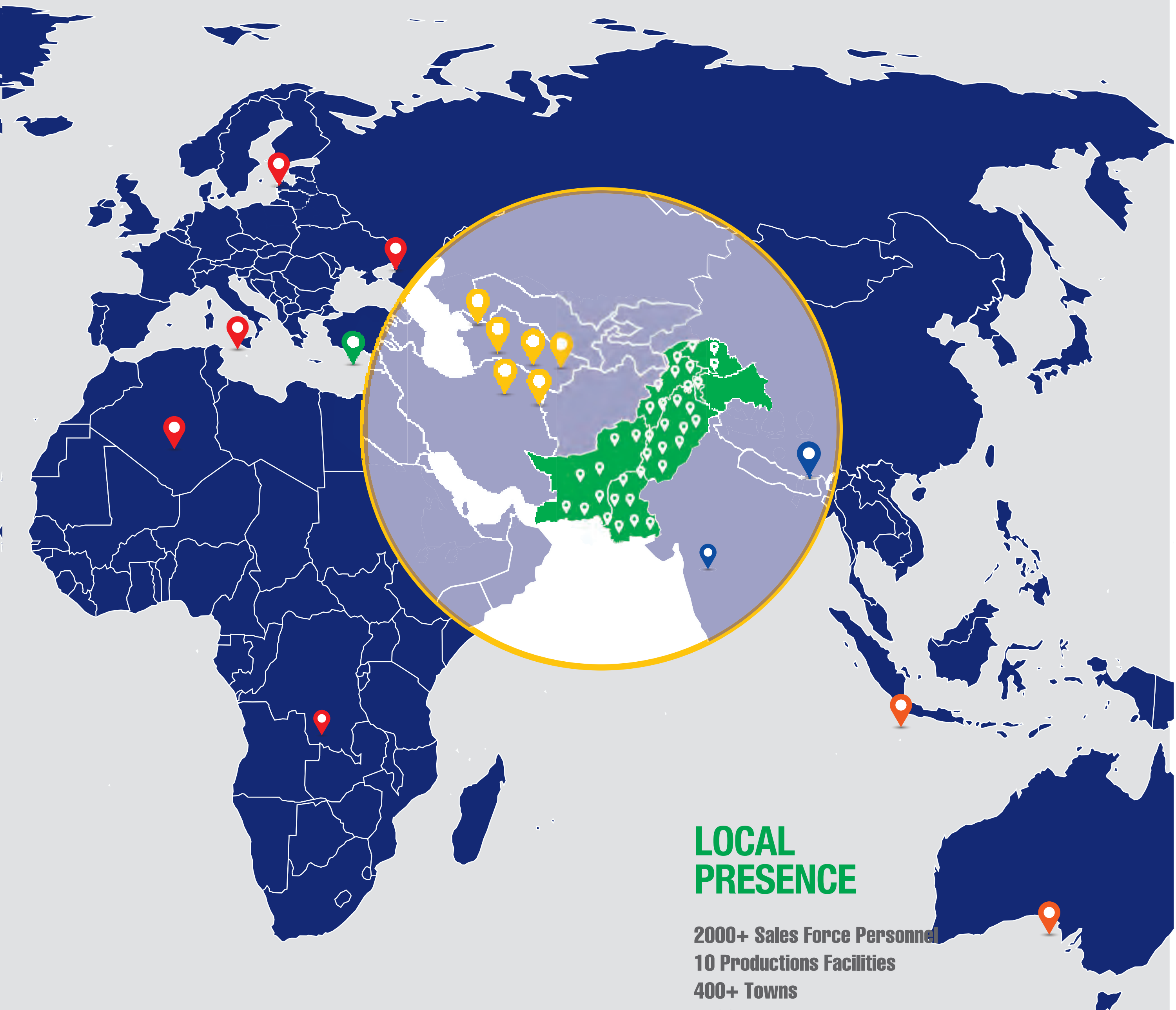
Along with achieving higher export sales volumes, we have also expanded our coverage and managed to establish active distributions in two new markets, London (United Kingdom) and Vancouver (Canada).

United Kingdom is a huge market with potential for exponential growth, with our products being in high demand in the region. The London market would contribute greatly towards the overall export sales of Ismail Industries. On the other hand, Vancouver is another potential market that comes with its own challenges due to its remote locality and long transit times from Pakistan. Nonetheless, the team has worked tirelessly to ensure the availability of Ismail Industries products in the Vancouver market. This market will also be serving the neighboring territories of adjacent province, Alberta.

For further exploration of the global market, with a highly diversified product portfolio, Ismail Industries exhibits in all major international trade fairs in the category of Confectionery, Biscuits, and Snacks. These exhibitions provide great opportunities to engage with existing & new customers and buyers visiting from around the globe.

Ismail Industries once again exhibited its products at the Gulfood Exhibition, one of the world's largest annual Food & Beverage trade shows, which is held in Dubai every year.

Ismail Industries continued to be globally recognized for its innovative food products with its product 'Mello' (chocolate-coated marshmallow bar) being nominated for an innovation award in the Best Chocolate Product Category, at Yummex 2019 in Dubai.



LOCAL PRESENCE

2000+ Sales Force Personnel
10 Productions Facilities
400+ Towns
1400+ Vans
1200+ Distributors
5 Regional Sales Office
135,000 Outlets
6 Warehouses
400,000 Weekly Sales Calls

GLOBAL FOOTPRINT

6 Continents
40+ Countries
64+ Clients

CORPORATE SOCIAL RESPONSIBILITY

One Less Barrier to Children's Right to Education

In light of our mission to ensure quality "Education for every child", Ismail Industries sponsored Ismail Academy and Khadija Girls College with the aim to impart knowledge to approximately 1000 underprivileged students through smart learning techniques and extra-curricular activities.

With qualified faculty, these institutes are places for students from low-income families to learn and grow as productive members of society.

At Ismail Industries, we are committed more than ever to make quality education accessible for every child in Pakistan, irrespective of their financial status.

The Green Initiative

Tree plantation drives are a recent initiative by the group to convert various barren parks and university grounds into green fields. The goal is to plant at least 20,000 trees by the end of 2020, of which 10,000 have already been successfully planted.

Hamid Ismail Foundation is an NGO under Ismail Industries Limited which aims to provide clean drinking water in low-lying areas of Karachi. The foundation has already established two RO plants and one filtration plant to ensure clean drinking water for the residents of Shanti Nagar, Karachi.

Furthermore, after exploring alternate sources of energy, the solar installations at our factories now generate 2.018 MWh of electricity to power our production centers.

Supporting Young Athletes

Ismail Industries Limited runs two cricket academies in Pakistan in an effort to promote sports in the country. They are located in underdeveloped rural areas to provide an opportunity for the youth to showcase their talent on national level. The academies have also played host to a number of renowned ex-cricketing superstars who provide guidance and mentorship to the enrolled athletes.

Contributing to Healthcare

Ismail Industries Limited recently launched the initiative to provide free health insurance to over 2000 field force to ensure the well-being of the staff and their families. The group also donates generously to leading healthcare institutions such as Indus Hospital to help them deliver quality healthcare to the underprivileged people.

Bisconni (the biscuit division of Ismail Industries Limited) demonstrated the true meaning of giving back to the society on Children's Day 2019. The opportunity was carefully chosen as per the survey of Wafaqi Mohtasib (Ombudsman) of Pakistan, which shows that between 4 to 8 million people in Pakistan are disabled, of which 45% are children. Thus, Bisconni decided to give these special children a chance at being one step closer to happiness.

The initiative of donating bionic-arms (prosthetics) to differently-abled children in collaboration with Bionik was taken to spread cheer and joy under their 'Complete Others' CSR campaign.
That's not all, the powerhouse also launched a special edition pack and Rs. 1 from the sale of each pack was donated to this special cause.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of **Ismail Industries Limited** will be held at Hotel Galaxy, Bushra Hall, 164, B.C.H.S. Shahra-e-Faisal, Karachi on Monday, October 26, 2020 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 25, 2019.

2. To receive, consider, approve and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2020 together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.

3. To approve and declare the final 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, 2020. This is in addition to interim cash dividend @5% i.e. Re. 0.50 per share already paid.

4. To appoint Auditors for the year ending June 30, 2021 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.

Special Businesses:

5. To consider and approve the remuneration of the Chief Executive Officer and Executive Director.

6. 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: October 2, 2020

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 20, 2020 to October 26, 2020 (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 Monday, October 19, 2020 will be considered in time to attend and vote at the meeting.

2. Participation in Annual General Meeting

A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. 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, 2020 effective July 1, 2020, 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 details. 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.

9. 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.

10. 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.

11. 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.

12. 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 for 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 Monday, October 26, 2020 at 12:00 noon, at Hotel Galaxy, Bushra Hall, 164, B.C.H.S. Shahra-e-Faisal, Karachi, Pakistan, and set out the material facts concerning the Special Business to be transacted at the Meeting.

Agenda # 5. Chief Executive Officer and Executive Director Remuneration

Approval is being sought for the payment of remuneration to the Chief Executive Officer and Executive Director.

For this purpose, the following Resolution will be moved at the meeting.

"RESOLVED THAT the Company be and is hereby approves and authorizes the payment as remuneration to the Chief Executive Officer a sum of Rs. 14,400,000/- per annum and Executive Director a sum of Rs. 12,000,000/-per annum".

"FURTHER RESOLVED THAT in addition to remuneration, all utilities bill, perks & benefits will be paid by the Company. The approximate value of the utilities bill, perks & benefits to be borne by the Company would be Rs. 1,250,000/- per annum for the Chief Executive Officer and Rs. 1,000,000/- per annum for the Executive Director".

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 billion only) was approved by members in Annual General Meeting on October 26, 2018.
Amount of investment made to date	Rs. 16,284,035/-
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.

SIX YEARS AT A GLANCE

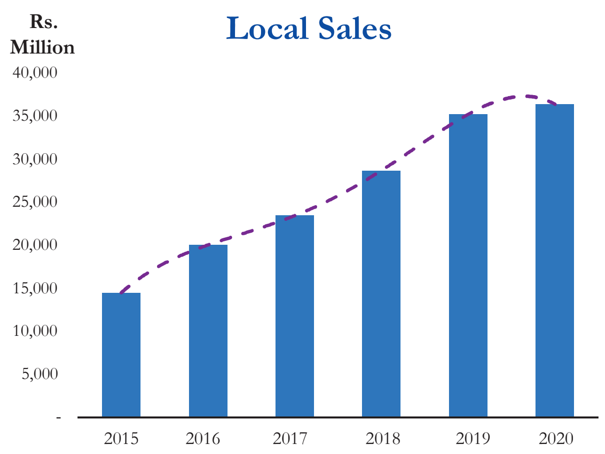
FINANCIAL HIGHLIGHTS

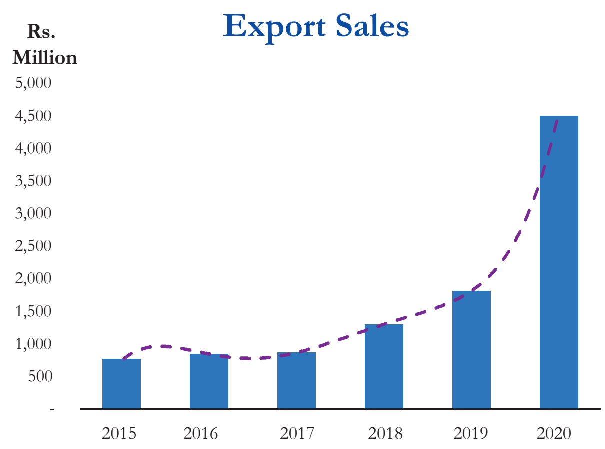
	2020	2019	2018	2017	2016	2015
Analysis of Profit or Loss Account						**(Rs. in millions)**
Sales - gross	**40,807**	37,011	29,971	24,295	20,004	14,317
Gross profit	**6,878**	6,354	5,361	3,721	3,109	2,476
Profit from operations	**1,987**	2,264	2,063	1,846	1,584	1,294
Profit before taxation	**1,323**	1,404	1,838	1,643	1,292	771
Profit after taxation	**932**	967	1,412	1,166	1,002	640
Analysis of statement of financial position						**(Rs. in millions)**
Total non current assets	**24,942**	16,101	14,554	14,355	12,307	7,598
Total current assets	**12,566**	10,864	8,518	7,883	8,296	6,678
Total assets	**37,508**	26,964	23,072	22,239	20,604	14,276
Paid-up capital	**664**	638	638	638	638	505
Reserves	**9,236**	6,736	6,582	5,634	5,361	3,470
Total equity	**9,900**	7,374	7,220	6,272	5,999	3,975
Non-current liabilities	**15,674**	8,824	7,467	8,809	6,197	4,071
Current liabilities	**11,934**	10,767	8,385	7,159	8,407	6,230
Total liabilities	**27,608**	19,590	15,852	15,967	14,605	10,301
Total equity and liability	**37,508**	26,964	23,072	22,239	20,604	14,276

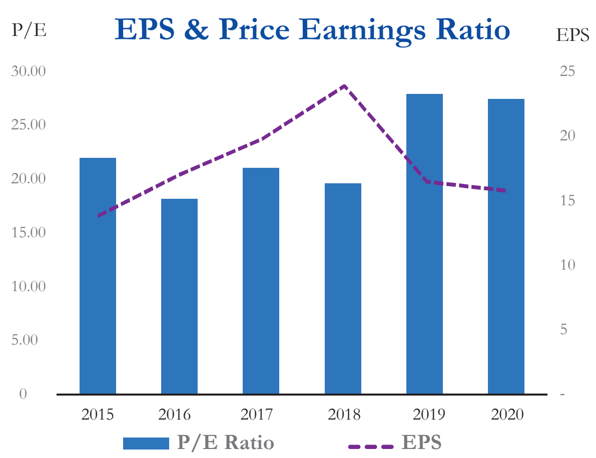
FINANCIAL PERFORMANCE

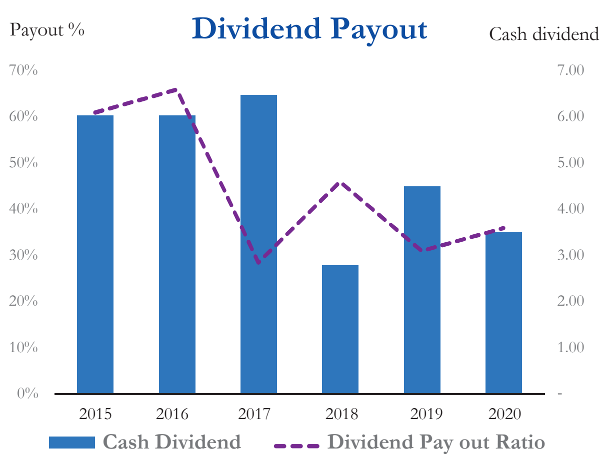
	2020	2019	2018	2017	2016	2015
Financial Ratios						
Earnings per share (Rs.)	**14.49**	15.15	22.13	18.27	15.70	12.66
Break up value (Rs.)	**149.19**	115.58	113.16	98.29	94.02	78.68
Market Value per share (Rs.)	**370.00**	390.00	410.00	350.00	257.90	260.00
Return on equity (%)	**9.41**	13.11	19.56	18.59	16.70	16.09
Dividend payout (%)	**35.00**	30.00	45.00	27.50	65.00	60.00
Price to earning ratio	**25.54**	25.74	18.52	19.15	16.42	20.54

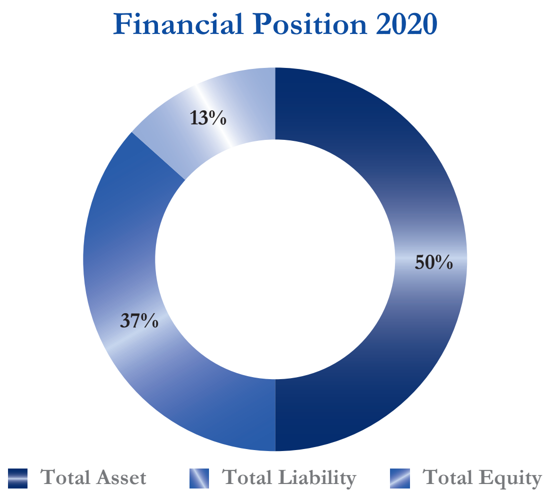
GRAPHICAL PRESENTATION

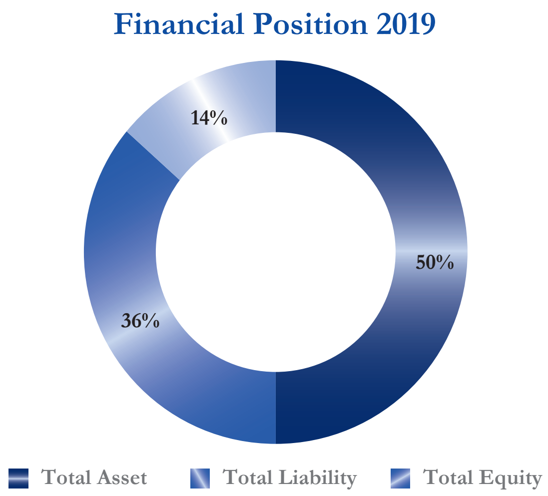




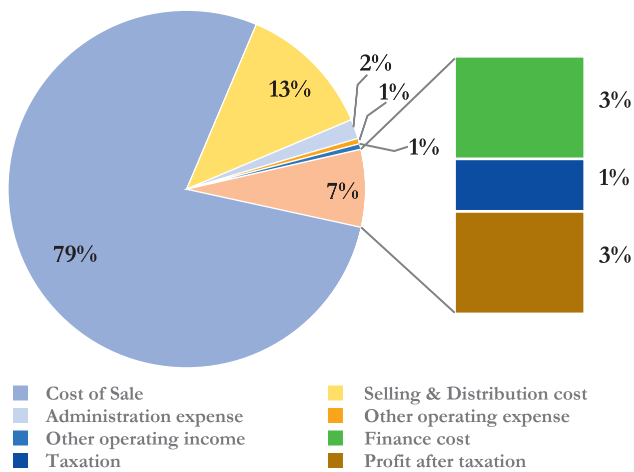




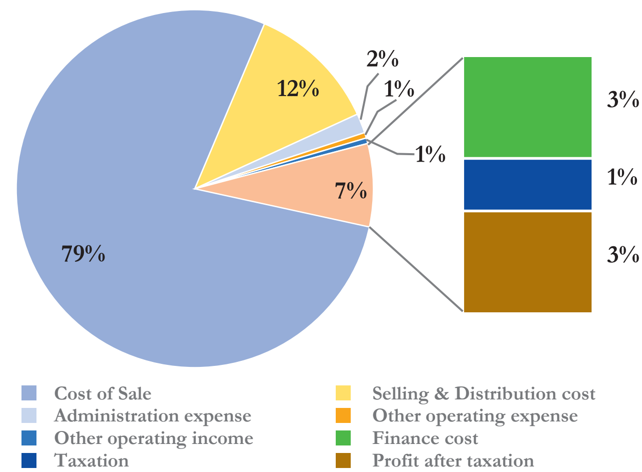




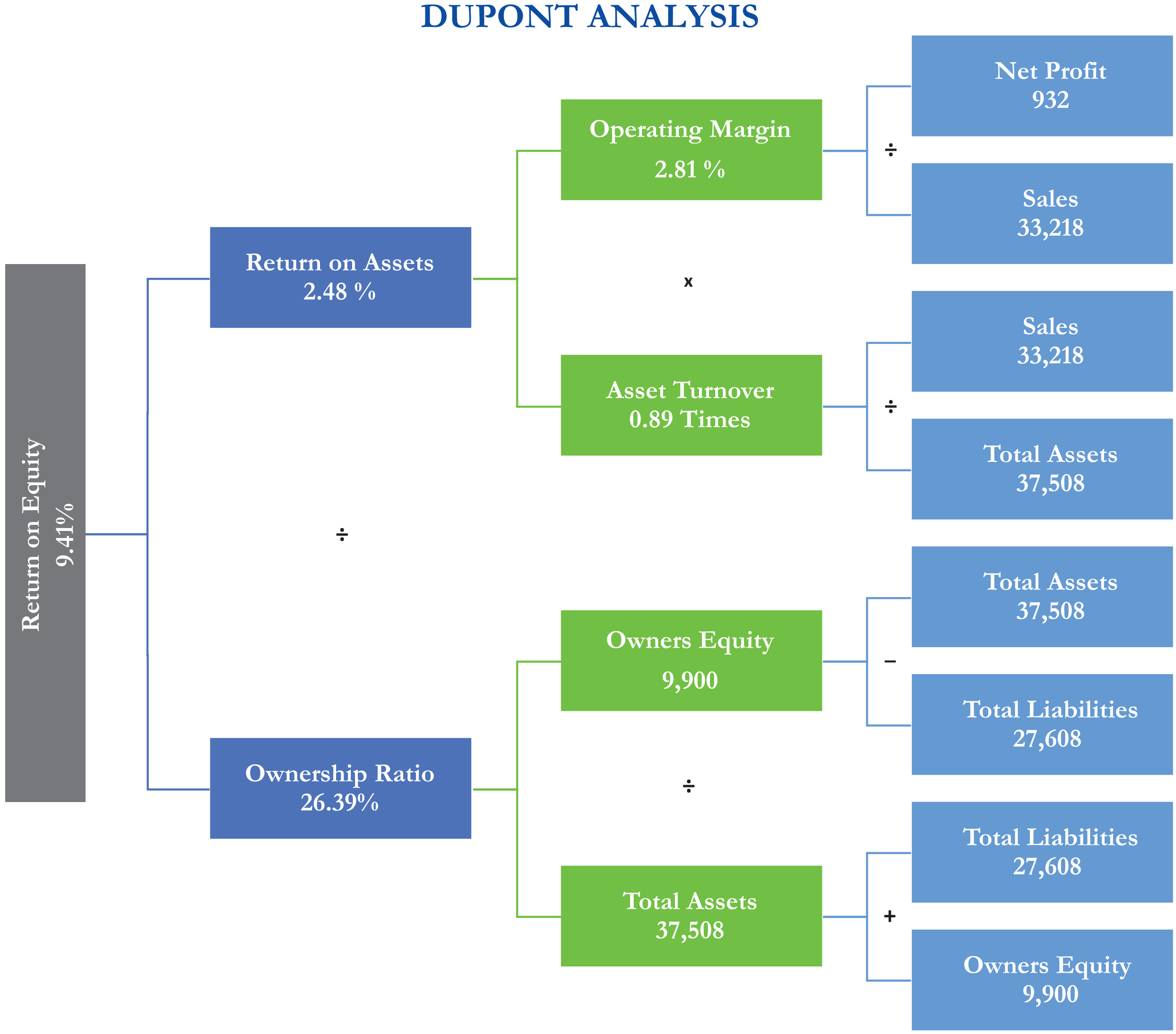
Profit & Loss Account 2020



Profit & Loss Account 2019



DUPONT ANALYSIS



CHAIRMAN'S REVIEW

On behalf of the Board of Directors, it is my pleasure to present the review to our valued shareholders on the Annual Report of Ismail Industries Limited and highlighting the Company's performance and achievements for the year ended June 30, 2020.

Business Overview

The Company has continued to deliver the positive results and maintain the position of being a market leader even though there was challenging economic and business environment in the country. Although economic activity has gained some momentum post relaxation of the nationwide lockdown, but the recovery will be more gradual than anticipated due to international economic pressures. We shall strive to the best of our abilities to play a role in the economic uplift of the country through quality products and contribution to the national exchequer.

In the fiscal year 2020, the Company's business has recorded a sustainable growth of 10% because of innovation and expansions and marked the number of Rs. 40 billion in value terms in addition to the challenges of COVID-19 which had deteriorated the economies of whole world.

Board Performance

The Board completely recognizes its role of governance, oversight of the business, strategic planning, decision-making, risk and control framework, regulatory compliance, financial planning and define a direction of the Company to protect and enhance its long-term and strategic value. The Board has performed its duties and responsibilities diligently and has contributed effectively to guiding the Company in its strategic affairs. It played a key role in monitoring the management performance and focusing on major risk areas and fully involved in enhancing the vision of the Company.

The Board's role was instrumental in steering the Company forward in a challenging environment whilst discharging its statutory responsibilities for the benefit of all stakeholders. I am committed to assuring you that the Company complies with all rules and regulations and relevant codes and the management continues to make decisions that create values for the long-term success of the Company and all stakeholders.

Board Audit Committee (BAC)

BAC reviews the risk faced by the Company while considering the acceptable level of risk. BAC also evaluate the likelihood of any potential risk and its impact. BAC assessed whether management operates within an accepted risk appetite based on reports from internal auditors, external auditors, and other internal and external sources. BAC approves the acceptable level of risk and guide the management in reducing the risk exposure.

Board Human Resource and Remuneration Committee (BHRC)

BHRC plays pivotal role in forming and retaining a motivated workforce capable of steering the Company towards achieving its vision and mission. BHRC devised policies that focused on grooming the human capital by way of training and development in addition to providing them with market commensurate compensation packages. BHRC progressive strategy entails forward looking Succession Planning Policy to transform existing workforce into a valuable talent capable of occupying strategic positions in future.

Acknowledgement

On behalf of the Board, I would like to extend my sincere appreciation to all customers, employees, suppliers, and all other stakeholders, for their support, continued trust, and confidence in Company despite the unprecedent times.

Muhammad M. Ismail
Chairman

September 25, 2020

چیئرمین کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے میں اپنے قابل قدر گاہکوں کو اسماعیل انڈسٹریز لمیٹڈ کی سالانہ رپورٹ پر جائزہ پیش کرتے ہوئے اور سال مختتمہ 30 جون 2020 کی کامیابیوں اور کمپنی کی کارکردگی کو اجاگر کرتے ہوئے اظہار مسرت کرتا ہوں۔

کاروباری جائزہ

کمپنی نے تسلسل کے ساتھ مثبت نتائج فراہم کئے اور ملک میں دشوار معاشی اور کاروباری صورتحال کے باوجود مارکیٹ میں اپنی قائدانہ حیثیت برقرار رکھی۔ اگرچہ کہ معاشی سرگرمی کو ملک بھر میں لاک ڈاؤن میں نرمی کے بعد کچھ تقویت حاصل ہوئی ہے لیکن عالمی معاشی دباؤ کی وجہ سے بحالی توقع کے بجائے بتدریج ہوگی۔ ہم معیاری مصنوعات کی فراہمی اور قومی خزانے میں معاونت سے ملکی معاشی بہتری کے لئے اپنی بہترین صلاحیتوں کے ساتھ کردار ادا کرنے کی جدوجہد کریں گے۔

مالیاتی سال 2020 میں کمپنی کے کاروبار میں 10 فیصد کی پائیدار نمو ہوئی جس کی وجہ اختراع و وسعت تھی اور COVID-19 کے چیلنجز کے علاوہ پوری دنیا کی معیشتوں کی ابتر صورتحال کے باوجود مالیت کے لحاظ سے 40 بلین روپے رہی۔

بورڈ کی کارکردگی

بورڈ نظم وضبط، کاروباری نگرانی، کلیدی منصوبہ بندی، فیصلہ سازی، خطرات اور گرفت کے نظام، ضابطوں کی پاسداری، مالیاتی منصوبہ بندی میں اپنے مکمل طور پر کردار کو تسلیم کرتی ہے اور کمپنی کی حفاظت اور اس کی طویل مدتی اور کلیدی قدر میں اضافے کے لئے سمت کی وضاحت کرتی ہے۔ بورڈ نے اپنے فرائض اور ذمہ داریاں شائستگی سے انجام دیں اور موثر انداز میں کمپنی کے کلیدی معاملات میں معاونت کی۔ اس نے انتظامیہ کی کارکردگی کی نگرانی میں بنیادی کردار ادا کیا اور بڑے خطراتی شعبوں پر توجہ مرکوز رکھی اور کمپنی کے نصب العین میں بہتری کے لئے مکمل طور پر مصروف رہی۔

دشوار گزار ماحول میں کمپنی کو آگے لے جانے میں بورڈ کا کردار مرکزی رہا جبکہ دوسری طرف اس نے تمام مستفیدان کے فائدے کیلئے اپنی آئینی ذمہ داریوں سے بخوبی عہدہ برآں ہوئی۔ میں آپ کو یقین دلانے کے لئے پرعزم ہوں کہ کمپنی قواعد وضوابط اور متعلقہ ضابطوں کی پاسداری کرتی ہے اور انتظامیہ تسلسل کے ساتھ ایسے فیصلے کرتی ہے جس سے کمپنی اور تمام مستفیدان کے لئے طویل مدتی کامیابی کے لئے راہ ہموار ہو۔

بورڈ کی آڈٹ کمیٹی (BAC)

BAC کمپنی کا لاحق خطرات کا جائزہ لیتی ہے جبکہ خطرات کی قابل قبول سطح کو نظر میں رکھتی ہے۔ BAC کسی خطرہ کے امکانی طور پر رونما ہونے اور اس کے اثرات کی تشخیص کرتی ہے۔ BAC اس بات کی تشخیص کرتی ہے کہ آیا انتظامیہ اندرونی آڈیٹر، بیرونی آڈیٹرز اور دیگر اندرونی و بیرونی وسائل سے حاصل ہونے والی رپورٹوں کی بنیاد پر خطرات کو قبول کرنے کے لئے بے تاب رہتی ہے۔ BAC نے خطرے کی قابل قبول سطح کو منظور کیا ہے اور خطرہ کی شدت کو کم کرنے کے لئے انتظامیہ کی رہنمائی کرتی ہے۔

بورڈ کی انسانی وسائل ومعاوضہ کمیٹی (BHRC)

BHRC ایسی متحرک افرادی قوت کو رکھنے اور تشکیل دینے میں اپنا بنیادی کردار ادا کرتی ہے جو کہ کمپنی کے نصب العین اور مشن کے حصول کو آگے بڑھانے کی صلاحیت کی حامل ہو۔ BHRC نے ایسی پالیسیاں وضع کی ہیں جن سے انسانی سرمائے میں تربیت وترقی کے ذریعے نکھار پیدا ہونے کے علاوہ انہیں مارکیٹ میں جاری معاوضہ جاتی پیکیج فراہم کئے جاسکیں۔ BHRC نے متحرکانہ حکمت عملی کے ذریعے جانشینی منصوبہ بندی پالیسی کے تحت موجودہ افرادی قوت کو انتہائی باصلاحیت افراد میں تبدیل کرتی ہے تاکہ وہ مستقبل میں کلیدی عہدوں پر فائز ہوسکیں۔

اعتراف

بورڈ کی جانب سے میں اپنے تمام گاہکوں، ملازمین سپلائرز اور تمام مستفیدان کے مشکل وقت میں کمپنی کے ساتھ تعاون، مسلسل اعتماد اور بھروسے پر ان کے لئے اپنی مخلصانہ ستائش ریکارڈ پر لانا چاہتا ہوں۔

محمد ایم اسماعیل

چیئرمین

25 ستمبر 2020

DIRECTOR'S REVIEW REPORT

The Directors are pleased to present their report together with the annual audited financial statements of the Company which includes both, stand-alone and consolidated for the year ended June 30, 2020.

BUSINESS AND FINANCIAL OVERVIEW

The year under review was characterized by challenging economic and business environment in the country beside the pandemic which has shattered down the whole world specially the developing countries. Despite the fact that fundamentals of the Company remained strong and the Company has continued to deliver persistent performance during the financial year ended June 30, 2020 due to relentless efforts of the management that has translated into the topline growth of 10% and marked the number of Rs. 40 billion in value terms.

As moving against the sharp economic headwind, we were able to achieve this landmark through aggressive penetration, customer engagement, strengthen bond with existing customers, concentrated marketing to scale up brand equity, innovation and diversification in product mix and thoughtful expansion. Below table presents a bird's eye view of financial performance for the year in comparison of the corresponding year:

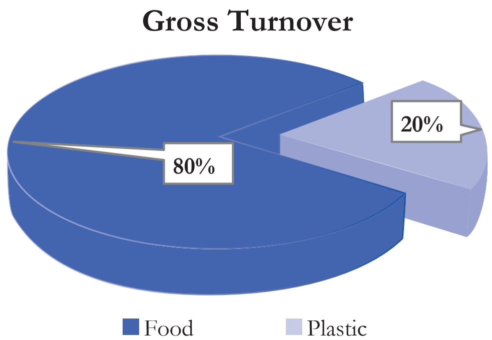
Description	30-June-20	30-June-19
	PKR in Million	
Gross Sales	40,807	37,011
Net Sales	33,218	30,091
Gross Profit	6,878	6,354
Operating Profit	1,815	2,223
Profit before tax	1,323	1,404
Profit after tax	932	967
Earnings per share – Rs.	14.49	15.15

We have successfully created a new benchmark for our future revenue targets and sprouted product portfolio, these efforts did not reflect in true spirit in the operating results of the Company due to deteriorating economic indicators on account of macroeconomic adjustments and COVID-19.

The cost pressure on net profit is mainly sourced through overall high inflation, high energy cost & worsening rupee-dollar parity. Rise in prices of basic inputs due to sky-scrapping food inflation, stiff competition, causing sizeable increase in marketing spent and other related factors has exorbitantly raised cost of doing business. However, return from investment in the Bank of Khyber amounting to Rs. 492 million has supported in bottom line for the year.

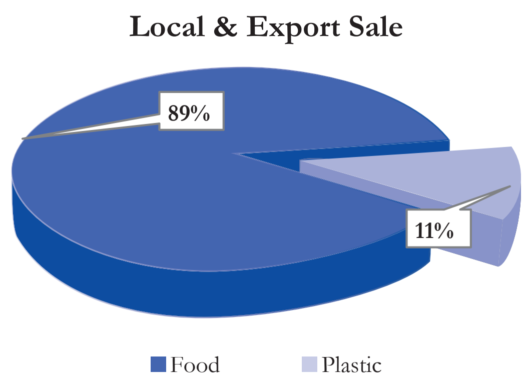
Notwithstanding the broader macroeconomic and industry challenges, the management kept business afloat and remained focus on meeting consumer demand and managing cost pressure through value chain optimization initiatives and tighter controls on overhead.

SEGMENT REVIEW



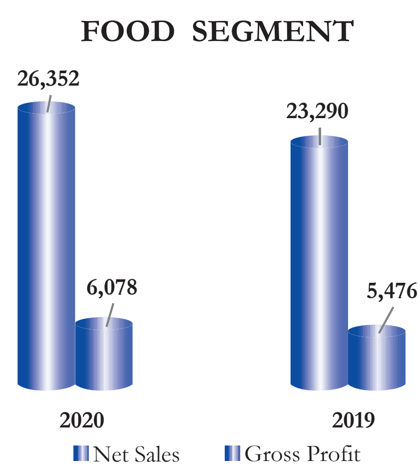
Intelligent segmentation and investment diversification have made Ismail Industries Limited among the organizations who successfully navigate change and emerge on their side.

To pace up with this transformation, we have anticipated new trends way before time and made thoughtful investments that position us as successful conglomerate for many decades to come.



FOOD SEGMENT OPERATIONS:

Our contemplated spread of product across confectionery, biscuits and snacks segment of food industry offers wide range of delicious jellies, candies, chews, marshmallows, chocolates, cookies, cakes, wafers, and crunchy snacks. We can hold the strong base though offering mouthwatering and full-flavored items under the best-selling patents of the industry named Candyland, Bisconni and Snackcity.



CANDYLAND

The brand enjoys the leadership in confectionery manufacturing industry for decades and this year was not the exception. Well known for its innovation, creation and redesigning of product blend as per customer need and new trends, Candyland offers rich products under various categories such as jellies, chocolates, marshmallows, candies, toffees, chews, lollipops, gums, milk chocolates, spreads, brittles and truffles. Besides being the largest division of the food segment, this brand continues to contribute to the baseline growth of the Company, identifying and establishing new markets while spreading up its existing market share.

Candyland holds the title of torch bearer of the industry though constantly innovating and launching new products and expanding our state-of-the-art facilities with latest technologies and production methodology. During the year, Candyland stepped into new segments namely Spreads, Cooking Chocolates, Brittles and No-added sugar products. New launches of the year include Choc-Oh, Nut-Khut, Nutreat, Bubble Pop, Butter Scotch Candy and Creations (chocolates) for kitchen cooking.

BISCONNI

This household name is among the biggest manufacturing and selling brands in the categories of cookies, wafers, and biscuits. Bisconni tells the story of success based on consistent adaptability, tolerance, and conservative financing. Over 17 years down a well-traversed road, Bisconni becomes a yard stick of high quality and impeccable taste. Cocomo, Chocolatto, Chocolate Chip, Novita, Rite, Craving, Flo Cake, and Chai Wala Biskut are the crown jewels of Bisconni.

With ever increasing demand of our products, CAPEX on production facilities has been made to meet the market demand. This year mark the phenomenal success for launch of new brands, and corporate campaigns. Some of the notable marketing campaigns and product launches includes

Eid Campaign and Father's Day celebration, Cocomo Strawberry, Cookiemon, Chai Wala Biskut, and Rite vanilla. Bisconni is more focused to build powerful image through CSR, corporate campaign, and advanced marketing strategies.

SNACKCITY

Kurleez as flagship brand of Snackcity achieved a great success in a short period. Snackcity always prioritized customer satisfaction at top and to attain this goal has invested in the world's best machinery, employed the best food technicians and experts, and adopted the best practices. This enormous success revolves around the principle that every bite of each product tastes the goodness and quality. Flagship brands of Snackcity are Kurleez, Chillz, Fillz and Peanuts, new flavor of Kurleez launched during the year named Swiss Cheese. Marketing campaign titled Kurleez Cricket Campaign garnered success during the PSL season.

ISMAIL NUTRITION

Nutrition 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 Nutrition 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 customer satisfaction and excellent market reputation, the Company shows the steady dedication to quality and efficiency to satisfy the customers need.

EXPORT MARKET

Our exports kept on flourishing this year with distribution expanded to 6 continents and more than 40 countries of the World. Few of the eminent places includes USA, UK, Canada, Australia, Europe, Far East, Middle East Africa, and the GCC. With our aim to represent the beloved Pakistan around the globe through diversifies set of products and take pride in contributing to country's foreign reserves. For further spreading and strengthening our foothold and global presence, we established active distribution in London and Vancouver.

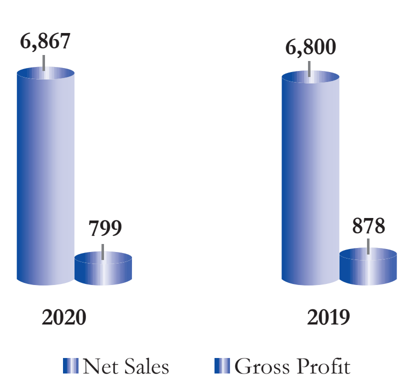
In addition to this, we exhibit our offering in all major international trade fair including the Gulf Food Exhibition, one of the world's largest annual Food & Beverage Trade Show which is held in Dubai every year.

Efforts of our team reflect in considerable growth of export volume as compared to last year. However, pandemic put a blockade in this path of rising but we are confident that once COVID-19 related restriction would lift, exports will rise exponentially. Our remarkable achievements during the year alongside higher volume turnover includes nomination of **Mello' (chocolate-coated marshmallow bar)** in the best chocolate product category at **Yummex ME 2019** in Dubai for an innovation award.

PLASTIC SEGMENT OPERATIONS

Our plastic segment under the patent of Astro Films is renowned all over Pakistan as well as in prominent industrial hub of the World. We are the largest and leading packaging films manufacturer in the country.

PLASTIC SEGMENT



With growing market demand, we have expanded the BOPET production capacity to 54,000 tons per annum raising overall capacity of plastic division to 70,000 tons.

As Large-scale manufacturing in the country going tough during the year along with depressed performance of industries around the globe in addition to the shutdown of the world due to pandemic did not allow us to raise the sales revenue remarkably.

We are hopeful that with the commencement of commercial production from extended facility and rigorous endeavor in research and development, we will be able to expand the local market share and also be able to export major portion of products to USA, Europe, Middle East, South East Asia and the African markets.

HUDSON PHARMA (PVT) LTD – SUBSIDIARY

During the year under review, Hudson has achieved 100% sales growth and stood at Rs. 206 million in value terms. They have successfully launched six innovative molecules that are considered first-line therapies across the world and these were unavailable in Pakistan prior to their launch.

These six products are Vydee, Xaleve Injection, Combihale Inhalation Solution, Levhale Inhalation Solution, Recuro Lubricant, and Teardrop Lubricant Eye Drops.

In the periods ahead, Hudson committed to identify molecules that address local patient's unmet needs across the Pakistan and globe and aim to expand production capacity in steroidal inhalation, nutraceuticals, and over-the-counter dermatological products.

BANK OF KHYBER-ASSOCIATES

The Bank of Khyber (BOK) investment decision proves to be an intelligent diversification since it made. Approving the past trends, BOK's investment again recorded a healthy return of Rs. 492 million in the current year and added value to the Company's overall profitability.

CORPORATE BRIEFING SESSION

The Company held its annual Corporate Briefing Session (CBS) on November 21, 2019 at Ramada Karachi Creek. We consider CBS as an opportunity to interact with the stakeholders and prospective investors, whereby the Company takes the opportunity to apprise the local and foreign investors about the business environment and economic indicators of the country, explain its financial performance, competitive environment in which the Company operates, investment decisions, challenges faced as well as business outlook.

FURTHER ISSUE OF SHARES

During the year, the Company has announced right issue of shares approximately 4 shares for every 100 shares held by the existing shareholders. The issue size was 2,552,190 shares i.e. 4% of the existing ordinary share capital at a price of Rs. 360/- per share including premium of Rs. 350/- per share. By that issue of shares, its issued, subscribed and paid-up share capital increased to 66,356,940 shares. The purpose of the right issue was to reduce the long-term liabilities, improve the equity base and manage the working capital requirements of the Company.

CREDIT RATING

The Company has successfully maintained the credit rating **A** in long term and **A-1** in short term, reviewed by the Pakistan Credit Rating Agency during the year under review. This implies low credit risk based on the Company's ability to meet its financial commitments in a timely manner.

CORPORATE SOCIAL RESPONSIBILTY

Your Company has record of its strong commitment for the improvement of society and the communities in which it operates. The primary focus of CSR initiatives of the Company remains in education sector, women empowerment, sports, health, environment, and community development.

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.

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. Most remarkable of above all, celebrated a Children’s Day with special children and donating bionic-arms (prosthetics) to specially disabled children in collaboration with Bionik under their CSR campaign titled ‘Complete Others’.

In addition, 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 has also 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 Mahmoudabad (Karachi) to provide them clean drinking water.

INTERNAL CONTROL FRAMEWORK

It is the main responsibility of the Board to maintain sound system of internal control and control environment in the Company to ensure effective and efficient conduct of its operations, compliance with internal and external rules, laws and regulations, safeguarding of Company’s assets, reliable and transparent financial and management reporting.

Therefore, the Company have established a well-organized internal control framework comprising well understood policies and procedures, clear structures, authority limits, accountabilities, and review processes.

The Board reviews the effectiveness of internal control through Audit Committee. Reports on the system of internal control and risk management arrangements are submitted by the management, internal auditor and external auditor to the Audit Committee which give its necessary recommendation to the Board for further strengthening the framework.
We believe that strong system of internal control is in place which provides the reasonable assurance on the reliability of financial information, efficiency and effectiveness of the business operations, compliance of regulatory requirements, transparency and truthful dissemination of information to all stakeholders.

INTERNAL AUDIT

In conformity with our internal control framework and adherence to the principle of integrity, we have established an independent Internal Audit function which reports to the Audit Committee on timely basis. During the year, the Internal Audit function performed its activities in accordance with its approved audit program and made its recommendations for improvement in existing internal controls and operations of the Company.

The overall control environment within the organization has been improving by the Internal Audit function. It also guides the management in business restructuring and processes re-engineering.

RISK MANAGEMENT

Risk management is an ongoing process of continuously identifying and understanding the full spectrum of an organization’s risk and taking the informed actions to help it achieve its strategic objectives, reduce the likelihood of failure and decrease the uncertainty of overall business performance.

Risk management arises at the Functional, Business and Corporate level, to provide three-dimensional view of risk at Ismail Industries Limited. It is the responsibility of the Board of Directors to oversee risk management processes, including the internal control procedures.

The Board of Directors are responsible to identify the potential risks. Therefore, they delegate the risk identification process to senior management team under their supervision. The Board Audit Committee is responsible to perform oversight of the Enterprise Risk Management methodology approved by the Board has been implemented across the organization. The departmental key risks are identified, assessed, and allocated to each functional area. These risks are ultimately addressed through upgradation of SOPs and restructuring, redesigning the process of that relevant function.

The Enterprise Risk Management Process has been implemented in Ismail Industries Limited which offers a structured, disciplined, and reliable approach that helps risk-informed decision making throughout the Organization.

CORPORATE GOVERNANCE

Long term success and sustainability of the Company depends on the formation and implementation of the highest standards of corporate governance at all levels of the organization. Our governance structure defines the culture, behavior and conduct of the organization which focuses to facilitate effective, entrepreneurial, and prudent management that can deliver the long-term success of the Company.

We ensure the compliance with all statutory and regulatory requirements that are applicable to us in addition to Code of Conduct and Control Framework. Principle of integrity and accountability are core values of this governance structure that allows the Board to lead the Company in right direction.

GENDER DIVERSITY

We emphasis the importance of gender diversity and equality at all cadres of the Company. Gender diversity is ensured across the different functions throughout the Company including the composition of the Board. Our aim is to create a culture where gender equality and diversity are self-evident parts of the organization and are used actively to achieve the strategic objectives of the Company. We work towards providing the equal opportunities for all employees through designing equitable working conditions, salaries, benefits, and other employment terms.

OUR PEOPLE ARE OUR ASSETS

Our motivated, zealous, and ever efficient team is main catalyst of continued excellence and success of the Company over the years. Our people personify the Company's value, ensuring the achievements of its long-term organizational goals. HR department of the Company strives to attract, develop, motivate and retain the most talented human capital and focuses on development and engagement of people, strategic policies, efficiently defined contribution and medical plans, attractive compensation packages and incorporating a healthy environment which allows to enhance the productivity.

During the year HR executed several successful internship and management trainee programs.

Employee engagement was ensured through online learning and skill development initiatives and different sports events. 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.

INFORMATION TECHNOLOGY

Today Information Technology (IT) plays a vital role in every industry, helping the companies in improving business processes, achieve cost efficiencies, drive revenue growth, and maintain a competitive advantage in the marketplace. IT is an integral part of our Company for enterprise governance, risk management, resource optimization and benefits realization. We have emphasized the alignment of IT strategy with long-term business strategy and focused on its efficient use for the achievement of the long-term and short-term objectives of the Company.

The aim of investment in IT infrastructure and its enhancement is to improve the value delivery, risk minimization, resource optimization and efficient information cascading throughout the Company. Our IT framework has accrued us benefits in shape of effective and efficient decision-making, timely compliance with legal and regulatory requirements, strong internal controls, and governance system.

TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties during the year were carried out at arm's length and were placed before the Board Audit Committee and the Board for review and approval. These transactions were made and disclosed in compliance with Code of Corporate Governance.

CHANGES IN BOARD AND COMMITTEES

The Company in its 31st Annual General Meeting held on October 25, 2019 has elected 7 Directors for a term of three years commencing from October 26, 2019. The Board hailed the new members and applauded the valuable services of the outgoing members during their term of membership in the Board of Directors and its committees.

COMPOSITION OF THE BOARD:

The Board of Directors of the Company consists of:

Total Number of Directors	
Male	6
Female	1

Composition of the Board	
Independent Directors	2
Non-Executive Directors	3
Executive Directors	2

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 except for those who were retired from the Board on October 25, 2019:

Name of Directors	Meetings Attended
Mr. Muhammad M. Ismail	11/14
Mr. Maqsood Ismail Ahmed	13/14
Mr. Munsarim Saifullah	14/14
Mr. Hamid Maqsood Ismail	13/14
Mr. Ahmed Muhammad	14/14
Mr. Muhammad Zubair Motiwala	12/14
Ms. Farzana Muhammad*	4/4
Ms. Almas Maqsood*	4/4
Ms. Reema Ismail Ahmed*	3/4
Ms. Tasneem Yusuf*	9/10

Leave of absence was granted to those Directors who could not attend the meetings.

*Ms. Farzana Muhammad, Ms. Almas Maqsood and Ms. Reema Ismail Ahmed were retired from the Board on October 25, 2019 and Ms. Tasneem Yusuf was elected as Independent Director of the Company.

AUDIT COMMITTEE:

Members	Status
Ms. Tasneem Yusuf	Chairperson
Mr. Muhammad M. Ismail	Member
Mr. Maqsood Ismail	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE:

Members	Status
Mr. M. Zubair Motiwala	Chairman
Mr. Maqsood Ismail	Member
Mr. Hamid Maqsood Ismail	Member

DIRECTORS' REMUNERATION

Appropriate disclosure of remuneration paid during the year to Directors and Chief Executive has been provided in note 39 to financial statements. These remunerations are duly approved by the Board of Directors. The remuneration is determined on prevailing industry trend and is in accordance with the Listed Companies (Code of Corporate Governance) Regulation 2019.

It is ensured that no Director takes any 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 showing the pattern of shareholding as at June 30, 2020, required under Section 227 (2) (f) of the Companies Act, 2017 is annexed to this report.

COMPLIANCE WITH COROPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors confirms that the Company has complied all requirements of corporate and financial reporting frameworks of the Securities and Exchange Commission of Pakistan and the Code of Corporate Governance.

We confirm the compliance of the Listed Companies (Code of Corporate Governance) Regulations 2019 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.

EARNINGS PER SHARE

The earnings per share of Ismail Industries Limited for the year ended June 30, 2020 is Rs. 14.49.

DIVIDEND:

The Directors of the Company are pleased to recommend a final 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. Including the interim dividend @ 5% (Re. 0.50) per share already paid, this makes a total dividend of Rs. 3.50 per share for the year ended June 30, 2020.

STATUTORY AUDITORS OF THE COMPANY

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

Global economic outlook paints a gloomy picture and recovery from the impact of COVID-19 would be gradual and depends on the eradication of the pandemic. Economies around the world are buffeted by economic headwinds from multiple quarters, pressure on weak health systems, loss of trade and tourism, dwindling remittances, subdued capital flows, supply demand disruption, and tight financial conditions amid mounting debt. Recovery has started as businesses and communities have adapted the new ways of living and conducting business, but the challenges are far from over. However, the economic recovery is slow, and fear of a pandemic second wave is keeping businesses from going forward with their growth and expansion plans.

Declining cases in Pakistan and ease of lockdown give us a ray of hope and we are optimistic about restoration of business confidence, improvement of domestic demand and boost in purchasing power of the consumer. Government policies and interventions related to COVID-19 would play a key role in the better performance of overall business environment and industry. We expect that Pakistan's economy will be fully recover over the next couple of years with robust fundamentals and structural changes.

Keeping the increase in cost of doing the business due to implementation of safety guidelines related to pandemic, we are optimistic about the sustained long-term growth of the business. With our strong presence in food and plastic film manufacturing capabilities through established brands coupled with timely capacity enhancements, we are committed to significant growth in revenues and profitability of the Company in the periods ahead.

ACKNOWLEDGEMENT

The Board expresses its gratitude to management, staff, and workers of the Company for their untiring efforts in achieving the Company's objectives. 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.

Munsarim Saifullah
Chief Executive Officer

Maqsood Ismail
Director

Karachi: September 25, 2020

مستقبل کی پیش بینی

عالمی معاشی منظرنامہ ایک تاریک تصویر پیش کرتا ہے اور COVID-19 کے اثرات سے چھٹکارا بتدریج ہوگا اور اس کا انحصار وباء کے خاتمے پر ہوگا- دنیا بھر کی معیشتوں کو کئی سمت سے معاشی جھگڑوں، صحت کے کمزور نظام پر دباؤ، تجارت و سیاحت کا نقصان، ڈگمگاتے ترسیلات زر، سرمائے کا مغلوب بہاؤ، طلب و رسد میں رکاوٹ اور بڑھتے ہوئے قرضوں میں سخت مالیاتی حالات کا سامنا ہے- بحالی کا آغاز ہو چکا ہے کیونکہ کاروبار اور برادریوں نے زندگی گزارنے اور کاروبار کرنے کے لئے نئے انداز اختیار کر لئے ہیں، لیکن دشواریوں کا خاتمہ ابھی دور ہے- تاہم معاشی بحالی سست ہے اور وباء کی دوسری لہر کے خوف نے کاروبار کو آگے بڑھنے اور توسیعی منصوبوں کو روک دیا ہے-

پاکستان میں کیسوں میں کمی اور لاک ڈاؤن میں نرمی نے ہمیں امید کی شعاع فراہم کی ہے اور ہم پرامید ہیں کہ کاروباری اعتماد بحال ہو جائے گا، مقامی طلب میں بہتری آئے گی اور صارفین کی قوت خرید میں اضافہ ہوگا- COVID-19 سے ملحقہ حکومتی پالیسیوں اور مداخلتوں نے مجموعی کاروباری ماحول اور صنعت کی بہتر کارکردگی میں بنیادی کردار ادا کیا- ہم توقع کرتے ہیں کہ پاکستان کی معیشت اگلے چند سالوں میں تیز ترین بنیادی اور ساخت کی تبدیلیوں سے مکمل طور پر بحال ہو جائے گی-

وباء سے ملحقہ حفاظتی رہنما اصولوں کے نفاذ کی وجہ سے کاروبار کرنے کی لاگت میں اضافے کے باوجود ہم پرامید ہیں کہ کاروبار میں طویل مدتی پائیدار نمو ہوگی- تسلیم شدہ برانڈز کے ساتھ پیداواری گنجائش میں بروقت اضافے کے ذریعے غذائی اور پلاسٹک فلم کی تیاری کی صلاحیتوں میں ہمارے مضبوط قدم کے ساتھ ہم آنے والی مدت میں آمدن اور کمپنی کے منافع میں میں قابل ذکر اضافے کے لئے کوشاں ہیں-

اعتراف

بورڈ کمپنی کی انتظامیہ، عملے اور مزدوروں کی کمپنی کے مقاصد کے حصول میں ان کی انتھک محنت پر ان کی مشکور ہے- کمپنی کے نتائج میں ہمارے لوگوں کے غیر متزلزل عزم اور معاونت اور کمپنی کے گاہکوں، سپلائرز، خدمات فراہم کنندگان اور حصص یافتگان کے ہم پر اعتماد کی عکاسی ہوتی ہے-

منصرم سیف اللہ
چیف ایگزیکٹو آفیسر

مقصود اسماعیل
ڈائریکٹر

کراچی: 25 ستمبر 2020

اس بات کو یقینی بنایا گیا کہ کوئی بھی ڈائریکٹر اپنے معاوضہ کے فیصلے میں شریک نہ ہو- نان ایگزیکٹوڈائریکٹران کو کمپنی کے معاوضہ کی پالیسی کے تحت کوئی معاوضہ ادا نہیں کیا جاتا-

حصص داری کی ساخت

کمپنیز ایکٹ 2017 کی دفعہ (f)(2)227 کے تحت 30 جون 2020 کو حصص داری کی ساخت پر مشتمل گوشوارہ اس رپورٹ کے ساتھ منسلک کیا گیا ہے-

ادارتی نظم وضبط کے ضابطہ کی پاسدری

بورڈ آف ڈائریکٹرز اس بات کی تصدیق کرتا ہے کہ کمپنی نے سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور کوڈ آف کارپوریٹ گورنس کے مالیاتی اور ادارتی فریم ورک کے تمام تقاضوں کی پاسداری کی ہے-

ہم لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورنس) ریگولیشنز 2019 کی پاسداری کی تصدیق کرتے ہیں اور بیان کرتے ہیں 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 کوملحوظ 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 کوملحوظ خاطر رکھا گیا ہے اور کسی بھی قسم کے انحراف کو مناسب انداز میں منکشف کیا گیا ہے اور وضاحت کی گئی ہے-
- اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- کمپنی کے چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
- ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی بھی قابل ذکر انحراف نہیں کیا گیا ہے۔

فی حصص آمدن

سال مختتمہ 30 جون 2020 کو اسماعیل انڈسٹریز لمیٹڈ کی فی حصص آمدن 14.49 روپے رہی-

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 -بشمول 5 فیصد (0.50 روپے) فی حصص کے حساب سے عبوری منافع منقسمہ پہلے ہی ادا کیا جاچکا ہے، جس سے سال مختتمہ 30 جون 2020 کا کل منافع منقسمہ 3.50 روپے فی حصص ہوگیا ہے-

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-

ڈائریکٹران کی ٹیم کو تین سالہ مدت کے لئے منتخب کیا جس کا آغاز 26 اکتوبر 2019 سے ہوا۔ بورڈ نئے ممبران کو خوش آمدید کہتا ہے اور جانے والے ممبران کی بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی ممبرشپ کے دوران قابل قدر خدمات انجام دینے پر ان کا معترف ہے۔

بورڈ کی تشکیل بندی:

بورڈ آف ڈائریکٹرز مندرجہ ذیل پر مشتمل ہے:

ڈائریکٹران کی کل تعداد

مرد	6
خاتون	1

بورڈ کی تشکیل بندی

آزاد ڈائریکٹران	2
نان ایگزیکٹو ڈائریکٹران	3
ایگزیکٹو ڈائریکٹران	2

بورڈ کے ممبران اوران کی حاضری

سال کے دوران بورڈ کے ممبران میں کوئی تبدیلی نہیں ہوئی جن کے نام اجلاسوں کی تعداد کے ساتھ دیئے گئے ہیں سوائے ان کے جو بورڈ کے اجلاس 25 اکتوبر 2019 کو سبکدوش ہو گئے تھے:

ڈائریکٹران کے نام	حاضر اجلاس
جناب ایم اسماعیل	11/14
جناب مقصود اسماعیل احمد	13/14
جناب منصر یم سیف اللہ	14/14
جناب حامد مقصود اسماعیل	13/14
جناب احمد محمد	14/14
جناب محمد زبیر موتی والا	12/14
مس فرزانہ محمد *	4/4
مس الماس مقصود *	4/4
مس ریما اسماعیل احمد *	3/4
مس تسنیم یوسف *	9/10

جو ڈائریکٹران حاضر نہ ہو سکے ان کی رخصت منظور کر لی گئی۔

* مس فرزانہ محمد، مس الماس مقصود اور مس ریما اسماعیل احمد 25 اکتوبر 2019 کو سبکدوش ہو گئی ہیں اور مس تسنیم یوسف کو کمپنی کا ڈائریکٹر منتخب کیا گیا ہے۔

آڈٹ کمیٹی

ممبران	حیثیت
مس تسنیم یوسف	چیئر پرسن
جناب محمد ایم اسماعیل	ممبر
جناب مقصود اسماعیل	ممبر

انسانی وسائل کمیٹی

ممبران	حیثیت
جناب ایم زبیر موتی والا	چیئر مین
جناب مقصود اسماعیل	ممبر
جناب حامد مقصود اسماعیل	ممبر

ڈائریکٹران کا معاوضہ

ڈائریکٹران اور چیف ایگزیکٹو کو ادا شدہ معاوضہ سے متعلق مناسب منکشفات مالیاتی گوشواروں کے نوٹ 39 میں فراہم کئے گئے ہیں۔ ان معاوضوں کو بورڈ آف ڈائریکٹرز نے باضابطہ منظور کیا۔ معاوضہ کا تعین جاری صنعتی رجحان اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق کیا گیا۔

تمام آئینی اور ضابطہ کی ضروریات جو ہم پر لاگو ہیں، کے علاوہ ہم ضابطہ اخلاق اور گرفتی نظام کی پاسداری کو یقینی بناتے ہیں- دیانت داری اور محاسبہ کے اصول ہمارے نظم وضبط کی ساخت کی بنیادی اقدار ہیں جن سے بورڈ کمپنی کی درست سمت میں رہنمائی کرتا ہے-

جنسی تنوع

ہم جنسی تنوع اور کمپنی کے عملہ جاتی ڈھانچے میں مساوات کی اہمیت پر زور دیتے ہیں-جنسی تنوع کمپنی بھر کے مختلف شعبوں میں یقینی بنائی جاتی ہے جس میں بورڈ کی تشکیل بندی بھی شامل ہے- ہمارا عزم ایسی ثقافت کی تخلیق ہے جہاں جنسی مساوات اور تنوع ادارے کا تشخص بن جائے اور جنہیں کمپنی کے کلیدی مقاصد کے حصول میں متحرکانہ استعمال کیا جائے- کام کے مساوی حالات، تنخواہوں، مراعات اور دیگر ملازمتی شرائط کی نمونہ بندی کے ذریعے ہم تمام ملازمین کو یکساں مواقع فراہم کرنے کے لئے کام کررہے ہیں-

ہمارے لوگ ہمارا اثاثہ ہیں

ہماری متحرک، پرجوش اور ہمیشہ مستعد ٹیم سالہا سال سے کمپنی کی کامیابی اور امتیازیت کا بنیادی عمل انگیز ہے- ہمارے لوگ کمپنی کی اقدار کو اپنی شخصیت میں ڈھالتے ہیں تاکہ ادارے کے طویل مدتی مقاصد حاصل کئے جاسکیں- کمپنی کا HR ڈپارٹمنٹ انتہائی باصلاحیت انسانی سرمائے کو کشش، ترویج، ترغیب اور برقرار رکھنے کے لئے کوشاں ہے اور لوگوں کی مشغولیت وترقی، کلیدی پالیسیوں، مستعدی سے وضاحت کردہ معاونت اور طبی منصوبوں، پرکشش مراعاتی پیکیجوں اور صحت مند ماحول تشکیل دینے پر مرکوز ہے جس سے کارکردگی میں اضافہ ہو-

سال کے دوران HR نے چند کامیاب انٹرن شپ اور انتظامی تربیت کے پروگرام منعقد کئے- ملازمین کی شرکت کو آن لائن سیکھنے اور مہارت میں اضافے کے اقدامات اور کھیلوں کی مختلف تقریبات میں یقینی بنایا گیا- ہماری ضرورت یہ ہے کہ ہمارے ملازمین ہم پر یقین کریں اور لہذا ہم اپنے آپ کی تشخیص ملازمین کے شرکتی سروے سے کرتے ہیں جو کہ کمپنی کا ایک حصہ کی حیثیت سے ان کی مجموعی طمانیت کو ناپتی ہے-

انفارمیشن ٹیکنالوجی

آج کے دور میں انفارمیشن ٹیکنالوجی (IT) ہر صنعت میں بنیادی کردار ادا کرتی ہے جس سے کمپنیوں کو اپنے کاروباری طریق عمل کو بہتر بنانے، لاگتوں میں استعداد حاصل کرنے، آمدن کی نمو بڑھانے اور مارکیٹ کی جگہ پر ایک مسابقتی امتیاز حاصل کرنے میں مدد فراہم کرتی ہے-ادارتی نظم وضبط، خطرات کے انتظام، وسائل کے بہتر استعمال اور مراعات کے حصول کے لئے آئی ٹی ہماری کمپنی کا ایک امتیازی حصہ ہے- ہم آئی ٹی حکمت عملی کی طویل مدتی حکمت عملی کے ساتھ مطابقت پر زور دیتے ہیں تاکہ اسے کمپنی کے طویل مدتی اور قلیل مدتی مقاصد کے حصول میں مستعدی سے استعمال کیا جاسکے-

IT ڈھانچہ اور اس کی ترقی میں سرمایہ کاری کا مقصد ترسیل میں بہتری، خطرات میں کمی، وسائل کے بہتر استعمال اور کمپنی بھر میں مستعد معلومات فراہم کرنا ہے- ہمارے IT کے نظام نے ہمیں موثر اور مستعد فیصلہ سازی، قانونی اور ضابطوں کی ضروریات کی بروقت پاسداری، مضبوط اندرونی گرفت اور نظم وضبط کے نظام میں فائدے پہنچائے ہیں-

ملحقہ پارٹیوں کے ساتھ سودے

سال کے دوران ملحقہ پارٹیوں کے ساتھ سودے عمومی طریقہ کار کے مطابق انجام پائے اور بورڈ کی آڈٹ کمیٹی کے روبرو اور بورڈ کے جائزے اور منظوری کیلئے پیش کئے گئے- یہ سودوں ادارتی نظم وضبط کے ضابطے کے تحت انجام پائے اور انہیں منکشف کیا گیا ہے-

بورڈ اور اس کی کمیٹیوں میں تبدیلی

کمپنی نے اپنے 31 ویں سالانہ اجلاس عام منعقدہ 25 اکتوبر 2019 میں 7

کے معتبر ہونے، کاروباری افعال کی اثر پذیری اور استعداد، ضابطہ کی ضروریات کی پاسداری، شفافیت اور تمام مستفیدان کو درست معلومات کی تقسیم کی موزوں یقین دہانی کراتا ہے۔

اندرونی آڈٹ

ہمارے اندرونی گرفت کے نظام اور دیانت داری کے اصول کیمطابق ہم نے ایک اندرونی آڈٹ کا ایک آزاد شعبہ قائم کیا جو کہ بروقت آڈٹ کمیٹی کو رپورٹیں پیش کرتا ہے۔ سال کے دوران اندرونی آڈٹ کے شعبے نے اپنی سرگرمیاں منظور شدہ آڈٹ پروگرام کے مطابق انجام دیں اور موجودہ اندرونی گرفتوں اور کمپنی کے آپریشنز میں بہتری کے لئے سفارشات پیش کیں۔

اندرونی آڈٹ ادارے کے اندر مجموعی انضباطی ماحول کو بہتر بنا رہا ہے۔ یہ انتظامیہ کو کاروبار کی ازسرنو ساخت بندی اور طریق عمل میں تبدیلی کے لئے رہنمائی فراہم کرتا ہے۔

خطرات کا انتظام

خطرات کا انتظام ایک جاری عمل ہے جو مسلسل کسی ادارے کے خطرات کو شناخت اور ان کا مکمل تجزیاتی ادارک کرتا ہے اور معلوم شدہ کارروائی کرتے ہوئے اپنے کلیدی مقاصد کے حصول، ناکامی کے امکان میں کمی اور مجموعی کاروباری کارکردگی میں غیر یقینی کیفیت کو کم کرتا ہے۔

خطرات کا انتظام افعالی، کاروباری اور اداراتی سطح سے اٹھتا ہے جو کہ اسماعیل انڈسٹریز کو خطرات کا سہ پہلو جائزہ فراہم کرتا ہے۔ یہ بورڈ آف ڈائریکٹرز کی ذمہ داری ہے کہ وہ خطرات کے انتظامی طریق عمل، بشمول اندرونی گرفت کے طریقہ کار کی نگرانی کرے۔

بورڈ آف ڈائریکٹرز امکانی خطرات کی نشاندہی کا ذمہ دار ہوتا ہے۔ لہذا وہ خطرات کے شناختی طریقہ کار کو اپنی نگرانی کے ماتحت اعلیٰ انتظامی ٹیم کو سپرد کرتا ہے۔ بورڈ کی آڈٹ کمیٹی بورڈ منظور شدہ اداراتی خطراتی انتظام کے طریقہ کار کی نگرانی کی ذمہ دار ہوتی ہے جسے ادارہ بھر میں نافذ کیا گیا ہے۔ بنیادی شعبہ جاتی خطرات کی شناخت و تشخیص کی جاتی ہے اور ہر شعبہ کے ہر افعال کو مختص کی جاتی ہے۔ یہ خطرات SOPs میں بہتری اور ازسرنو ساخت بندی، متعلقہ فعل کی نمونہ بندی کے ذریعے کی جاتی ہے۔

اداراتی خطراتی انتظامی طریق عمل کو اسماعیل انڈسٹریز میں نافذ کیا گیا ہے جو کہ ایک ساخت شدہ، منضبط شدہ اور قابل اعتماد رسائی کی پیشکش کرتا ہے جس سے معلوم شدہ خطراتی فیصلہ سازی ادارے بھر میں کی جاتی ہے۔

اداراتی نظم وضبط

کمپنی کی طویل مدتی کامیابی اور پائیداری کا انحصار ادارے کی ہر سطح پر اداراتی نظم و ضبط کے اعلیٰ معیارات کی تشکیل اور نفاذ پر ہے۔ ہمارے نظم وضبط کی ساخت میں ادارے کی ثقافت، رویہ اور طرز عمل کی وضاحت کی جاتی ہے جس سے موثر، کاروباری اور محتاط انتظام میں سہولت ہونے سے کمپنی کو طویل مدتی کامیابی ملتی ہے۔

حصص یافتگان کو ہر 100 حصص کی حصص داری پر 4 حصص کی پیشکش کی گئی تھی- اجراء کا سائز 2,552,190 حصص یعنی موجودہ عمومی حصصی سرمائے کا 4 فیصد ہے جو کہ -/360 روپے فی حصص کی قیمت پر تھا جس میں -/350 روپے فی حصص پریمیم شامل تھا- حصص کے اس اجراء وخریداری سے ادا شدہ سرمائے میں 66,356,940 حصص کا اضافہ ہوا- رائٹ حصص کا مقصد طویل مدتی واجبات کو کم کرنا، ایکویٹی بیس میں بہتری لانا اور کمپنی کی رواں کھاتے کی ضروریات کا انتظام کرنا ہے-

کریڈٹ ریٹنگ

کمپنی نے کامیابی سے طویل مدتی کریڈٹ ریٹنگ A اور قلیل مدتی A-1 برقرار رکھی ہے جس کا جائزہ پاکستان کریڈٹ ریٹنگ ایجنسی نے جائزہ سال کے دوران لیا- اس سے کمپنی کی کم قرضہ جاتی خطرہ کے ساتھ مالیاتی واجبات کو بروقت ادا کرنے کی صلاحیت کی نشاندہی ہوتی ہے-

ادارتی سماجی ذمہ داری

آپ کی کمپنی جن معاشروں اور برادریوں کے درمیان کاروبار کرتی ہے، ان کے لئے ایک مضبوط عزم رکھتی ہے- کمپنی کے CSR اقدامات کا بنیادی مرکز شعبہ تعلیم، خواتین کے اختیارات، کھیل، صحت، ماحولیات اور معاشرتی ترقی ہے-

کمپنی صحت سے ملحقہ مختلف سرگرمیوں بشمول مختلف ہسپتال کے تعاون سے خون عطیہ کرنے کی مہم میں مصروف عمل ہے- ہم انڈس ہاسپٹل کے کینسر کے علاج کے شعبے کی تعمیر میں ایک متحرک عطیہ کنندہ ہیں اور آغا خان یونیورسٹی ہاسپٹل کو عطیات دے رہے ہیں-

کمپنی نے ایک ''چائلڈ ایجوکیشن پروگرام'' وضع کیا ہے اور کورنگی کے پسماندہ علاقے میں المصطفیٰ ویلفیئر سوسائٹی کے تعاون سے ''اسماعیل اکیڈمی'' اور ''خدیجہ گرلز کالج'' کی سرپرستی کی ہے- ان میں سب سے بڑھ کر خصوصی بچوں کے ساتھ یوم اطفال منانا تھا اور جس میں CSR مہم بعنوان ''دوسروں کو مکمل کرو'' کے تحت معذور بچوں کو بائیونک کے تعاون سے بائیونک آرمز (Prosthetics) فراہم کئے گئے-

اس کے علاوہ اسماعیل انڈسٹریز نے IBA کے تعاون سے ''سرسبز پاکستان'' کے نام سے ایک شجرکاری مہم کی سرگرمی منعقد کی جو کہ اس کی پاکستان بھر میں دس لاکھ درخت لگانے کی حالیہ مہم کا حصہ تھی- کمپنی نے پسماندہ علاقوں کے لوگوں کے حالات زندگی بہتر بنانے کی کوشش کے طور پر اپنے آپ کو پیش کیا اور اعظم بستی، اختر کالونی اور محمود آباد (کراچی میں) پینے کے صاف پانی کی فراہمی کے لئے RO (ریورس اوسموسس) اور واٹر فلٹریشن پلانٹ نصب کئے-

اندرونی گرفت کا نظام

بورڈ کی ذمہ داری ہے کہ وہ اندرونی گرفت اور انضباطی ماحول کے لئے ایک مضبوط نظام برقرار رکھے تاکہ افعال کی مستعد اور موثر انجام دہی، اندرونی و بیرونی قواعد، قوانین وضوابط کی پاسداری، کمپنی کے اثاثوں کا تحفظ، قابل اعتماد اور شفاف مالیاتی اور مینجمنٹ رپورٹنگ کو یقینی بنایا جا سکے-

لہذا کمپنی نے ایک بہترین ترتیب شدہ اندرونی گرفت کا نظام قائم کیا ہے جو کہ بہترین مسلمہ پالیسیوں اور طریقہ کار، واضح ساخت، اختیارات کی حدود، محاسبہ اور جائزہ کے طریق عمل پر مشتمل ہے-

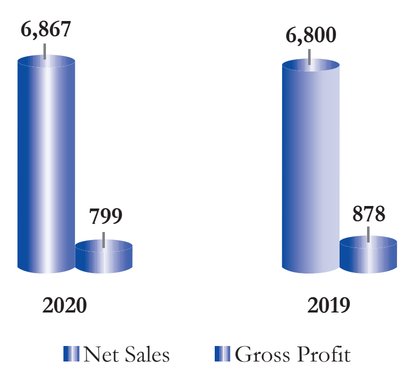
بورڈ اندرونی گرفت کی اثر پذیری کا جائزہ آڈٹ کمیٹی کے ذریعے کرتا ہے- انتظامیہ، اندرونی اور بیرونی آڈیٹر اندرونی گرفت کے نظام اور خطرات سے نمٹنے کے اہتمامات پر رپورٹیں آڈٹ کمیٹی کو پیش کرتے ہیں جو کہ نظام کو مزید مضبوط کرنے کے لئے اپنی ضروری سفارشات بورڈ کو پیش کرتی ہے-

ہمیں یقین ہے کہ اندرونی گرفت کا مضبوط نظام موجود ہے جو مالیاتی معلومات

پلاسٹک کے شعبے کے افعال

ہمارے پلاسٹک کا شعبہ آسٹروفلم کے نام سے پورے پاکستان میں مشہور ہونے کے ساتھ دنیا کے صنعتی مراکز میں مقبول ہے۔ ہم ملک میں پیکیجنگ فلم مینوفیکچرر کے سب سے بڑے اور ممتاز مینوفیکچرر کی حیثیت رکھتے ہیں۔ مارکیٹ کی بڑھتی ہوئی طلب کے پیش نظر ہم نے BOPET کی پیداواری گنجائش 54,000 ٹن سالانہ سے بڑھا کر پلاسٹک ڈویژن کی مجموعی گنجائش کو 70,000 ٹن کر دیا ہے۔

PLASTIC SEGMENT



سال کے دوارن بڑے پیداواری شعبہ میں سخت مشکل کے ساتھ دنیا بھر میں صنعتوں کی درماندہ کارکردگی کے ساتھ وباء کے نتیجے میں دنیا میں بندش کی وجہ سے فروخت میں قابل ذکر اضافہ نہیں ہوسکا۔

ہم پرامید ہیں کہ توسیع شدہ سہولت کی تجارتی پیداوار کے آغاز اور تحقیق و ترویج میں انتھک کوششوں سے ہم مقامی مارکیٹ میں اپنا حصہ بڑھانے اور مصنوعات کا بڑا حصہ یو ایس اے، یورپ، مشرق وسطی، جنوب مشرقی ایشیا اور افریقی مارکیٹوں میں برآمد کرنے کے قابل ہو جائیں گے۔

ہڈسن فارما (پرائیویٹ) لمیٹڈ۔ ذیلی کمپنی

جائزہ سال کے دوران ہڈسن کی فروخت میں 100 فیصد نمو ہوئی اور مالیت کے لحاظ سے 206 ملین روپے رہی۔ انہوں نے کامیابی سے چھ اختراعی سالمے متعارف کروائے جنہیں دنیا بھر میں اولین علاج تصور کیا جاتا ہے اور اس کے متعارف ہونے سے قبل یہ پاکستان میں دستیاب نہیں تھی۔

ان چھ مصنوعات میں Vydee، Xaleve Injection، Combihale Inhalation Solution، Levhale Inhalation Solution، Recuro Lubricant اور Teardrop Lubricant Eye Drops شامل ہیں۔

آنے والے وقتوں میں ہیڈسن کا عزم ہے کہ ایسے سالمے دریافت کرے جو کہ نہ صرف پاکستان میں بلکہ دنیا بھر میں مقامی مریضوں کی اشد ضروریات کو پورا کرے اور عزم ہے کہ steroidal inhalation، نیوٹراسیوٹیکلز اور کاؤنٹر پر موجودہ جلدی مصنوعات کی پیداواری گنجائش کو وسعت دی جائے۔

بینک آف خیبر

بینک آف خیبر میں جب سے سرمایہ کاری کی گئی ہے یہ ایک فیصلہ ایک دانشمندانہ تنوع کو ثابت کرتا ہے۔ سابقہ رجحانات کو منظور کرتے ہوئے BOK کی سرمایہ کاری سے موجودہ سال میں ہمیں 492 ملین روپے کی آمدن حاصل ہوئی اور کمپنی کے مجموعی منافع میں اضافہ ہوا۔

کارپوریٹ بریفنگ سیشن (ادارتی اختصاری نشست)

کمپنی نے 21 نومبر 2019 کو رمادا کراچی کریک میں ایک سالانہ کارپوریٹ بریفنگ سیشن (CBS) کا انعقاد کیا۔ ہم CBS کو مستفیدان اور متوقع سرمایہ کاروں کے درمیان باہمی ربط کا ذریعہ سمجھتے ہیں جس میں کمپنی اس موقع پر مقامی اور غیر ملکی سرمایہ کاروں کو کاروباری ماحول اور ملک کے معاشی اشاریوں سے آگاہ کرتی ہے اور اس کی مالیاتی کارکردگی، مسابقتی ماحول جس میں کمپنی کام کر رہی ہے، سرمایہ کاری فیصلوں، درپیش چیلنجز کے ساتھ کاروباری منظرنامہ کی وضاحت کرتی ہے۔

مزید حصص کا اجراء

سال کے دوران کمپنی نے حصص کے رائٹ اجراء کا اعلان کیا جس میں موجودہ

نووِیٹا، رائٹ، کریونگ، فلو کیک اور چائے والا بسکٹ بسکونی کے بہترین جوہر ہیں۔

ہماری مصنوعات کی ہمیشہ بڑھتی ہوئی طلب کے ساتھ پیداواری سہولیات پر CAPEX بنایا گیا ہے تاکہ مارکیٹ کی طلب کو پورا کیا جاسکے۔ اس سال نئے برانڈز کو متعارف کروانے اور ادارتی اشتہاری مہم میں غیر معمولی کامیابی دیکھی گئی۔ کچھ قابل ذکر مارکیٹنگ مہم اور متعارف مصنوعات میں عید کی مہم اور یوم والد کی تقریبات، کوکو موا اسٹرابیری، کوکی مون، چائے والا بسکٹ اور رائٹ وینیلا شامل ہیں۔ بسکونی اپنی CSR، ادارتی اشتہاری مہم اور مارکیٹنگ کی جدید حکمت عملیوں کے ذریعے برانڈ کی مضبوط ساکھ بنانے پر مرکوز ہے۔

اسنیک سٹی

کریلیز اسنیک سٹی کا ایک بہترین برانڈ ہے جس نے قلیل مدت میں بڑی کامیابی حاصل کی۔ اسنیک سٹی نے کسٹمر کے اطمینان کو ہمیشہ اولین ترجیح دی اور اپنے مقصد کے حصول کے لئے دنیا کی بہترین مشینری، غذا کے بہترین اہل فن اور ماہرین میں سرمایہ کاری کی اور بہترین طور طریقوں کو اختیار کیا۔ یہ شاندار کامیابی اس اصول کہ گرد گھومتی ہے کہ ہر مصنوعات کا ہر نوالہ کا ذائقہ نرالا اور معیاری ہے۔ اسنیک سٹی کے ملکیتی برانڈز کریلیز، چلز، فلز اور پی نٹس، کریلیز کے نئے ذائقے سال کے دوران سوئس چیز کے نام سے متعارف کروائے گئے۔ کریلیز کرکٹ کیمپین کے نام سے اشتہاری مہم نے PSL کے سیزن میں کامیابی حاصل کی۔

اسماعیل نیوٹریشن

نیوٹریشن ڈویژن نے کامیابی سے ورلڈ فوڈ پروگرام میں مائع کی بنیاد پر غذائی مصنوعات میں منظور شدہ سپلائر کی حیثیت سے ضروریات کو کامیابی سے پورا کیا۔ یہ مصنوعات تیار حالت میں قابل استعمال ضمنی غذا ہے جو کہ تسلسل کے ساتھ مستحکم نمو دکھا رہا ہے۔ اسماعیل انڈسٹریز لمیٹڈ کا نیوٹریشن ڈویژن واحد پاکستانی کمپنی ہے جسے UNICEF کے منظور شدہ سپلائرز کی فہرست میں شامل کیا گیا ہے۔

ان قابل قدر سماجی اداروں کے بڑھتے ہوئے کاروباری حجم کو پورا کرنے کیلئے اس سہولت میں اس سال توسیع کی گئی ہے۔ کسٹمر کی طمانیت اور مارکیٹ میں بہترین ساکھ کے حامل قائد کی حیثیت سے کمپنی نے صارفین کی ضروریات کو معیار اور استعداد سے پورا کرنے کے لئے مستحکم جدوجہد کی ہے۔

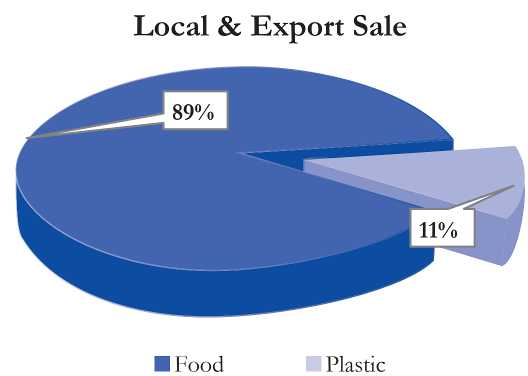
ہماری برآمدات اس سال بھی پھلتی پھولتی رہیں جو کہ 6 براعظموں اور دنیا کے 40 ملکوں 19 برآمد مارکیٹ پھیلی ہوئی ہیں۔ ان میں چند نمایاں مقامات میں یو ایس اے، یو کے، کینیڈا، آسٹریلیا، یورپ، مشرق بعید، وسطی مشرقی افریقہ اور GCC شامل ہیں۔ ہم اپنے پیارے پاکستان کی دنیا بھر میں نمائندگی کے عزم کے ساتھ متنوع مصنوعات فراہم کر رہے ہیں اور فخریہ طور پر ملک کے زرمبادلہ کے ذخائر میں معاونت کر رہے ہیں۔ مزید وسعت اور عالمی سطح پر ہماری موجودگی کو مضبوط بنانے کے لئے ہم نے ایک متحرک ڈویژن لندن اور وینکوور میں قائم کیا ہے۔

اس کے علاوہ ہم نے بڑی عالمی تجارتی نمائشوں میں اپنی مصنوعات سجائی ہیں جن میں گلف فوڈ ایگزبشن شامل ہے جو کہ دنیا کا سب سے بڑا سالانہ غذائی اور مشروبات تجارتی شو ہے جو کہ ہر سال دبئی میں منعقد ہوتا ہے۔

ہماری ٹیم کی کوششوں کی عکاسی گزشتہ سال کے مقابلے میں موجودہ سال کے برآمدی حجم میں قابل ذکر نمو سے ہوتی ہے۔ تاہم وبا نے بڑھتے ہوئے راستے پر رکاوٹ پیدا کی ہے تاہم ہم پر اعتماد ہیں کہ جیسے ہی COVID-19 سے ملحقہ پابندیاں اٹھ جائیں گی تو برآمدات میں واضح اضافہ ہوگا۔ سال کے دوران ہماری نمایاں کامیابی بلند حجم فروخت کے ساتھ میلو (چاکلیٹ کی تہہ والا مارشمیلو بار) کی بہترین چاکلیٹ مصنوعات کی قسم کے لئے یومیکس دبئی M E 2019 میں اختراعی ایوارڈ کے لئے نامزدگی شامل ہے۔

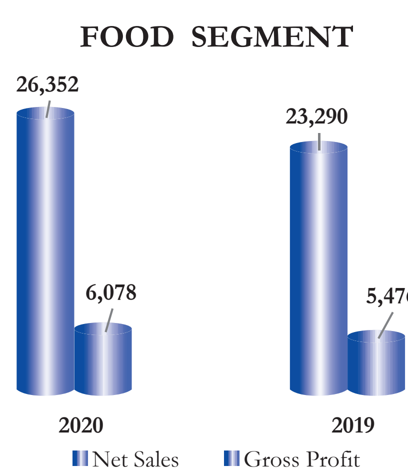
شعبہ جات کی دانشمندانہ تشکیل اور متنوع سرمایہ کاری نے اسماعیل انڈسٹریز لمیٹڈ کو ایسا ادارہ بنا دیا ہے جو کامیابی سے سمت میں تبدیلی کرتے ہیں اور دوسری سمت سے ابھر کر آجاتے ہیں۔

اس تبدیلی میں تیزی کے لئے ہم نے قبل از وقت نئے رجحانات پیش کئے ہیں اور بغور سرمایہ کاری سے ہم آنے والے کئی عشروں تک تناور شجر بن چکے ہیں۔



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۔ منہ میں پانی بھرنے والے اور بہترین ذائقہ دار اشیاء ہماری صنعت کے



بہترین فروخت ہونے والے برانڈز کینڈی لینڈ، بسکونی اور اسنیک سٹی کے نام سے مضبوط بنیاد پر کھڑے ہیں۔

کینڈی لینڈ

یہ برانڈ کئی عشروں سے کنفیکشنری تیار کرنے والی صنعت میں قائدانہ حیثیت کا حامل ہے اور اس سال بھی اس کو یہ امتیاز حاصل رہا۔ اپنی مشہور زمانہ اختراع، تخلیق اور صارفین کی ضروریات اور نئے رجحانات کے مطابق مصنوعات کے بلینڈ کی دوبارہ نمونہ بندی کے لحاظ سے کینڈی لینڈ نے ذائقہ سے بھرپور مختلف اقسام کی جیلیاں، چاکلیٹیں، مارشمیلوز، کینڈیاں، ٹافیاں، چیونگم، لالی پاپ، گم، دودھ کی چاکلیٹں، برٹلز اور ٹرفلز متعارف کروائی ہیں۔ غذائی شعبہ کے سب سے بڑے ڈویژن کے علاوہ یہ برانڈ نئی مارکیٹوں کی شناخت اور قیام کے ذریعے کمپنی کی مسلسل یکساں نمو میں معاونت کر رہا ہے جبکہ مارکیٹ میں اپنے موجودہ حصے کو وسعت دے رہا ہے۔

کینڈی لینڈ کو صنعت میں روشن چراغ کا درجہ حاصل ہے جو کہ تسلسل کے ساتھ اختراع فراہم کر رہا ہے اور نئی مصنوعات متعارف کروا رہا ہے اور ہماری سہولیات کو جدید تقاضوں اور پیداواری طریق عمل سے ہم آہنگ کر رہا ہے۔ سال کے دوران کینڈی لینڈ اسپریڈز، کوکنگ چاکلیٹ، برٹل اور نو ایڈڈ شوگر میں نئی مصنوعات متعارف کروائیں۔ نئی متعارف کردہ مصنوعات میں چوک اوہ، نٹ کھٹ، نیوٹریٹ، ببل پاپ، بٹر اسکاچ کینڈی اور کچن میں کوکنگ کے لئے کری ایشنز (چاکلیٹیں) شامل ہیں۔

بسکونی

یہ نام بسکٹوں، ویفرز اور کوکیز کی اقسام میں تیار اور فروخت ہونے والا سب سے بڑا گھریلو نام ہے۔ بسکونی کی کامیابی کی کہانی مسلسل مطابقت پذیری، برداشت اور محتاط سرمایہ کاری ہے۔ 17 سال قبل ایک بہتر جھکاؤ روڈ کے نیچے بسکونی اعلیٰ معیار اور بہترین ذائقہ کی علامت بن گیا۔ کوکومو، چوکولیٹو، چاکلیٹ چپ،

ڈائریکٹران کی جائزہ رپورٹ

ڈائریکٹران کمپنی کے آڈٹ شدہ مالیاتی نتائج بشمول انفرادی اور مجموعی مالیاتی گوشوارئے برائے مختتمہ مدت 30 جون 2020 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

کاروباری اور مالیاتی جائزہ

وباء کی وجہ سے زیر جائزہ سال کے دوران ملک میں معاشی اور کاروباری ماحول دشوارگزار رہا جس نے پوری دنیا خاص طور پر ترقی پذیر ممالک کو بری طرح متاثر کیا۔ اس حقیقت کے باجود کمپنی کی بنیادی مضبوط رہیں اور کمپنی کی انتظامیہ نے انتھک کوششوں سے تسلسل کے ساتھ مالیاتی سال مختتمہ 30 جون 2020 کے دوران مستحکم کارکردگی دکھائی جس کے نتیجے میں فروخت میں 10 فیصد نمو ہوئی اور مالیت کے لحاظ سے 40 بلین روپے تک پہنچ گئی۔

تند و تیز معاشی جھگڑوں کے خلاف بڑھتے ہوئے ہم نے متحرکانہ نفوذ، کسٹمر کے ساتھ رابطوں، موجودہ کسٹمرز کے ساتھ مضبوط تعلقات، برانڈ کی ساکھ میں اضافے کے لئے مرتکز مارکیٹنگ، اختراع اور مصنوعات کے مرکب میں تنوع اور فکری توسیع کے ذریعے اس سنگ میل کو حاصل کرلیا۔ مندرجہ ذیل ٹیبل موجودہ سال کی مالیاتی کارکردگی کا گزشتہ سال کے ساتھ ایک باریک بین موازنہ پیش کرتا ہے:

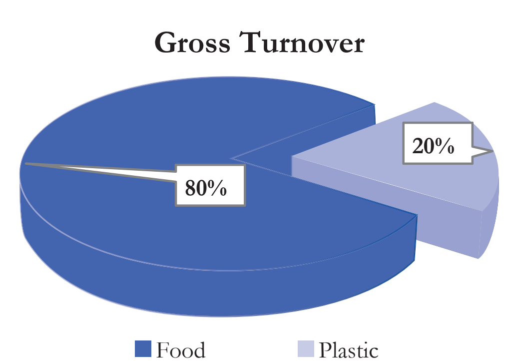
Description	30-June-20	30-June-19
	PKR in Million	
Gross Sales	40,807	37,011
Net Sales	33,218	30,091
Gross Profit	6,878	6,354
Operating Profit	1,815	2,223
Profit before tax	1,323	1,404
Profit after tax	932	967
Earnings per share – Rs.	14.49	15.15

ہم نے کامیابی سے ایک نیا بینچ مارک اپنے مستقبل کے محصولات کے ہدف اور مصنوعات کے تازہ پورٹ فولیو کے لئے قائم کیا ہے، COVID-19 اور معاشی اشاریوں کی ابتر حالت کی وجہ سے ان کوششوں کی درست عکاسی کمپنی کے کاروباری نتائج میں نہیں ہوسکی۔

خالص منافع پر لاگت کے دباؤ کی وجوہات میں بلند مجموعی افراط زر، توانائی کی بلند لاگت اور ڈالر۔روپے کی بگڑتی ہوئی مساواتی قدر شامل ہیں۔ آسمان کو چھونے والے غذائی افراط زر اور سخت مسابقت کے نتیجے میں بنیادی خام لاگتوں میں اضافے نے مارکیٹنگ اخراجات میں قابل ذکر اضافہ کیا اور دیگر ملحقہ عوامل نے کاروبار کرنے کی لاگت کو بے تحاشہ بڑھا دیا۔ تاہم بینک آف خیبر میں سرمایہ کاری سے حاصل ہونے والے 492 ملین روپے کے منافع نے سال کی آمدنی کو سہارا دیا۔

تاہم وسیع معاشی اشاریوں اور صنعتی چیلنجز کے باوجود انتظامیہ نے کاروبار کو جاری رکھا اور صارفین کی طلب کو پورا کرنے پر اپنی توجہ مرکوز رکھی اور ویلیو چین اقدامات اور بالائی اخراجات پر سخت کنٹرول کے ذریعے لاگت پر دباؤ کا انتظام کیا۔

شعبہ جاتی جائزہ



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: **Ismail Industries Limited**
Year ended: **June 30, 2020**

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

1. The total number of directors are 7 as per the following:

   a. Male: 6
   b. Female: 1

2. The composition of board is as follows:

Category	Names
Independent Director	Mr. Muhammad Zubair Motiwala Ms. Tasneem Yusuf
Non-Executive Directors	Mr. Muhammad M. Ismail Mr. Maqsood Ismail Ahmed Mr. Hamid Maqsood Ismail
Executive Directors	Mr. Munsarim Saifullah Mr. Ahmed Muhammad
Femail Director	Ms. Tasneem Yusuf

   Fraction (0.33) related to the requirement for number of independent Director is less than 0.5 and therefore, has not been rounded up as one.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. The company has prepared a Code of Conduct and 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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.

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 the Board.

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

9. Out of Seven (7) directors, three directors meet the exemption requirement of the Directors' training program and four directors have obtained the Directors' training program certificate in prior years.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

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

    a) Audit Committee

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

    b) Human Resource and Remuneration Committee

Mr. Muhammad Zubair Motiwala	-	Chairman
Mr. Maqsood Ismail Ahmed	-	Member
Mr. Hamid Maqsood Ismail	-	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committees were as per following:

a)	Audit Committee	quarterly
b)	HR and Remuneration Committee	on required basis

15. The Board has set up an effective internal audit function comprising of suitably qualified and experienced staff who 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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firms involved in the audit are not a close relative (spouse, parent, dependent, and non-dependent children) of the chief executive officer, chief financial officer, head of internal auditor, company secretary, or director of the company.

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 requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied.

MUHAMMAD M. ISMAIL
Chairman

MUNSARIM SAIFULLAH
Chief Executive Officer

Karachi: September 25, 2020

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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Ismail Industries Limited (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

Grant Thornton Anjum Rahman
Chartered Accountants

Dated: September 25, 2020
Karachi

UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Ismail Industries Limited

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, 2020,** 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, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit 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

1. Valuation of Stock-in-trade

As at June 30, 2020 the Company's total stock-in-trade balance amounting to Rs. 6.252 billion as disclosed in note 13 represents 49.75% of the total current assets of the Company. The value of stock-in-trade is based on the weighted average cost method for raw materials, packing materials and work in process and lower of weighted average cost and net realizable value (NRV) for finished goods, and invoice value plus other charges for stock in transit.

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.

How the matters were addressed in our audit

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. Initial application of IFRS 16 – Leases

As stated in note 7 to the unconsolidated financial statements, with effect from July 01, 2019, the International Financial Reporting Standard (IFRS) 16 "Leases" became applicable to the Company. Accordingly, the Company has applied the said new standard for the first time in the preparation of its unconsolidated financial statements for the year ended June 30, 2020.

Under the requirement of IFRS 16, the Company recognized right of use assets and lease liabilities for certain lease payments - i.e. these leases are on the unconsolidated statement of financial position. The application of this standard requires management to make judgements, estimates and assumptions with regard to lease term and discount rate for calculation of lease liabilities.

We have considered the first time application of IFRS 16 as a key audit matter due to significance of 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:

- Obtained an understanding of the Company's processes and related internal controls for lease accounting, including those relating to assessment of discount rates, lease term and extension options and considered their appropriateness;

- On a sample basis, tested the lease data by comparing the lease agreement with related IFRS 16 lease calculations;

- Tested, on a sample basis, the calculation of right of use asset and lease liabilities by performing recalculations and tracing the terms with relevant supporting documents;

- We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.

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.

The Board of directors are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Khalid Aziz.**

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
Date: September 25, 2020

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		------------ Rupees ------------	
ASSETS			
Non-current assets			
Property, plant and equipment	8	**19,266,848,674**	12,426,782,633
Right-of-use assets	8.1	**306,955,475**	331,919,479
Intangible assets	9	**55,293,210**	85,453,143
Long term investments	10	**5,276,303,873**	3,212,049,382
Long term deposits	11	**37,005,581**	44,303,491
Total non-current assets		**24,942,406,813**	16,100,508,128
Current assets			
Stores and spares	12	**351,847,225**	278,975,893
Stock-in-trade	13	**6,251,658,329**	5,111,616,128
Trade debts	14	**3,344,985,089**	2,746,331,968
Loans and advances	15	**936,777,070**	1,599,840,527
Trade deposits and short term prepayments	16	**36,060,055**	33,409,696
Short term investment	17	**200,000,000**	-
Other receivables	18	**119,919,336**	131,962,803
Taxation-net	19	**1,273,085,745**	929,456,127
Cash and bank balances	20	**51,195,200**	32,394,264
Total current assets		**12,565,528,049**	10,863,987,406
Total assets		**37,507,934,862**	26,964,495,534

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

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		------------ Rupees	------------
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
250,000,000 (2019: 250,000,000) ordinary shares of Rs. 10 each		**2,500,000,000**	2,500,000,000
Issued, subscribed and paid-up share capital	21	**663,569,400**	638,047,500
Reserves	22	**9,236,215,197**	6,736,199,160
Total shareholders' equity		**9,899,784,597**	7,374,246,660
Non-current liabilities			
Sponsors' loan-subordinated	23	**-**	902,151,770
Long term finances-secured	24	**13,513,452,828**	6,152,679,111
Lease liabilities	25	**91,245,081**	136,024,558
Deferred Liabilities	26	**2,069,506,039**	1,632,662,558
Total non-current liabilities		**15,674,203,948**	8,823,517,997
Current liabilities			
Trade and other payables	27	**3,436,484,784**	2,051,217,937
Accrued mark-up	28	**195,966,471**	205,692,929
Short term finances-secured	29	**6,789,925,030**	6,299,903,812
Current portion of:			
- long term finances-secured	24	**985,228,903**	1,913,163,282
- Lease liabilities	25	**77,281,836**	100,219,845
Unclaimed dividend		**2,644,785**	2,338,500
Advances from customers - unsecured		**446,414,508**	194,194,572
Total current liabilities		**11,933,946,317**	10,766,730,877
Total liabilities		**27,608,150,265**	19,590,248,874
Total equity and liabilities		**37,507,934,862**	26,964,495,534
Contingencies and commitments	30		

The annexed notes 1 to 50 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, 2020

	Note	2020	2019
		------------ Rupees ------------	
Sales	31	**40,806,855,687**	37,011,160,866
Sales returns, discounts and direct expense		**(1,989,079,667)**	(1,781,257,914)
Export rebate		**10,589,965**	9,605,597
		(1,978,489,702)	(1,771,652,317)
		38,828,365,985	35,239,508,549
Sales tax		**(5,610,093,075)**	(5,148,620,097)
Sales - net		**33,218,272,910**	30,090,888,452
Cost of sales	33	**(26,340,648,564)**	(23,736,870,313)
Gross profit		**6,877,624,346**	6,354,018,139
Selling and distribution expenses	34	**(4,469,256,842)**	(3,590,049,723)
Administrative expenses	35	**(593,693,129)**	(540,522,332)
Operating profit		**1,814,674,375**	2,223,446,084
Other operating expenses	36	**(181,562,202)**	(172,581,775)
Other income	37	**353,404,382**	212,920,752
		1,986,516,555	2,263,785,061
Finance cost	38	**(1,155,785,614)**	(905,629,820)
		830,730,941	1,358,155,241
Share of profit from associated companies-net	10.2.3	**491,972,141**	45,385,014
Profit before taxation		**1,322,703,082**	1,403,540,255
Taxation	41	**(390,737,914)**	(436,942,413)
Profit for the year		**931,965,168**	966,597,842
Earnings per share - basic and diluted	42	**14.49**	15.15

The annexed notes 1 to 50 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, 2020

	Note	2020	2019
		------------ Rupees ------------	
Profit for the year		**931,965,168**	966,597,842
Other comprehensive income /(loss):			
Items that may 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:			
Income/ (loss) on remeasurements of post employment benefit obligation-net of tax	26.1.7	**1,960,588**	(37,956,925)
Unrealized appreciation during the year on re-measurement of investment classified as fair value through OCI - net of tax		**-**	1,279,260
Share of other comprehensive income/ (loss) from associate - net of tax	10.2.3	**896,140,406**	(488,583,454)
Other comprehensive income/ (loss) - net of tax		**898,100,994**	(525,261,119)
Total comprehensive income for the year		**1,830,066,162**	441,336,723

The annexed notes 1 to 50 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, 2020

	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, 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 - net of tax	-	-	-	(488,583,454)	1,279,260	(37,956,925)	(525,261,119)	(525,261,119)
Total comprehensive income	-	-	-	(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. 4.50 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**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**931,965,168**	**931,965,168**	**931,965,168**
Other comprehensive income - net of tax	**-**	**-**	**-**	**896,140,406**	**-**	**1,960,588**	**898,100,994**	**898,100,994**
Total comprehensive income	**-**	**-**	**-**	**896,140,406**	**-**	**933,925,756**	**1,830,066,162**	**1,830,066,162**
Right shares issue	**25,521,900**	**893,266,500**					**893,266,500**	**918,788,400**
Transactions with owners recognized directly in equity:								
Cash dividend for the year ended June 30, 2019 @ Rs.3 per share	**-**	**-**	**-**	**-**	**-**	**(191,414,250)**	**(191,414,250)**	**(191,414,250)**
Interim cash dividend for the period ended December 31, 2019 @ Rs. 0.50 per share	**-**	**-**	**-**	**-**	**-**	**(31,902,375)**	**(31,902,375)**	**(31,902,375)**
Balance as at June 30, 2020	**663,569,400**	**1,472,531,500**	**916,862,067**	**41,535,172**	**-**	**6,805,286,458**	**9,236,215,197**	**9,899,784,597**

The annexed notes 1 to 50 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, 2020

	Note	2020	2019
		------------ Rupees ------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	44	**5,957,155,845**	2,618,821,937
Gratuity paid	26.1.3	**(32,269,070)**	(20,400,062)
Income tax paid-net		**(534,802,892)**	(339,738,262)
Long term deposits - net off receipts/(paid)		**7,297,910**	(4,984,852)
Net cash generated from operating activities		**5,397,381,793**	2,253,698,761
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure (including CWIP)		**(8,126,868,258)**	(3,160,541,823)
Intangible assets		**-**	(46,927,898)
Investment in subsidiary	10.1	**(623,885,000)**	(376,115,000)
Investment in associated company	10.2.3	**(16,284,035)**	-
Proceed from sale of long term investment		**-**	196,386,913
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	10.2.3	**122,169,516**	-
Short-term investment	17	**(200,000,000)**	-
Proceeds from disposal of property, plant and equipment	8.5	**58,234,562**	230,733,531
Net cash used in investing activities		**(8,786,633,215)**	(3,156,308,266)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from long term financing-net off repayment		**6,432,839,338**	902,057,357
Receipts from right share issue - net off Sponsor's loan - subordinated		**16,636,630**	-
Lease repayments		**(67,717,486)**	(262,821,084)
Interest / mark-up paid		**(1,165,512,071)**	(801,377,845)
Dividend paid		**(223,010,340)**	(286,601,373)
Net cash generated from/(used in) financing activities		**4,993,236,071**	(448,742,945)
Net increase / (decrease) in cash and cash equivalents		**1,603,984,649**	(1,351,352,450)
Cash and cash equivalents at the beginning of the year		**(3,267,596,157)**	(1,916,243,707)
Cash and cash equivalents at the end of the year		**(1,663,611,508)**	(3,267,596,157)
Cash and cash equivalents at the end of the year comprise of:			
Cash and bank balances	20	**51,195,200**	32,394,264
Running finance utilized under mark-up arrangements	29	**(1,714,806,708)**	(3,299,990,421)
		(1,663,611,508)	(3,267,596,157)

The annexed notes 1 to 50 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, 2020

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, nutritional products, 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 less any impairment costs, if any and investment in associates are carried under equity method of accounting.

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.

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

2 SIGNIFICANT EVENTS AND TRANSACTIONS

2.1 The Company has made Capex amounting to Rs. 8,126.87 million during the year. The major expansion pertains to new BOPET Film manufacturing line and establishment of new confectionery division Candyland-II. During the financial year 2019-20 both ventures were under erection and installation phase and we were expecting that these will be fully operative somewhere from April 2020. But due to outbreak of COVID-19, all foreign technicians and engineers left to their countries and BOPET project was stand still, whereas Candyland-II complete the trial production phase till 30 June 2020. Now, the management expects that final installation phase of BOPET will be completed and commercially operative in the first half of financial year 2020-2021.

2.2 During the year, the Company has completed the process to convert Sponsors' loan into ordinary shares of the Company by issuing right shares.

For further details, refer Director's report on the Company's affairs.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRS) 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

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

3.3 Functional and presentation currency

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

3.4 Standard, Amendment or interpretation to published approved accounting standards

3.4.1 Standards, amendments and interpretations to the published standards that may be 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 14 'Regulatory Deferral accounts'	July 1, 2019
IFRS 16 'Leases'	January 1, 2019
IAS 12 'Income tax consequences of payments on financial instruments classified as equity'	January 1, 2019
IAS 23 'Borrowing costs eligible for capitalization'	January 1, 2019
IFRS 3 'Previously held interest in a joint operation'	January 1, 2019
IFRS 9 'Prepayment features with negative compensation'	January 1, 2019

IFRS 11 'Previously held interest in a joint operation'	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
IAS 19 'Plan Amendment, Curtail or Settlement' (Amendments to IAS 19)	January 1, 2019
Annual improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019

Adoption of the above standard have no significant effect on the amounts for the year ended June 30, 2020 except for those mentioned in change in accounting policy note no. 7

3.4.2 Standards, amendments and interpretations to the published standards that may be 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 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
IFRS 7, IFRS 9, and IAS 39 - Interest Rate Benchmark Reform	January 1, 2020
Various Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 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.

3.4.3 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' (amendments to IFRS 17)	January 1, 2023
IFRS 1 'First-time Adoption of International Financial Reporting Standards'	July 1, 2009

4 IMPACT OF COVID-19 ON FINANCIAL STATEMENTS

A novel strain of coronavirus (COVID-19) was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan(GoP) has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc.

These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. The Company is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs).

The Company will continue to actively monitor the situation and may take further steps for safety and in the best interests of the employees, customers, suppliers and other stakeholders. However, the management based on its assessment considered that there would be no significant impact except as disclosed in note 2, that will adversely affect its businesses, results of operations and financial condition in current or future period.

5 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	5.1
b)	Stock-in-trade, stores and spares	5.2
c)	Trade debts and other receivables	5.3
d)	Income taxes	5.4
e)	Staff retirement benefits	5.5
f)	Impairment of non-financial assets	5.6
g)	Impairment of financial assets	6.25.5

5.1 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.

5.2 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.

5.3 Trade debts and other receivables

Impairment loss against doubtful trade and other debts is recorded in accordance with basis mentioned in note 6.25.5 of these unconsolidated finacial statements.

5.4 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.

5.5 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 26.1 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.

5.6 Impairment of non-financial assets

Assets that are subject to depreciation/amortization including capital work-in-progress are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which 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.

6 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 no. 7 of these unconsolidated financial statements

6.1 Property, plant and equipment

6.1.1 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 unconsolidated statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Depreciation on assets other than leasehold land is calculated so as to write-off the assets over their expected economic lives under the diminishing balance method at rates given in note no. 8 to the unconsolidated financial statements. Depreciation on leasehold land is charged to income applying the straight-line method at rates given in note no. 8 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.

6.1.2 Right-of-use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability, any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle. and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a diminishing balance as given in note no. 8.1 of unconsolidated financial statements of June 30, 2020. The right-of-use assets is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

6.1.3 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets start operation. Impairment losses if any are recorded on the basis as defined in note 5.6.

6.2 Intangible assets

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

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

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

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis applying straight line method and impairment losses if any are recorded on the basis as defined in note 5.6.

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

6.3 Investments in subsidiaries

Investment in subsidiaries are recognized and carried at cost in these unconsolidated financial statements. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is the higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in 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 occurred.

6.4 Investments in associates

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

6.5 Long term deposits

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

6.6 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.

6.7 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)	Goods 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 necessary to make the sale.

6.8 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

6.9 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.

6.10 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.

6.11 Borrowing costs

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

6.12 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 no. 26.1 using the projected unit credit method.

6.13 Lease liabilities

From 1 July 2019, leases are recognised as a right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the Company. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

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

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

6.14 Taxation

6.14.1 Current

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

6.14.2 Deferred

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

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

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

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

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

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

6.15 Provisions

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

6.16 Trade and other payables

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

6.17 Foreign currency translation

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

6.18 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.

6.19 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.

6.20 Dividend distribution

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

6.21 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.

6.22 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.

6.23 Contingent liabilities

Contingent liability is disclosed when:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or

b) a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

6.24 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.

6.25 Financial Instruments - Initial Recognition and subsequent measurement

6.25.1 Initial recognition

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

6.25.2 Classification of financial assets

The Company classifies its financial assets in the following categories:
- at fair value through profit or loss ("FVTPL")
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortized cost.

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

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

6.25.3 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 using effective yield method, 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.

6.25.4 Subsequent measurement

i) Financial assets at FVTOCI

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

ii) Financial assets and liabilities at amortized cost

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

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the unconsolidated statement of profit or loss. 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.

6.25.5 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.

6.25.6 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 unconsolidated statement of profit or loss.

6.25.7 Off-setting of financial assets and liabilities

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

6.26 Revenue from Contracts with Customers

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.

Other income

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.

7. IMPACT OF NEW ACCOUNTING POLICIES

7.1 IFRS 16 - Leases

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

From 1 July 2019, leases are recognised as a right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the Company.

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

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

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

The right-of-use assets is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a diminishing balance method at the rates given in note 8.1 of unconsolidated financial statements for the year ended June 30, 2020. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

	Note	**June 30, 2020**	June 30, 2019
		--------Rupees--------	
Operating fixed assets – decreased by	8	**(306,955,475)**	(331,919,479)
Right-of-use assets – increased by	8.1	**306,955,475**	331,919,479

The above figures have been reclassified to reflect more appropriate presentation.

	Note	2020	2019
		------------ Rupees ------------	
8 PROPERTY, PLANT AND EQUIPMENT			
Operating assets		13,423,796,292	11,788,948,787
Capital work in progress - at cost	8.6	5,843,052,382	637,833,846
		19,266,848,674	12,426,782,633
8.1 Right-of-use assets		306,955,475	331,919,479

8.2 Detailed movement of operating assets and right-of-use assets are as follows;

Year ended June 30, 2020	Operating assets									Right-of-use assets		
	Leasehold land	Freehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Equipments	Computers	Vehicles	Grand total	Plant and machinery	Vehicles	Grand total
	------------						Rupees					------------
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
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)
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**
July 01, 2019												
Opening 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
Additions / Transfers from CWIP	-	-	204,444,676	2,541,682,617	17,040,210	23,692,270	4,807,850	53,957,620	2,845,625,243	-	76,024,480	76,024,480
Transfer from right-of-use assets to owned assets												
Cost	-	-	-	-	-	-	-	19,341,765	19,341,765	-	(19,341,765)	(19,341,765)
Accumulated depreciation	-	-	-	-	-	-	-	(8,046,933)	(8,046,933)	-	8,046,933	8,046,933
	-	-	-	-	-	-	-	11,294,832	11,294,832	-	(11,294,832)	(11,294,832)
Disposal												
Cost	-	-	-	(24,444,571)	(29,000)	-	(43,000)	(10,124,655)	(34,641,226)	-	(48,819,785)	(48,819,785)
Accumulated depreciation	-	-	-	19,263,685	20,037	-	34,984	6,460,160	25,778,867	-	19,963,044	19,963,044
	-	-	-	(5,180,886)	(8,963)	-	(8,016)	(3,664,495)	(8,862,359)	-	(28,856,741)	(28,856,741)
Deprecation charge	(9,546,556)	-	(241,847,719)	(902,988,764)	(4,684,660)	(21,261,364)	(6,845,441)	(26,035,707)	(1,213,210,211)	(10,269,196)	(50,567,715)	(60,836,911)
Closing net book value	**891,113,684**	**88,688,580**	**2,264,324,315**	**9,757,385,826**	**49,995,348**	**202,921,640**	**29,161,783**	**140,205,116**	**13,423,796,292**	**92,422,766**	**214,532,709**	**306,955,475**
As at June 30, 2020												
Cost	945,110,009	88,688,580	3,612,488,846	15,592,720,517	91,000,668	303,056,120	55,408,578	269,870,643	20,958,343,961	165,527,276	324,580,872	490,108,148
Accumulated depreciation	(53,996,325)	-	(1,348,164,531)	(5,835,334,691)	(41,005,320)	(100,134,480)	(26,246,795)	(129,665,527)	(7,534,547,669)	(73,104,510)	(110,048,163)	(183,152,673)
Net book value	**891,113,684**	**88,688,580**	**2,264,324,315**	**9,757,385,826**	**49,995,348**	**202,921,640**	**29,161,783**	**140,205,116**	**13,423,796,292**	**92,422,766**	**214,532,709**	**306,955,475**
Depreciation rate (%)	**1**		**10**	**10 to 15**	**10**	**10**	**20**	**20**		**10**	**20**	

Year ended June 30, 2019	Operating assets									Right-of-use assets		
	Leasehold land	Freehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Equipment	Computers	Vehicles	Grand total	Plant and machinery	Vehicles	Grand 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
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)
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**
July 01, 2018												
Opening 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
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
Transfer From / To 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)	-	-	-
Accumulated depreciation	1,973,694	-	-	272,890	-	-	80,210	15,451,110	17,777,904	-	-	-
	(193,422,225)	-	-	(157,110)	-	-	(200,480)	(26,066,805)	(219,846,620)	-	-	-
Deprecation charge for the year	(7,872,737)	-	(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)
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**
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
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)
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**
Depreciation rate (%)	**1**		**10**	**10 to 15**	**10**	**10**	**20**	**20**		**10**	**20**	

8.3 The depreciation expense has been allocated as follows:

	Note	2020	2019
		------------ Rupees ------------	
Cost of sales	33	**1,184,879,047**	1,016,272,524
Selling and distribution expenses	34	**38,708,996**	32,895,591
Administrative expenses	35	**50,459,078**	45,731,787
		1,274,047,121	1,094,899,902

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

Locations	Usage of immovable property	Total area
17 - Bangalore Town, Shahrah-e-Faisal, Karachi.	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	5.877 acres
G-22, Hub H.I.T.E., Balochistan.	Manufacturing facility - Unit 4	9.00 acres
38-C, Sundar Industrial Estate, Raiwind Road, Lahore.	Manufacturing facility - Unit 5	4.02 acres
D-91, D-92 & D-94 North Western Zone, Port Qasim, Karachi	Manufacturing facility - Unit 6	7.50 acres
E164-168, North Western Zone, Port Qasim, Karachi	Manufacturing facility - Unit 7	5.47 acres
E154-157, North Western Zone, Port Qasim, Karachi	Manufacturing facility - Unit 8	5.51 acres
G-1, Hub H.I.T.E., Balochistan.	Manufacturing facility - Unit 9	0.793 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, Karachi	For future expansion	5.0 acres
Sabzi mandi road, Chak no. 241 Dist. Faisalabad	For future expansion	7 kanal

8.5 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							
Plant & Machinery Generator							
5,860,476	5,184,749	675,727	1,300,000	624,273	Powertec Energy	Independent party	Negotiation
14,560,644	10,880,763	3,679,881	2,000,000	(1,679,881)	Powertec Energy	Independent party	Negotiation
20,421,120	**16,065,512**	**4,355,608**	**3,300,000**	**(1,055,608)**			

Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain / (loss)	Particulars of buyer	Relationship	Mode of disposal
.... Rupees							
Vehicles Suzuki Cultus							
1,099,000	588,810	510,190	940,000	429,810	Waqar Hussain	Independent party	Negotiation
1,120,000	572,540	547,460	955,000	407,540	Kamran Ahmed	Employee	Company Policy
1,129,000	540,768	588,232	1,000,000	411,768	Hamid Hussain	Independent party	Negotiation
1,264,550	534,740	729,810	1,375,000	645,190	Muhammad Azam Iqbal	Independent party	Negotiation
1,265,000	533,061	731,939	1,400,000	668,061	Syed Muhammad Abbas	Employee	Company Policy
1,265,000	498,277	766,723	1,355,000	588,277	Muhammad Azam Iqbal	Independent party	Negotiation
1,267,960	488,393	779,567	1,400,000	620,433	Ali Raza Kazmi	Independent party	Negotiation
1,267,960	484,536	783,424	1,355,000	571,576	Waqar Hussain	Independent party	Negotiation
1,267,960	473,107	794,853	1,340,000	545,147	Muhammad Azam Iqbal	Independent party	Negotiation
1,370,550	319,202	1,051,348	1,445,000	393,652	Muhammad Azam Iqbal	Independent party	Negotiation
1,398,450	324,148	1,074,302	1,455,000	380,698	Muhammad Azam Iqbal	Independent party	Negotiation
1,397,950	283,199	1,114,751	1,445,000	330,249	Waqas Ullah Khan	Independent party	Negotiation
15,113,380	**5,640,781**	**9,472,599**	**15,465,000**	**5,992,401**			

Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain / (loss)	Particulars of buyer	Relationship	Mode of disposal
.... Rupees							
Suzuki Mehran							
744,705	241,009	503,696	690,000	186,304	Hamid Hussain	Independent party	Negotiation
744,705	232,536	512,169	690,000	177,831	Hamid Hussain	Independent party	Negotiation
852,975	184,783	668,192	785,000	116,808	Muhammad Azam Iqbal	Independent party	Negotiation
2,342,385	**658,328**	**1,684,057**	**2,165,000**	**480,943**			
Toyota Corolla							
1,792,000	970,697	821,303	831,568	10,265	Owais Motiwala	Employee	Company Policy
1,792,000	913,695	878,305	2,015,000	1,136,695	Waqar Hussain	Independent party	Negotiation
1,787,500	822,177	965,323	1,900,000	934,677	Affan Ali	Independent party	Negotiation
1,964,000	788,766	1,175,234	2,420,000	1,244,766	Hamid Hussain	Independent party	Negotiation
1,919,700	621,765	1,297,935	2,225,000	927,065	Abdul Khaliq	Employee	Company Policy
2,017,950	700,720	1,317,230	1,969,000	651,770	EFU General Insurance	Insurance claim	Insurance Policy
11,273,150	**4,817,820**	**6,455,330**	**11,360,568**	**4,905,238**			

Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain / (loss)	Particulars of buyer	Relationship	Mode of disposal
.... Rupees							
Honda Civic							
2,690,730	1,927,213	763,517	1,700,000	936,483	Ali Raza Kazmi	Independent party	Negotiation
3,180,260	497,280	2,682,980	3,108,000	425,020	Jubilee Takaful	Insurance claim	Insurance Policy
5,870,990	**2,424,493**	**3,446,497**	**4,808,000**	**1,361,503**			
Honda City							
1,692,140	1,040,660	651,480	825,474	173,994	Mr. Yousuf Alam	Employee	Company Policy
36,292,045	**14,582,082**	**21,709,963**	**34,624,042**	**12,914,079**			
56,713,165	**30,647,594**	**26,065,571**	**37,924,042**	**11,858,471**			

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	4,023,451	3,198,174	825,277	2,025,000	1,199,723
Vehicles	22,652,395	11,841,121	10,811,274	18,256,520	7,445,246
Furniture	29,000	20,037	8,963	21,000	12,037
Computer	43,000	34,984	8,016	8,000	(16)
Sub-total	**26,747,846**	**15,094,316**	**11,653,530**	**20,310,520**	**8,656,990**
2020 - total	**83,461,011**	**45,741,910**	**37,719,101**	**58,234,562**	**20,515,461**
2019 - total	237,624,524	17,777,904	219,846,620	230,733,531	10,886,911

8.5.1 All disposal are made through negotiation or otherwise specified in 8.5 of these unconsolidated financial statements.

		Note	2020	2019
			------------Rupees---------	
8.6	**Capital work-in-progress**			
	Civil works		669,748,425	96,390,116
	Plant and machinery		5,173,303,957	541,443,730
		8.6.1	5,843,052,382	637,833,846

8.6.1 Movement of capital work in progress:

	Note	Civil works	Plant and machinery	Equipment and fittings	Total
		------------------------------Rupees------------------------------			
Balance as at July 1, 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 assets		(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**
Capital expenditure incurred during the year		**777,802,985**	**6,941,725,541**	**-**	**7,719,528,526**
Trial production cost incurred	8.6.2	**-**	**231,817,303**	**-**	**231,817,303**
Transferred to operating fixed assets		**(204,444,676)**	**(2,541,682,617)**	**-**	**(2,746,127,293)**
Balance as at June 30, 2020		**669,748,425**	**5,173,303,957**	**-**	**5,843,052,382**

		Note	2020	2019
			------------Rupees---------	
8.6.2	**Trial production cost**			
	Net sales	31	(51,490,016)	-
	Cost of sales	33	209,133,763	-
	Selling and distribution expenses	34	15,500,980	-
	Administration expenses	35	783,780	-
	Other operating expenses	36	6,188,796	-
	Finance cost	38	51,700,000	-
			231,817,303	-

The Company has completed its trial production phase Candyland-II division till the completion of financial year. Therefore, the related sales and expenses have been transferred to CWIP as trial production cost.

		Note	2020	2019
9	**INTANGIBLE ASSETS**		------------Rupees---------	
	Software	9.1	85,453,143	88,667,156
	Less: Amortization charge for the year		(30,159,933)	(3,214,013)
	Closing net book value		55,293,210	85,453,143
	As at June 30			
	Cost		88,667,156	88,667,156
	Accumulated amortisation		(33,373,946)	(3,214,013)
	Net book value		55,293,210	85,453,143
	Amortization rate (%)		33.33%	**33.33%**

9.1 Represent various computer softwares amortized on straight line basis over a period of 36 months.

		Note	2020	2019
9.2	The amortization charge has been allocated as follows:		------------Rupees---------	
	Cost of sales	33	15,157,980	1,480,952
	Selling and distribution expenses	34	8,369,175	934,207
	Administrative expenses	35	6,632,778	798,854
			30,159,933	3,214,013
10	**LONG TERM INVESTMENTS**			
	Investment in subsidiary company - unquoted shares	10.1	1,605,984,000	982,099,000
	Investment in associated companies	10.2	3,670,319,873	2,229,950,382
			5,276,303,873	3,212,049,382

		Note	2020	2019
			------------Rupees---------	
10.1	**Investment in subsidiary Company - unquoted shares**			
	Hudson Pharma (Private) Limited	10.1.1	**605,984,000**	605,984,000
	Add: Advance against shares			
	- opening balance		**376,115,000**	-
	- increase during the year		**623,885,000**	376,115,000
	Converted in to ordinary shares / advance	10.1.2	**1,000,000,000**	376,115,000
			1,605,984,000	982,099,000

10.1.1 Hudson Pharma (Private) Limited

The company has acquired 160,598,400 (2019: 60,598,400) shares of Hudson Pharma (Private) Limited (HPL), which is equivalent to 77.71% of total paid up capital (2019: 71.29%), 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. 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.

10.1.2 In the 30th and 31st Annual General Meeting (AGM), the Company has approved investment in (HPL) amounting to Rs. 500 million in each AGM for working capital requirement and the same is converted into the ordinary shares during the year.

		Note	2020	2019
			------------Rupees---------	
10.2	**Investment in associated companies**			
	Novelty Enterprises (Private) Limited	10.2.1	**228,703,777**	228,717,751
	The Bank of Khyber	10.2.2	**3,441,616,096**	2,001,232,631
		10.2.3	**3,670,319,873**	2,229,950,382

10.2.1 Novelty Enterprises (Private) Limited

The Company holds 33% (2019: 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, 2020 based on un-audited financial statements amounted to Rs. 561.386 million (2019: Rs. 561.422 million based on audited financial statements). However, as per report of an independent valuer, Masud Associates dated December 15, 2019 fair value of fixed assets of NEL amounted to Rs. 1,079.840 million resulting in surplus on fixed assets of Rs. 518.454 million. Revised net assets after the revaluation surplus amounted to Rs. 1,079.840 million (2019: Rs. 1,045.063 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.

10.2.2 The Bank of Khyber

The total shareholding of the Company in the Bank of Khyber (the Bank) is 244,339,031 shares (2019: 241,639,031 shares) which represents 24.43% of paid-up capital of the Bank (2019: 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 year ended December 31, 2018 and December 31, 2019 and from reviewed condensed interim financial information of the Bank for the six-months periods ended June 30, 2019 and June 30, 2020. 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, 2020 was Rs. 3,467.171 million (June 30, 2019: Rs. 2,382.561 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:

10.2.3

	Note	The Bank of Khyber 2020	The Bank of Khyber 2019	Novelty Enterprises (Private) Limited 2020	Novelty Enterprises (Private) Limited 2019	Total 2020	Total 2019
		---Rupees---					
Balance as at July 1		**2,001,232,631**	2,530,641,520	**228,717,751**	228,727,912	**2,229,950,382**	2,759,369,432
Investment made during the year	10.2.2	**16,284,035**	-			**16,284,035**	-
Share of profit/ (loss)		**491,986,115**	45,395,175	**(13,974)**	(10,161)	**491,972,141**	45,385,014
Dividend received		**(122,169,516)**	-	**-**	-	**(122,169,516)**	-
Share of other comprehensive income/ (loss)		**1,054,282,831**	(574,804,064)	**-**	-	**1,054,282,831**	(574,804,064)
Balance as at June 30		**3,441,616,096**	2,001,232,631	**228,703,777**	228,717,751	**3,670,319,873**	2,229,950,382

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

	The Bank of Khyber 2020	The Bank of Khyber 2019	Novelty Enterprises (Private) Limited 2020	Novelty Enterprises (Private) Limited 2019
	---Rupees---			
Assets	**318,194,917,000**	235,558,869,000	**561,419,274**	561,456,320
Liabilities	**300,436,247,000**	223,629,985,000	**33,060**	27,760
Revenue	**5,673,133,000**	4,810,409,000	**-**	-
Profit / (loss)	**2,014,047,000**	187,911,000	**(36,606)**	(30,791)

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, Rs. 0.50 per share cash dividend have been received from the Bank of Khyber (2019: Nil)

	Note	2020	2019
		---Rupees---	
11 LONG TERM DEPOSITS			
Lease - Conventional		**13,702,400**	19,309,400
Lease - Islamic		**12,282,390**	8,362,240
Less: Current maturity - Conventional	16	**(8,686,100)**	(6,360,770)
		17,298,690	21,310,870
Utilities		**12,029,293**	11,049,093
Others		**7,677,598**	11,943,528
		37,005,581	44,303,491
12 STORES AND SPARES			
Stores	12.1	**89,546,100**	81,997,962
Spare parts	12.1	**232,077,384**	186,291,451
Others	12.1	**30,223,741**	10,686,480
		351,847,225	278,975,893

12.1 Reconciliation of provision for slow moving spare parts

	2020 Stores	2020 Spare parts	2020 Others	2020 Total
	--- Rupees ---			
Stores and spares	**98,137,520**	**232,077,384**	**30,223,741**	**360,438,645**
Provision for slow moving				
- opening	**(8,591,420)**	**-**	**-**	**(8,591,420)**
- charge for the year	**-**	**-**	**-**	**-**
- closing	**(8,591,420)**	**-**	**-**	**(8,591,420)**
Stores and spares - net	**89,546,100**	**232,077,384**	**30,223,741**	**351,847,225**

	2019			
	Stores	Spare parts	Others	Total
	------------------- Rupees -------------------			
Stores and spares	90,589,382	186,291,451	10,686,480	287,567,313
Provision for slow moving				
- opening	(8,591,420)	-	-	(8,591,420)
- charge for the year	-	-	-	-
- closing	(8,591,420)	-	-	(8,591,420)
Stores and spares - net	81,997,962	186,291,451	10,686,480	278,975,893

13 STOCK-IN-TRADE

	Note	**2020**	2019
		------------Rupees---------	
Raw materials	13.1 & 13.2	**2,752,429,006**	2,951,988,975
Packing materials	13.1	**661,948,508**	451,115,557
Work-in-process	33	**175,501,874**	82,183,155
Finished goods	13.1	**2,661,778,941**	1,626,328,441
		6,251,658,329	5,111,616,128

13.1 Reconciliation of provision for stock-in-trade

	Note	**2020**		
		Raw materials	**Packing materials**	**Finished goods**
		---------------------- Rupees -------------------		
Stock-in-trade		**2,765,388,096**	**771,797,057**	**2,661,778,941**
Provision for slow moving				
- opening		**(13,384,583)**	**(109,848,549)**	**-**
- reversal	33.1	**425,493**	**-**	**-**
- closing		**(12,959,090)**	**(109,848,549)**	**-**
Stock-in-trade-net		**2,752,429,006**	**661,948,508**	**2,661,778,941**

	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)	-
- charge for the year		-	-	-
- reversal	33.2	-	18,886,489	-
- closing		(13,384,583)	(109,848,549)	-
Stock-in-trade-net		2,951,988,975	451,115,556	1,626,328,441

13.2 This includes raw materials in transit amounting to Rs. 275,163,978 (June 30, 2019: Rs. 256,893,934).

14 TRADE DEBTS

	Note	**2020**	2019
		------------Rupees---------	
Considered good			
- export - secured		**1,056,320,953**	784,297,206
- local - unsecured	14.3	**2,384,634,776**	2,038,377,907
		3,440,955,729	2,822,675,113
Allowance for expected credit loss	14.1	**(95,970,640)**	(76,343,145)
Trade debts - net		**3,344,985,089**	2,746,331,968

14.1 Allowance for expected credit loss

	Note	**2020**	2019
Balance at the beginning of the year		**(76,343,145)**	(51,963,694)
Charge during the year - net	34	**(19,627,495)**	(24,379,451)
Balance at the end of the year		**(95,970,640)**	(76,343,145)

		Note	2020	2019
			------------Rupees---------	
14.2	**Age analysis trade debts**			
	Not Due		**2,544,350,781**	2,092,296,767
	More than 45 days but not more than 3 months		**356,189,161**	310,893,102
	More than 3 months but not more than 6 months		**298,242,708**	286,546,208
	More than 6 months but not more than 1 year		**176,559,683**	80,522,538
	More than 1 year		**65,613,396**	52,416,498
			3,440,955,729	2,822,675,113

14.3 There is no receivables from related party at reporting date (2019: Rs. Nil).

		Note	2020	2019
15	**LOANS AND ADVANCES**			
	Loans - secured - employees	15.1	**49,935,105**	41,769,164
	Advances - unsecured			
	- suppliers		**825,763,077**	1,499,160,624
	- LC margins		**61,078,888**	41,011,447
	- Others		**-**	17,899,292
			936,777,070	1,599,840,527

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.

		Note	2020	2019
16	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**		------------Rupees---------	
	Trade deposits - unsecured		**17,017,157**	26,433,174
	Short term prepayments		**10,356,798**	615,752
	Current maturity of lease deposits- Conventional	11	**8,686,100**	6,360,770
			36,060,055	33,409,696

17 **SHORT TERM INVESTMENT**

During the period, the Company has made an investment in un-listed term finance certificates of Habib Bank Limited amounting to Rs. 200 million, which is classified as fair value through other comprehensive income. These investments carry interest rate three months KIBOR + 160 bps and recorded at cost due to non availability of market value.

		Note	2020	2019
			------------Rupees---------	
18	**OTHER RECEIVABLES**			
	Export rebate		**19,588,761**	29,545,423
	Federal excise duty		**-**	2,024,952
	Other receivables	18.1	**100,330,575**	100,392,428
			119,919,336	131,962,803

18.1 This amounts includes Rs. 100.217 million (June 30 2019 Rs. 100.217 million) due from Nazir of the Sindh High Court as refer in note 30.1.

		Note	2020	2019
19	**TAXATION - net**		------------Rupees---------	
	Advance income tax		**1,554,860,275**	1,223,297,525
	Provision for taxation	41	**(281,774,530)**	(293,841,398)
			1,273,085,745	929,456,127
20	**CASH AND BANK BALANCES**			
	Cash in hand		**17,840,930**	7,303,543
	Cash at banks:			
	- current accounts - conventional	20.1	**12,680,687**	20,660,039
	- current accounts - Islamic		**20,673,583**	4,430,682
			51,195,200	32,394,264

20.1 This includes Rs. Nil (June 2019 Rs. 65,534) held with Bank of Khyber (related party).

21 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

Number of Shares 2020	Number of Shares 2019		2020	2019
			------------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 Rs. 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation	**132,840,000**	132,840,000
2,552,190	-	Ordinary shares of Rs. 10 each issued as fully paid against cash consideration through right issue	**25,521,900**	-
66,356,940	63,804,750		**663,569,400**	638,047,500

		Note	2020	2019
22	**RESERVES**			
	Capital reserve			
	- Share premium	22.1	**1,472,531,500**	579,265,000
	- Remeasurement of investment in associate		**41,535,172**	(854,605,234)
	- Reserve arising due to amalgamation	22.2	**916,862,067**	916,862,067
	Revenue Reserve			
	- Unappropriated profit		**6,805,286,458**	6,094,677,327
	Total reserves	22.3	**9,236,215,197**	6,736,199,160

22.1 The increase in share premium account pertains to issue of right share at the premium of Rs. 350 This reserve can be utilized by the Company for the purpose specified in section 81(2) of the Companies Act, 2017.

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

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

		2020	2019
23	**SPONSORS' LOAN - subordinated**	------------Rupees---------	
	Sponsors' loan - subordinated	**-**	902,151,770

23.1 During the year, the sponsors' loan have been converted into ordinary shares through the issue of right shares.

24 LONG TERM FINANCES - secured

	Note	2020	2019
		--------- Rupees ---------	
Long term finances - secured - conventional	24.1	**10,741,575,438**	4,889,992,337
Long term finances - secured - islamic	24.2	**2,771,877,390**	1,262,686,774
		13,513,452,828	6,152,679,111

24.1 *CONVENTIONAL*

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2020	2019
					--------- Rupees ---------	
Habib Bank Limited						
- Term Finance - FCY	Monthly	2021-2024	1 month EURIBOR + 1.75%	36	**738,680,000**	-
- SBP-LTFF	Quarterly	2018-2030	SBP + 0.25%	36	**382,696,040**	423,999,975
- Term finance	Monthly	2017-2023	1 month KIBOR + 0.25%	60	**208,333,341**	283,333,342
- SBP-LTFF	Quarterly	2021-2030	SBP + 0.25%	34	**1,341,810,108**	305,335,128
Bank Al-Habib Limited						
- Term finance	Monthly	2018-2022	3 months KIBOR + 0.25%	42	**42,857,136**	74,999,991
- SBP-LTFF	Quarterly	2019-2029	SBP + 0.75%	32	**346,543,000**	385,435,000
- SBP-LTFF	Quarterly	2020-2029	SBP + 0.50%	32	**53,363,000**	56,727,000
MCB Bank Limited						
- SBP-LTFF	Quarterly	2018-2028	SBP + 0.75%	36	**247,046,948**	275,520,152
- SBP-LTFF	Quarterly	2020-2030	SBP + 0.25%	36	**474,275,169**	487,894,244
Allied Bank Limited						
- SBP-LTFF	Semi-annual	2022-2031	SBP +0.25%/0.75 %	18	**1,749,413,000**	-
- Term finance	Monthly	2021-2024	3 months KIBOR + 0.25%	48	**400,000,000**	-
- Term finance	Monthly	2015-2021	3 months KIBOR + 0.25%	60	**7,920,911**	79,208,669
- Term finance	Monthly	2018-2022	3 months KIBOR + 0.25%	36	**100,000,008**	183,333,338
- Term finance	Monthly	2016-2022	3 months KIBOR + 0.25%	60	**74,620,000**	122,590,000
Balance carried forward					**6,167,558,661**	2,678,376,839

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2020	2019
					--------- Rupees ---------	
Balance brought forward					**6,167,558,661**	2,678,376,839
Pak Brunei Investment Company Limited						
- SBP-LTFF	Quarterly	2020-2029	SBP + 0.5%	32	**496,424,000**	499,244,000
- SBP-LTFF	Quarterly	2021-2030	SBP + 0.5%	32	**193,574,000**	193,574,000
Pak Oman Investment Company Limited						
- Term finance	Monthly	2016-2022	1 month KIBOR + 0.5%	60	**50,000,000**	95,000,000
- SBP-LTFF	Quarterly	2022-2030	SBP + 1.5%	32	**474,566,000**	379,843,000
Bank Al falah Limited						
- Term finance	Quarterly	2022-2025	6 month KIBOR + 0.75%	16	**500,000,000**	-
- SBP-LTFF	Quarterly	2017-2029	SBP+0.5%	40/36	**357,994,963**	399,300,043
JS Bank Limited						
- Term finance	Monthly	2016-2020	1 month KIBOR + 0.25%	42	**-**	23,545,066
-SBP salary finance	Quarterly	2021-2023	SBP+3%	8	**647,866,294**	-
- SBP-LTFF	Quarterly	2021-2030	SBP+0.30%	32	**129,759,000**	129,759,000
Faysal Bank Limited						
- Term finance	Monthly	2017-2022	3 months KIBOR + 0.25%	48	**93,750,000**	197,916,667
National Bank of Pakistan						
- Term finance	Monthly	2019-2023	1 month KIBOR + 0.25%	48	**225,000,007**	308,333,337
- SBP-LTFF	Quarterly	2021-2030	SBP+0.65%	36	**938,168,080**	-
Askari Bank Limited						
- SBP-LTFF	Quarterly	2021-2031	SBP+0.50%	40	**230,347,000**	230,347,000
- Term finance	Monthly	2019-2024	1 month KIBOR + 0.50%	48	**316,666,670**	391,666,667
Soneri Bank Limited						
- Term finance	Monthly	2019-2025	1 month KIBOR + 0.75%	60	**416,666,670**	491,666,667
Balance carried forward					**11,238,341,345**	6,018,572,286

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2020	2019
					--------- Rupees ---------	
Balance brought forward					**11,238,341,345**	6,018,572,286
PAIR Investment Company Limited						
- Term finance	Quarterly	2021-2025	3 month KIBOR + 0.75%	16	**300,000,000**	-
Total long term loan - secured					**11,538,341,345**	**6,018,572,286**
Less: Current portion of long term finances shown under current liabilities					**(796,765,907)**	(1,128,579,949)
					10,741,575,438	**4,889,992,337**

24.2 ***ISLAMIC***

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2020	2019
					--------- Rupees ---------	
Habib Bank Limited						
- Islamic financing	Monthly	2016-2022	1 month KIBOR + 0.25%	60	**125,000,015**	200,000,100
MCB Islamic Bank Limited						
- Islamic financing	Quarterly	2018-2023	3 months KIBOR + 0.25%	20	**157,500,000**	210,000,000
Dubai Islamic Bank Pakistan Limited						
- SBP ILTFF	Quarterly	2022-2027	SBP+1%	20	**292,653,700**	-
- Islamic financing	Quarterly	2017-2022	3 months KIBOR + 0.25%	16	**50,000,000**	87,500,000
Meezan Bank Limited						
- Islamic financing	Monthly	2018-2020	3 months KIBOR + 0.25%	24	**-**	145,833,339
- Islamic financing	Monthly	2022-2025	1 month KIBOR + 0.75%	48	**1,000,000,000**	-
- Islamic financing	Monthly	2022-2025	1 month KIBOR + 0.75%	48	**400,000,000**	-
- Islamic financing	Monthly	2019-2022	3 month KIBOR + 0.25%	36	**166,666,669**	266,666,668
- Islamic financing	Monthly	2020-2023	3 month KIBOR + 0.25%	24	**375,000,002**	500,000,000
Bank Islami Pakistan Limited						
- Islamic financing	Monthly	2018-2020	3 months KIBOR + 0.25%	24	**-**	168,750,000
Faysal Bank Limited						
- Islamic financing	Quarterly	2018-2022	3 months KIBOR + 0.25%	16	**93,750,000**	168,750,000
- SBP-LTFF	Quarterly	2022-2030	SBP+1%	36	**299,770,000**	299,770,000
Balance carried forward					**2,960,340,386**	2,047,270,107

Balance brought forward	**2,960,340,386**	2,047,270,107
Total long term loan - secured	**2,960,340,386**	2,047,270,107
Less: Current portion of long term finances shown under current liabilities	**(188,462,996)**	(784,583,333)
	2,771,877,390	1,262,686,774

24.3 These represent financings for property, plant, and equipment. The above mentioned facilities are secured by way of creation of equitable mortgage and first pari-passu / ranking charge over present and future fixed assets of the Company and personal guarantees of sponsors.

24.4 The Company's total limit for long term loan amounting to Rs. 19,207 million. (June 2019: Rs. 13,320 million)

24.5 During the year, the Company has requested Banks/Financial Institutions who have extended long term loans facilities to defer the repayment of principal loan amounts by one year in relevance of BPRD Circular Letter no. 13 of 2020 issued by the State Bank of Pakistan (the SBP). The idea behind this policy of the SBP is to combat the impact of COVID-19 and to help the businesses. The Company will continue to service the mark-up to Banks/Financial Institutions as per agreed terms and conditions with them.

24.6 During the year, the Company entered into a long-term loan agreement with JS Bank Limited- conventional amounting to Rs. 648 million under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns by the State Bank of Pakistan. The loan is repayable in eight equal quarterly instalments, starting from January 2021. This long term financing facility is secured by way of ranking charge over present and future fixed assets of the Company. The facility carries mark-up at State Bank of Pakistan (SBP) rate (currently 0%) plus bank's spread of 3% per annum starting from the date of disbursement and is payable in arrears on quarterly basis.

25 LEASE LIABILITIES

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 8.78% to 14.73% (2019: 7.48% to 13.70%) per annum and financing from Islamic banks carry mark-up at rates ranging from 8.39% to 14.68% (2019: 7.18% to 13.63%) 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 right-of-use assets held under lease arrangement is Rs. 306.96 million (2019: Rs. 331.92 million) (refer note 8.1).

These are secured against deposits of Rs. 23.64 million (2019: Rs 27.67 million), title of ownership of right-of-use assets and personal guarantees of the directors of the Company.

Maturity analysis of lease repayments for which the Company has committed to pay in future under the lease agreements are as follows:

	2020			2019		
	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	**20,316,233**	**1,661,354**	**18,654,879**	54,056,409	3,533,779	50,522,630
Later than one year but not later than five years	**19,003,092**	**656,870**	**18,346,222**	42,752,374	905,716	41,846,658
	39,319,325	**2,318,224**	**37,001,101**	96,808,783	4,439,495	92,369,288
Islamic						
Up to one year	**69,871,417**	**11,244,460**	**58,626,957**	60,599,603	10,902,388	49,697,215
Later than one year but not later than five years	**79,015,326**	**6,116,467**	**72,898,859**	103,226,393	9,048,493	94,177,900
	148,886,743	**17,360,927**	**131,525,816**	163,825,996	19,950,881	143,875,115
	188,206,068	**19,679,151**	**168,526,917**	260,634,779	24,390,376	236,244,403

	Note	2020	2019
		--------- Rupees ---------	
26 DEFERRED LIABILITIES			
Provision for staff gratuity scheme - unfunded	26.1	**436,910,015**	358,574,405
Deferred tax liability	26.2	**1,632,596,024**	1,274,088,153
		2,069,506,039	1,632,662,558

26.1 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, 2020, 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:

26.1.1 **Significant actuarial assumptions**	2020	2019
Financial assumptions		
Discount rate (per annum)	**9.25%**	14.50%
Expected rate of increase in salaries (per annum)	**9.25%**	14.50%
Demographic assumptions		
Mortality rates (for death in service)	**Adjusted SLIC 2001-2005**	Adjusted SLIC 2001-2005
Retirement assumption	**60 years**	60 years

26.1.2 **Statement of Financial Position reconciliation**	Note	2020	2019
		--------- Rupees ---------	
Present value of defined benefit obligation	26.1.3	**436,910,015**	358,574,405
Fair value of plan assets		**-**	-
Net liability in statement of financial position		**436,910,015**	358,574,405
26.1.3 Movement in the defined benefit obligation			
Present value of defined benefit obligation as at July 1		**358,574,405**	231,080,176
Current service cost		**74,375,324**	55,264,886
Past service cost		**3,927,345**	19,319,255
Interest cost		**48,667,485**	21,981,428
Re-measurement on obligation	26.1.7	**(2,761,392)**	53,460,458
Payments during the year		**(32,269,070)**	(20,400,062)
Benefits payable transferred to short term liability		**(13,604,082)**	(2,131,736)
Present value of defined benefit obligation as at June 30		**436,910,015**	358,574,405

		Note	2020	2019
26.1.4	**Movement in the net liability at reporting date is as follows:**		--------- Rupees ---------	
	Opening balance of net liability		**358,574,405**	231,080,176
	Charge for the year	26.1.5	**126,970,154**	96,565,569
	Re-measurements recognized in 'OCI'	26.1.7	**(2,761,392)**	53,460,458
	Payments during the year		**(32,269,070)**	(20,400,062)
	Benefits payable transferred to short term liability		**(13,604,082)**	(2,131,736)
	Closing balance of net liability		**436,910,015**	358,574,405
26.1.5	**The amounts recognized in the statement of profit or loss account against defined benefit scheme are as follows:**			
	Current service cost		**74,375,324**	55,264,886
	Past service cost		**3,927,345**	19,319,255
	Interest cost		**48,667,485**	21,981,428
	Charge for the year		**126,970,154**	96,565,569

26.1.6 For the year ended June 30, 2021, expected provisions to the staff retirement benefit scheme is Rs.117.945 million.

		2020	2019
		--------- Rupees ---------	
26.1.7	**Re-measurement recognized in 'other comprehensive income'**		
	Experience (gains) / losses	**(2,761,392)**	53,460,458
	Re-measurement of the fair value of the plan assets	**-**	-
		(2,761,392)	53,460,458
	Related deferred tax	**800,804**	(15,503,533)
		(1,960,588)	37,956,925

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

Comparison for five years	**2020**	2019	2018	2017	2016
	-----------------------	----------	Rupees	----------	-----------------------
Present value of the defined benefit obligation	**436,910,015**	358,574,405	231,080,176	175,913,366	125,731,191

26.1.9 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%	393,437,100	(488,262,242)
Salary growth rate	1%	488,484,206	(392,413,614)

26.1.10 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.

26.2 Deferred taxation

The details of temporary differences are as follow:

	2020	2019
	--------- Rupees ---------	
- accelerated tax depreciation allowances	**1,649,441,874**	1,476,261,432
- provision for gratuity	**(126,703,904)**	(103,986,578)
- allowance for expected credit loss	**(27,831,486)**	(22,139,512)
- investment in associates at fair value through OCI	**175,795,267**	(37,818,069)
- provision for stores and spares	**(2,491,512)**	(2,491,512)
- provision for stock in trade	**(35,614,215)**	(35,737,608)
Deferred tax liability	**1,632,596,024**	1,274,088,153

26.2.1 The movement in temporary differences is as follows:

	Balance as at July 1, 2018	Recognized in Statement of profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2019	Recognized in Statement of profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2020
	------	------	------	Rupees	------	------	------
Provision for gratuity	(73,066,546)	(15,416,499)	(15,503,533)	(103,986,578)	(23,518,130)	800,804	(126,703,904)
Allowance for expected credit loss	(15,589,108)	(6,550,404)	-	(22,139,512)	(5,691,974)	-	(27,831,486)
Investment in associates at fair value through OCI	69,940,615	(21,538,074)	86,220,610	(37,818,069)	55,470,910	158,142,425	175,795,267
Other investment at fair value through OCI	3,979,706	(3,979,706)	-	-	-	-	-
Provision for stores & spares	(2,577,426)	85,914	-	(2,491,512)	-	-	(2,491,512)
Provision for stock in trade	(42,635,886)	6,898,278	-	(35,737,608)	123,393	-	(35,614,215)
Accelerated tax depreciation allowances	1,259,672,650	216,588,782	-	1,476,261,432	173,180,442	-	1,649,441,874
	1,199,724,005	176,088,291	70,717,077	1,274,088,153	199,564,642	158,943,229	1,632,596,024

27 TRADE AND OTHER PAYABLES

	Note	2020	2019
		--------- Rupees ---------	
Trade creditors	27.1	**2,225,495,468**	1,358,568,340
Accrued liabilities		**801,929,421**	482,344,352
Gratuity payable	27.2	**13,604,082**	2,131,736
Workers' profit participation fund	27.3	**54,621,136**	54,718,374
Workers' welfare fund		**26,993,940**	28,892,420
Sales tax payable		**299,733,305**	89,008,333
Other liabilities		**14,107,432**	35,554,382
		3,436,484,784	2,051,217,937

27.1 This includes payable to related party amounting to Rs. 30.75 million (2019: Rs. 14.58 million)

27.2 This represents benefits payable transferred to short term liability (note 26.1.3).

		Note	2020	2019
			--------- Rupees ---------	
27.3	**Workers' profit participation fund**			
	Balance at the beginning of the year		**54,718,374**	91,008,126
	Contribution for the year	36	**71,036,685**	76,032,684
	Interest on funds utilized in the Company's business	38	**1,697,092**	3,622,596
			127,452,151	170,663,406
	Less: Payments made during the year		**(72,831,015)**	(115,945,032)
	Balance at the end of the year		**54,621,136**	54,718,374
28	**ACCRUED MARK-UP**			
	Accrued mark-up on:			
	Conventional			
	- long term finances - secured		**66,467,839**	52,011,565
	- short term finances - secured		**96,951,846**	111,413,476
	Islamic			
	- long term finances - secured		**19,591,809**	16,492,208
	- short term finances - secured		**12,954,977**	25,775,680
			195,966,471	205,692,929
29	**SHORT TERM FINANCES - secured**			
	From banking companies			
	Term finances - conventional	29.1	**855,000,000**	895,013,391
	Term finances - islamic	29.2	**971,931,342**	1,599,200,000
	Export refinances	29.3	**3,248,186,980**	505,700,000
	Running finance utilized under mark-up arrangements	29.4	**1,714,806,708**	3,299,990,421
			6,789,925,030	6,299,903,812

29.1 These represent facilities for term finances arranged from various banks aggregating to Rs. 1,005 million (2019: Rs. 1,005 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 8.43% to 14.29% per annum (2019: 6.24% to 13.21% per annum).

29.2 These represent facilities for term finances arranged from various banks aggregating to Rs. 1,000 million (2019: Rs. 1,600 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 8.09% to 14.38% per annum (2019: 6.56% to 13.16% per annum).

29.3 These represent facilities for export refinance arranged from various banks aggregating to Rs. 3,650.70 million (2019: Rs. 685.70 million). These were secured against pari-passu/ ranking 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 1% above the State Bank of Pakistan (SBP) rate per annum (2019: 0.25% to 0.50% above SBP rate per annum).

29.4 These represent facilities for running finances available from various banks aggregated to Rs. 4,039.30 million (2019: Rs. 4,804.30 million). These are secured against pari-passu/ ranking hypothecation of stocks and book debts and personal guarantees of the directors. These carry mark-up at the rates ranging from 8.43% to 14.86% per annum (2019: 7.02% to 13.54 % per annum).

30 CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

30.1.1 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 on 2nd June, 2015 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.

30.1.2 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 (2019: 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.

30.1.3 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 Resin). 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 (2019: Rs. 100.217 million) and issued post dated cheques amounting to Rs. 100.217 million (2019: 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.

30.1.4 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 on 22 October, 2018, (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.

30.1.5 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 million 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 Ismail Industries Limited 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 2020, 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.

30.1.6 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 regarding sales tax audit. 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 2020, 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.

30.1.7 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.

30.1.8 In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the subject, where it had up held that the earlier introduction of GIDC Act 2011 was unconstitutional and ultra vires on the ground, amongst others, that GIDC was a 'Fee' and not a 'Tax' and the same suit was also filed against Federation of Pakistan, OGRA , SSGC and SNGPL in different 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. The Honorable Supreme Court of Pakistan (SCP), has disposed off the case on 13 August, 2020 and instruct the gas distribution companies to recover the outstanding amount in 24 equal installments only from those customer who have already passed the burden to their respective customers. Based on the judgement of SCP, the Company has obtained the stay order from SHC on 16 September, 2020 against the gas distribution companies for recovering of outstanding GIDC and diconnection of gas supply. Further, the Company is also in the process of filing the review petition in SCP. Therefore the 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.

30.1.9 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.

30.1.10 Through Finance Act, 2019, the Government has reduced tax credit available on new investment under Section 65B from 10% to 5% in FY-2019 and Nil from onward. The company has challenged the provision of Finance Act, 2019 before the Honorable Sindh High Court on 19 December, 2019 against the Federation of Pakistan and obtained the interim relief of claiming 10% tax credit on all investment already planned including its ancillary cost of last and current fiscal year. The management is confident that the case will be decided in favour of the Company based on the opinion of legal counsel.

	2020	2019
	--------- Rupees ---------	
30.2 Commitments		
Outstanding letters of guarantee	**2,136,440,528**	929,682,424
Outstanding letters of credit for:		
- capital expenditure	**592,832,875**	4,295,585,276
- raw materials	**945,731,340**	1,204,858,818

31 OPERATING RESULTS

	Note	Food segment 2020	Food segment 2019	Plastic segment 2020	Plastic segment 2019	Total 2020	Total 2019
		---Rupees---					
Sales							
Local sales		**29,224,017,087**	27,336,704,275	**7,135,458,356**	7,864,752,985	**36,359,475,443**	35,201,457,259
Export sales		**3,662,310,269**	1,589,199,922	**836,559,991**	220,503,684	**4,498,870,260**	1,809,703,607
Trial production sales transferred to CWIP	8.6.2	**(51,490,016)**	-	**-**	-	**(51,490,016)**	-
		32,834,837,340	28,925,904,197	**7,972,018,347**	8,085,256,669	**40,806,855,687**	37,011,160,866
Sales returns, discounts and direct expense		**(1,955,936,820)**	(1,688,862,702)	**(33,142,847)**	(92,395,212)	**(1,989,079,667)**	(1,781,257,914)
		30,878,900,520	27,237,041,495	**7,938,875,500**	7,992,861,457	**38,817,776,020**	35,229,902,952
Add: Export rebate		**10,589,965**	9,605,597	**-**	-	**10,589,965**	9,605,597
		30,889,490,485	27,246,647,092	**7,938,875,500**	7,992,861,457	**38,828,365,985**	35,239,508,549
Sales tax		**(4,537,730,880)**	(3,956,241,549)	**(1,072,362,195)**	(1,192,378,548)	**(5,610,093,075)**	(5,148,620,097)
		26,351,759,605	23,290,405,543	**6,866,513,305**	6,800,482,909	**33,218,272,910**	30,090,888,452
Cost of sales	33	**(20,273,466,254)**	(17,814,159,276)	**(6,067,182,310)**	(5,922,711,037)	**(26,340,648,564)**	(23,736,870,313)
Gross profit		**6,078,293,351**	5,476,246,267	**799,330,995**	877,771,872	**6,877,624,346**	6,354,018,139
Selling and distribution expenses	34	**(4,209,866,561)**	(3,402,314,820)	**(259,390,281)**	(187,734,903)	**(4,469,256,842)**	(3,590,049,723)
Administrative expenses	35	**(545,026,795)**	(507,955,624)	**(48,666,334)**	(32,566,708)	**(593,693,129)**	(540,522,332)
		(4,754,893,356)	(3,910,270,444)	**(308,056,614)**	(220,301,611)	**(5,062,949,971)**	(4,130,572,055)
Operating profit		**1,323,399,995**	1,565,975,824	**491,274,381**	657,470,261	**1,814,674,375**	2,223,446,084
Other operating expense	36					**(181,562,202)**	(172,581,775)
Other income	37					**353,404,382**	212,920,752
Finance cost	38					**(1,155,785,614)**	(905,629,820)
Share of profit from associated companies-net	10.2.3					**491,972,141**	45,385,014
Profit before taxation						**1,322,703,082**	1,403,540,254
Taxation	41					**(390,737,914)**	(436,942,413)
Profit for the year						**931,965,168**	966,597,841

		Food segment		Plastic segment		Total	
		2020	2019	**2020**	2019	**2020**	2019
		Rupees					
31.1	Segment assets	**20,272,965,197**	15,727,044,151	**11,024,025,316**	7,092,171,057	**31,296,990,513**	22,819,215,208
31.2	Unallocated assets	**-**	-	**-**	-	**6,210,944,349**	4,145,280,326
		20,272,965,197	15,727,044,151	**11,024,025,316**	7,092,171,057	**37,507,934,862**	26,964,495,534
31.3	Segment liabilities	**2,529,351,720**	4,675,009,250	**8,778,993,873**	4,436,912,905	**11,308,345,593**	9,111,922,155
31.4	Unallocated liabilities	**-**	-	**-**	-	**16,299,804,671**	10,478,326,719
		2,529,351,720	4,675,009,250	**8,778,993,873**	4,436,912,905	**27,608,150,265**	19,590,248,874
31.5	Major non-cash items						
	- depreciation and amortisation	**989,328,728**	779,082,719	**314,878,325**	315,817,183	**1,304,207,053**	1,094,899,902
	- gratuity	**119,298,267**	88,106,299	**7,671,887**	8,459,270	**126,970,154**	96,565,569
		1,108,626,995	867,189,018	**322,550,212**	324,276,453	**1,431,177,207**	1,191,465,471
31.6	Capital expenditure	**3,799,926,395**	2,653,982,019	**4,326,941,863**	506,559,804	**8,126,868,258**	3,160,541,823

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

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

		Note	**2020**	2019
			Rupees	
32	**RECONCILIATION OF REPORTABLE SEGMENT SALES, COST OF SALES, ASSETS AND LIABILITIES**			
32.1	**Assets**			
	Total assets for reportable segments	31.1	**31,296,990,513**	22,819,215,208
	Administrative capital assets		**934,640,475**	933,230,944
	Long-term investments	10	**5,276,303,873**	3,212,049,382
	Total assets		**37,507,934,861**	26,964,495,534
32.2	**Liabilities**			
	Total liabilities for reportable segments	31.3	**11,308,345,593**	9,111,922,155
	Sponsors' loan-subordinated	23	**-**	902,151,770
	Deferred Liabilities	26	**1,632,596,024**	1,274,088,153
	Long term finances-secured	24	**14,498,681,731**	8,065,842,393
	Lease liabilities	25	**168,526,917**	236,244,403
	Total liabilities		**27,608,150,265**	19,590,248,874

32.3 There were no inter-segment sales of the Company during the year (2019: Rs. Nil)

33 COST OF SALES

	Note	Food segment 2020	Food segment 2019	Plastic segment 2020	Plastic segment 2019	Total 2020	Total 2019
		---Rupees---					
Raw materials consumed	33.1	**11,531,962,822**	9,687,168,937	**4,750,588,686**	4,636,017,994	**16,282,551,508**	14,323,186,931
Packing materials consumed	33.2	**5,224,460,702**	4,637,312,604	**176,971,878**	176,550,264	**5,401,432,580**	4,813,862,868
Stores and spares consumed	33.3	**350,544,939**	325,919,810	**118,817,505**	108,562,732	**469,362,445**	434,482,542
Salaries, wages and other benefits		**2,393,481,455**	1,879,135,403	**368,993,136**	308,043,371	**2,762,474,591**	2,187,178,775
Electricity, gas, fuel and lubricants		**824,479,567**	524,863,652	**334,727,593**	259,569,402	**1,159,207,160**	784,433,054
Repairs and maintenance		**168,848,488**	135,364,973	**23,904,085**	24,089,033	**192,752,573**	159,454,006
Cold storage - rent & maintenance		**644,587**	1,682,250	**-**	-	**644,587**	1,682,250
Printing and stationery		**7,950,045**	5,578,423	**1,284,707**	780,610	**9,234,752**	6,359,034
Insurance		**18,904,055**	18,075,506	**9,871,327**	7,818,502	**28,775,382**	25,894,008
Rent, rates and taxes		**2,660,095**	8,360,669	**2,624,581**	3,203,454	**5,284,676**	11,564,123
Water charges		**31,942,512**	49,688,220	**9,289,346**	9,446,220	**41,231,858**	59,134,440
Postage and telephone		**5,976,559**	4,450,308	**3,323,953**	1,700,106	**9,300,512**	6,150,413
Travelling and conveyance		**8,930,453**	5,782,197	**231,130**	304,067	**9,161,582**	6,086,264
Vehicle running and maintenance		**15,680,356**	18,333,957	**8,033,776**	5,822,753	**23,714,132**	24,156,710
Depreciation	8.3	**883,154,036**	703,124,265	**301,725,011**	313,148,259	**1,184,879,047**	1,016,272,524
Amortisation charge	9.2	**11,572,432**	1,130,640	**3,585,548**	350,312	**15,157,980**	1,480,952
Laboratory expenses		**8,292,223**	7,841,824	**-**	27,200	**8,292,223**	7,869,024
Fees and subscription		**2,002,750**	1,064,986	**245,760**	242,523	**2,248,510**	1,307,509
Cartage inward		**15,980,326**	18,772,599	**3,445,025**	6,589,475	**19,425,351**	25,362,073
Procurement expenses		**-**	8,050,140	**-**	-	**-**	8,050,140
Other manufacturing expenses		**1,711,880**	9,714,706	**5,050,011**	3,160,614	**6,761,892**	12,875,320
		21,509,180,282	18,051,416,069	**6,122,713,059**	5,865,426,890	**27,631,893,341**	23,916,842,959
Work-in-process at the beginning of the year		**29,295,206**	12,103,493	**52,887,950**	105,622,473	**82,183,156**	117,725,966
Work-in-process at the end of the year		**(74,101,924)**	(29,295,206)	**(101,399,950)**	(52,887,950)	**(175,501,874)**	(82,183,156)
		(44,806,718)	(17,191,713)	**(48,512,000)**	52,734,523	**(93,318,718)**	35,542,810
Trial production cost transferred to CWIP	8.6.2	**(209,133,763)**	-	**-**	-	**(209,133,763)**	-
Cost of goods manufactured		**21,255,239,801**	18,034,224,356	**6,074,201,058**	5,918,161,413	**27,329,440,860**	23,952,385,769

	Note	Food segment 2020	Food segment 2019	Plastic segment 2020	Plastic segment 2019	Total 2020	Total 2019
		--------	--------	--------	Rupees	--------	--------
Stock of finished goods at the beginning 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
Purchase of finished goods		**48,413,693**	56,698,705	**-**	-	**48,413,693**	56,698,705
Insurance claim		**(341,733)**	(4,249,415)	**(1,413,755)**	(600,960)	**(1,755,488)**	(4,850,375)
Stock of finished goods at the end of the year		**(2,584,245,910)**	(1,554,400,402)	**(77,533,031)**	(71,928,039)	**(2,661,778,941)**	(1,626,328,441)
		(981,773,548)	(220,065,080)	**(7,018,747)**	4,549,623	**(988,792,295)**	(215,515,457)
		20,273,466,254	17,814,159,275	**6,067,182,311**	5,922,711,036	**26,340,648,565**	23,736,870,312
33.1 Raw materials consumed							
Stock of raw materials at the beginning of the year	13.1	**1,486,482,782**	1,373,058,696	**1,478,890,776**	1,823,233,280	**2,965,373,558**	3,196,291,976
Purchases		**11,710,873,540**	9,789,844,067	**4,370,973,829**	4,291,670,053	**16,081,847,369**	14,081,514,120
Cartage inward		**1,144,170**	10,748,956	**-**	5,437	**1,144,170**	10,754,393
		13,198,500,492	11,173,651,719	**5,849,864,605**	6,114,908,770	**19,048,365,097**	17,288,560,489
Provision reversal for the year	13.1	**(425,493)**	-	**-**	-	**(425,493)**	-
Stock of raw materials at the end of the year	13.1	**(1,666,112,177)**	(1,486,482,782)	**(1,099,275,919)**	(1,478,890,776)	**(2,765,388,096)**	(2,965,373,558)
		11,531,962,822	9,687,168,937	**4,750,588,686**	4,636,017,994	**16,282,551,508**	14,323,186,931
33.2 Packing materials consumed							
Stock of packing materials at the beginning of the year	13.1	**548,452,482**	418,306,058	**12,511,623**	20,371,587	**560,964,105**	438,677,645
Purchases		**5,428,049,482**	4,786,345,517	**184,216,050**	168,690,300	**5,612,265,532**	4,955,035,817
		5,976,501,964	5,204,651,575	**196,727,673**	189,061,887	**6,173,229,637**	5,393,713,462
Provision reversal for the year	13.1	**-**	(18,886,489)	**-**	-	**-**	(18,886,489)
Stock of packing materials at the end of the year	13.1	**(752,041,262)**	(548,452,482)	**(19,755,795)**	(12,511,623)	**(771,797,057)**	(560,964,105)
		5,224,460,702	4,637,312,604	**176,971,878**	176,550,264	**5,401,432,580**	4,813,862,868

	Note	Food segment 2020	Food segment 2019	Plastic segment 2020	Plastic segment 2019	Total 2020	Total 2019
		-----	-----	-----	Rupees	-----	-----
33.3 Stores and spares consumed							
Stock of stores and spares at the beginning of the year	12	**210,286,568**	142,902,577	**77,280,746**	61,164,087	**287,567,314**	204,066,664
Purchases		**397,304,342**	392,321,527	**143,185,998**	121,997,137	**540,490,340**	514,318,664
Cartage inward		**1,702,853**	982,274	**40,582**	2,682,254	**1,743,435**	3,664,528
		609,293,763	536,206,378	**220,507,326**	185,843,478	**829,801,089**	722,049,856
Stock of stores and spares at the end of the year	12.1	**(258,748,824)**	(210,286,568)	**(101,689,821)**	(77,280,746)	**(360,438,645)**	(287,567,314)
		350,544,939	325,919,810	**118,817,505**	108,562,732	**469,362,444**	434,482,542
34 SELLING AND DISTRIBUTION EXPENSES							
Salaries and other benefits		**1,161,373,464**	1,016,513,727	**38,751,177**	31,530,254	**1,200,124,641**	1,048,043,981
Cartage outward		**1,099,884,129**	951,741,797	**99,161,730**	102,879,677	**1,199,045,859**	1,054,621,474
Export expenses		**170,355,677**	92,719,181	**81,172,716**	17,935,006	**251,528,393**	110,654,187
Advertisements		**1,348,724,164**	993,764,195	**-**	8,625	**1,348,724,164**	993,772,820
Entertainment		**9,479,202**	6,173,255	**661,471**	150,841	**10,140,673**	6,324,096
Vehicle running and maintenance		**219,580,370**	177,592,618	**1,456,210**	973,738	**221,036,580**	178,566,356
Printing and stationery		**1,935,669**	5,285,648	**455,958**	547,967	**2,391,627**	5,833,615
Postage and telephone		**19,925,228**	14,459,144	**854,814**	494,612	**20,780,042**	14,953,756
Conveyance and travelling		**38,662,652**	40,938,867	**4,631,336**	1,751,944	**43,293,988**	42,690,811
Samples		**-**	319,298	**-**	-	**-**	319,298
Utilities		**2,869,619**	1,688,482	**1,276,959**	975,844	**4,146,578**	2,664,327
Repairs and maintenance		**1,612,525**	2,856,850	**724,484**	207,907	**2,337,009**	3,064,757
Rent		**91,869,166**	54,728,458	**3,884,208**	3,240,512	**95,753,374**	57,968,970
Depreciation	8.3	**36,716,194**	32,431,289	**1,992,802**	464,302	**38,708,996**	32,895,591
Amortisation charge	9.2	**5,870,933**	690,126	**2,498,242**	244,081	**8,369,175**	934,207
Fee and subscription		**1,233,800**	16,200	**1,312,597**	946,200	**2,546,397**	962,400
Insurance		**8,894,723**	8,626,048	**751,906**	931,996	**9,646,629**	9,558,044
Allowance for expected credit loss	14	**-**	-	**19,627,495**	24,379,451	**19,627,495**	24,379,451
Miscellaneous		**6,380,027**	1,769,637	**176,176**	71,945	**6,556,203**	1,841,582
Trial production cost transferred to CWIP	8.6.2	**(15,500,980)**	-	**-**	-	**(15,500,980)**	-
		4,209,866,562	3,402,314,820	**259,390,281**	187,734,903	**4,469,256,842**	3,590,049,723

35 ADMINISTRATIVE EXPENSES

	Note	Food segment 2020	Food segment 2019	Plastic segment 2020	Plastic segment 2019	Total 2020	Total 2019
		Rupees					
Salaries and other benefits including director's remuneration		**363,426,738**	303,666,359	**32,621,774**	20,198,867	**396,048,512**	323,865,226
Conveyance and travelling		**20,902,852**	30,028,936	**1,646,593**	1,681,324	**22,549,445**	31,710,260
Postage and telephone		**9,164,892**	10,247,142	**1,368,440**	1,265,404	**10,533,332**	11,512,546
Printing and stationery		**20,715,115**	22,137,998	**817,856**	405,365	**21,532,971**	22,543,364
Repairs and maintenance		**10,114,642**	15,272,097	**1,438,642**	1,782,597	**11,553,284**	17,054,693
Electricity and utilities		**10,639,282**	10,857,062	**556,506**	332,402	**11,195,788**	11,189,464
Insurance		**6,883,135**	7,908,542	**657,713**	569,923	**7,540,848**	8,478,465
Advertisement		**120,725**	235,602	**-**	-	**120,725**	235,602
Entertainment		**8,958,145**	5,903,945	**609,962**	270,112	**9,568,107**	6,174,057
Vehicle running and maintenance		**13,725,291**	24,455,365	**1,286,212**	1,719,191	**15,011,503**	26,174,556
Rent, rates and taxes		**2,397,600**	1,881,208	**642,320**	444,990	**3,039,920**	2,326,198
Fee and subscription		**8,031,096**	8,288,916	**744,382**	574,579	**8,775,479**	8,863,494
Legal and professional charges		**17,914,408**	21,989,800	**731,007**	430,600	**18,645,415**	22,420,400
Depreciation	8.3	**47,017,383**	43,527,165	**3,441,695**	2,204,622	**50,459,078**	45,731,787
Amortisation charge	9.2	**4,997,751**	617,908	**1,635,027**	180,946	**6,632,778**	798,854
General meeting expenses		**29,800**	29,000	**-**	-	**29,800**	29,000
Miscellaneous		**771,721**	908,580	**468,203**	505,787	**1,239,924**	1,414,367
Trial production cost transferred to CWIP	8.6.2	**(783,780)**	-	**-**	-	**(783,780)**	-
		545,026,796	507,955,624	**48,666,334**	32,566,708	**593,693,129**	540,522,332

			2020	2019
36	**OTHER OPERATING EXPENSES**	**Note**	**--------- Rupees**	**---------**
	Contribution to:			
	- workers' profits participation fund		**71,036,685**	76,032,684
	- workers' welfare fund		**26,993,940**	28,892,420
	Auditors' remuneration	**36.1**	**4,248,872**	3,960,202
	Exchange loss		**6,188,796**	12,188,319
	Donations	**36.2**	**78,370,118**	50,021,439
	Other		**912,587**	1,486,712
	Trial production cost transferred to CWIP	**8.6.2**	**(6,188,796)**	-
			181,562,202	172,581,775
36.1	**Auditor's remuneration**			
	Audit fee - unconsolidated		**2,400,000**	2,200,000
	Audit fee - consolidated		**700,000**	600,000
	Fee for statutory certification		**200,000**	85,000
	Fee for half yearly review		**500,000**	500,000
	Out-of-pocket expense		**448,872**	575,202
			4,248,872	3,960,202

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

- Khadija Girls College	**22,678,528**	14,579,194
- Indus Hospital	**18,084,960**	10,500,000
- Al Mustufa Welfare Trust	**15,204,615**	6,833,145
	55,968,103	31,912,339

36.2.1 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.

			2020	2019
37	**OTHER INCOME**	**Note**	**--------- Rupees**	**---------**
	Income from financial assets			
	Profit on sale of shares		**-**	156,011
	Exchange gain		**87,662,874**	-
	Income from non financial assets			
	Recovery from the sale of production scrap		**198,251,009**	166,010,668
	Gain on disposal of property, plant and equipment-net		**20,515,462**	10,886,911
	Processing income		**23,338,275**	35,358,254
	Income from Term Finance Certificates		**22,000,000**	-
	Others		**1,636,762**	508,908
			353,404,382	212,920,752

	Note	2020	2019
		--------- Rupees ---------	

38 FINANCE COST

	Note	2020	2019
Mark up on:			
- long term finances - conventional		561,582,211	320,324,503
- long term finances - islamic		259,663,232	210,877,828
- short term finances - conventional		90,662,982	195,996,512
- short term finances - islamic		214,158,809	131,215,853
Interest on workers' profits participation fund		1,697,092	3,622,596
Finance charge on lease liabilities		24,759,032	16,925,761
Bank charges		54,962,256	26,666,767
Trial production cost transferred to CWIP	8.6.2	(51,700,000)	-
		1,155,785,614	905,629,820

39 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2020			2019		
	Chief executive officer	Directors	Executives	Chief executive officer	Directors	Executives
	---Rupees---					
Managerial remuneration	11,800,000	9,703,900	447,415,528	8,400,000	14,400,000	326,322,092
Gratuity	-	-	23,448,302	-	-	16,713,051
Bonus	-	-	23,448,302	-	-	16,713,051
Reimbursement of expenses						
Utilities	1,000,000	750,000	-	1,000,000	1,500,000	-
	12,800,000	10,453,900	494,312,132	9,400,000	15,900,000	359,748,194
Number of persons	1	1	105	1	2	75

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

39.1 The remuneration has been allocated as follows:

	2020			2019		
	Chief executive officer	Directors	Executives	Chief executive officer	Directors	Executives
	---Rupees---					
Cost of goods sold	-	-	201,402,062	-	-	149,098,501
Selling and distribution expenses	-	-	160,394,159	-	-	129,244,213
Administrative expenses	12,800,000	10,453,900	132,515,911	9,400,000	15,900,000	81,405,480
	12,800,000	10,453,900	494,312,132	9,400,000	15,900,000	359,748,194
Number of persons	1	1	105	1	2	75

39.2 Bonus is given to employees as per the Company's policy.

	2020			2019		
	Chief executive officer	**Directors**	**Executives**	Chief executive officer	Directors	Executives
	---Rupees---					
Managerial remuneration	**11,800,000**	**9,703,900**	**447,415,528**	8,400,000	14,400,000	326,322,092
Gratuity	**-**	**-**	**23,448,302**	-	-	16,713,051
Bonus	**-**	**-**	**23,448,302**	-	-	16,713,051
Reimbursement of expenses						
Utilities	**1,000,000**	**750,000**	**-**	1,000,000	1,500,000	-
	12,800,000	**10,453,900**	**494,312,132**	9,400,000	15,900,000	359,748,194
Number of persons	**1**	**1**	**105**	1	2	75

In addition to the above, Company maintained cars are provided to the chief executive officer, directors and executives.
During the year the Company has paid remunerations to two Non-Executive Directors who were Executive Directors before

	2020			2019		
	Chief executive officer	**Directors**	**Executives**	Chief executive officer	Directors	Executives
	---Rupees---					
Cost of goods sold	**-**	**-**	**201,402,062**	-	-	149,098,501
Selling and distribution expenses	**-**	**-**	**160,394,159**	-	-	129,244,213
Administrative expenses	**12,800,000**	**10,453,900**	**132,515,911**	9,400,000	15,900,000	81,405,480
	12,800,000	**10,453,900**	**494,312,132**	9,400,000	15,900,000	359,748,194
Number of persons	**1**	**1**	**105**	1	2	75

40 CLASSIFICATION OF EXPENSES

	Note	Local	Export	Common expenses	Total
2020					
		-------------------------Rupees-------------------------			
Selling and distribution expenses	34	**4,217,728,450**	**251,528,393**	**-**	**4,469,256,843**
Administrative expenses	35	**-**	**-**	**593,693,129**	**593,693,129**
Finance cost	38	**1,062,756,219**	**93,029,395**	**-**	**1,155,785,614**

	Note	Local	Export	Common expenses	Total
2019					
		-------------------------Rupees-------------------------			
Selling and distribution expenses	34	3,454,628,262	135,421,460	-	3,590,049,723
Administrative expenses	35	-	-	540,522,332	540,522,332
Finance cost	38	890,105,111	15,524,710	-	905,629,820

41 TAXATION

	Note	2020	2019
		--------- Rupees ---------	
Current		**281,774,530**	293,841,398
Prior year		**(90,601,258)**	(32,987,276)
Deferred	**26.2.1**	**199,564,642**	176,088,290
		390,737,914	436,942,413

41.1 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.

42 EARNING PER SHARES - Basic and diluted

Basic earnings per share

	Note	2020	2019
		--------- Rupees ---------	
Profit for the year		**931,965,168**	966,597,842
		Number of shares	
Opening Number of shares at July 01, 2019		**63,804,750**	63,804,750
Weighted average number of ordinary shares issued during the year	42.1	**531,415**	-
Closing weighted number of shares		**64,336,165**	63,804,750
Basic and diluted earnings per share		**14.49**	15.15

42.1 During the year, the company allotted 2,552,190 number of share issue against cash consideration.

Diluted earnings per share

There is no dilutive potential ordinary shares outstanding as at June 30, 2020 & June 30, 2019.

43 NUMBER OF EMPLOYEES

	2020	2019
	--------Number--------	
Number of employees as at the year end	**2,316**	2,336
Average number of employees during the year	**2,258**	2,244

44 CASH GENERATED FROM OPERATIONS

	Note	2020	2019
		--------- Rupees ---------	
Profit before taxation		**1,322,703,082**	1,403,540,255
Adjustments for non-cash and other items:			
Depreciation	8.3	**1,274,047,121**	1,094,899,902
Amortisation charge	9.2	**30,159,933**	3,214,013
Gain on disposal of property, plant and equipment-net	37	**(20,515,462)**	(10,886,911)
Provision for staff gratuity scheme - unfunded	26.1.5	**126,970,154**	96,565,569
Finance cost	38	**1,155,785,614**	905,629,820
Share of profit from associated companies-net	10.2.3	**(491,972,141)**	(45,385,014)
Profit on sale of shares		**-**	(156,011)
Provision for slow moving - stock in trade		**-**	(18,886,489)
Allowance for expected credit loss		**19,627,495**	24,379,451
Unrealized exchange gain on trade debts		**(46,658,848)**	(64,050,757)
Unrealized exchange loss on trade and other payables		**9,191,212**	53,900,978
		3,379,338,160	3,442,764,806
Working capital changes			
(Increase) / Decrease in current assets			
Stores and spares		**(72,871,331)**	(83,084,329)
Stock-in-trade		**(1,140,042,201)**	(123,189,019)
Trade debts		**(571,621,768)**	(1,140,474,402)
Loans and advances		**663,063,457**	(864,548,922)
Trade deposits and short term prepayments		**(2,650,359)**	(20,239,396)
Other receivables		**12,043,467**	4,247,649
		(1,112,078,735)	(2,227,288,419)
(Decrease) / Increase in current liabilities			
Trade and other payables		**1,362,471,554**	570,571,867
Short term finances-secured		**2,075,204,930**	775,888,390
Advances from customers - unsecured		**252,219,936**	56,885,293
		3,689,896,420	1,403,345,549
Net increase/(decrease) in working capital		**2,577,817,685**	(823,942,870)
Cash generated from operations		**5,957,155,845**	2,618,821,937

45 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

45.1 Financial instruments by category

	Note	2020	2019
		--------- Rupees ---------	
Financial assets			
At amortized cost			
Long term deposits	11	**37,005,581**	44,303,491
Trade debts	14	**3,440,955,729**	2,822,675,113
Loans and advances	15	**111,013,993**	82,780,611
Trade deposits - unsecured	16	**17,017,157**	26,433,174
Other receivables	18	**113,575**	175,428
Cash and bank balances	20	**51,195,200**	25,090,721
At fair value through OCI			
Short term investment	17	**200,000,000**	-
Total financial assets		**3,857,301,235**	**3,001,458,538**
Financial liabilities			
At amortized cost			
Sponsors' loan - subordinated (interest-free)	23	**-**	902,151,770
Long term finances	24	**14,498,681,731**	8,065,842,393
Lease liabilities	25	**168,526,917**	236,244,403
Trade and other payables	27	**3,055,122,766**	1,872,228,828
Accrued mark-up	28	**195,966,471**	205,692,929
Short term finances	29	**6,789,925,030**	6,299,903,812
Unclaimed dividend		**2,644,785**	2,338,500
Total financial liabilities		**24,710,867,700**	17,584,402,635

45.2 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, 2020:

	2020			
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	--------------------Rupees --------------------			
Financial investments: fair value through OCI	**-**	**-**	**200,000,000**	**200,000,000**

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

	2020			
Investment in associates	**Level 1**	**Level 2**	**Level 3**	**Total**
	--------------------Rupees --------------------			
Investment in associates	**3,441,616,096**	**228,703,777**	**-**	**3,670,319,873**

	2019			
Investment in associates	Level 1	Level 2	Level 3	Total
	--------------------Rupees --------------------			
Investment in associates	2,001,232,631	228,717,751	-	2,229,950,382

45.3 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

45.3.1 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	2020	2019
		--------- Rupees ---------	
Al Baraka Bank Pakistan Limited	A1	40,944	-
Allied Bank Limited	A1+	-	36,444
Bank Al Falah Limited	A1+	-	730,000
Bank Al Habib Limited	A1+	382,735	382,735
Bank Islami Pakistan Limited	A1	915,170	379,809
Dubai Islamic Bank Pakistan Limited	A1+	929,224	888,562
Faysal Bank Limited	A1+	399,656	-
Habib Bank Limited	A1+	56,482	12,786,746
Habib Metropolitan Bank Limited	A1+	5,002,455	2,407,015
JS Bank Limited	A1+	2,234,401	5,885,662
MCB Bank Limited	A1+	32,423	27,923
MCB Islamic Bank Limited	A1	758,452	748,859
Meezan Bank Limited	A1+	17,970,457	-
National Bank Of Pakistan	A1+	3,430,868	49,256
Samba Bank Limited	A1	13,185	8,685
Soneri Bank Limited	A1+	1,128,484	541,190
Summit Bank Limited	Suspended	59,335	99,235
The Bank Of Khyber	A1	-	65,534
The Bank of Punjab	A1+	-	53,066
		33,354,271	25,090,721

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	2020	2019
		--------- Rupees ---------	
Trade debts	14	3,440,955,729	2,822,675,113
Loans and advances	15	886,841,965	1,558,071,363
Trade deposits - unsecured	16	17,017,157	26,433,174
Bank balances	20	33,354,270	25,090,721
		4,378,169,121	4,432,270,371

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:

	Note	2020	2019
		--------- Rupees ---------	
More than 45 days but not more than 3 months		**356,189,161**	310,893,102
More than 3 months but not more than 6 months		**298,242,708**	286,546,208
More than 6 months but not more than 1 year		**176,559,683**	80,522,538
More than 1 year		**65,613,396**	52,416,498
	14.2	**896,604,948**	730,378,346

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.

45.3.2 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:

	Note	2020			
		Effective rate of interest	**Carrying amount**	**Maturity upto one year**	**Maturity after one year**
		--------------------------------Rupees---------------------------			
Financial liabilities - Interest bearing					
Long term finances - secured (Conventional)	24	**5%**	**11,538,341,345**	**796,765,907**	**10,741,575,438**
Long term finances - secured (Islamic)		**9%**	**2,960,340,386**	**188,462,996**	**2,771,877,390**
Lease liabilities - conventional	25	**8.78% to 14.73%**	**37,001,101**	**18,654,879**	**18,346,222**
Lease liabilities - Islamic	25	**8.39% to 14.68%**	**131,525,816**	**58,626,957**	**72,898,859**
Short term finances - secured - conventional	29	**8.43% to 14.86%**	**5,817,993,688**	**5,817,993,688**	**-**
Short term finances - secured - Islamic	29	**8.09% to 14.38%**	**971,931,342**	**971,931,342**	**-**
Non - interest bearing					
Sponsors' loan - subordinated	23	**-**	**-**	**-**	**-**
Trade and other payables	27	**-**	**3,055,122,766**	**3,055,122,766**	**-**
Accrued mark-up	28	**-**	**195,966,471**	**195,966,471**	**-**
			24,708,222,915	**11,103,525,006**	**13,604,697,909**

	Note	2019 Effective rate of interest	Carrying amount	Maturity upto one year	Maturity after one year
		----------Rupees----------			
Financial liabilities - Interest bearing					
Long term finances - secured - conventional	24	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
Lease liabilities - conventional	25	7.48% to 13.70%	92,369,288	50,522,630	41,846,658
Lease liabilities - Islamic		7.18% to 13.63%	143,875,115	49,697,215	94,177,900
Short term finances - secured - conventional	29	5.98% to 6.24%	4,700,703,812	4,700,703,812	-
Short term finances - secured - Islamic	29	6.26% to 7.13%	1,599,200,000	1,599,200,000	-
Non - interest bearing					
Sponsors' loan - subordinated	23	-	902,151,770	-	902,151,770
Trade and other payables	27	-	1,872,228,828	1,872,228,828	-
Accrued mark-up	28	-	205,692,929	205,692,929	-
			17,582,064,135	10,391,208,696	7,190,855,439

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, 2020, 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. 144.99 million (2019: Rs. 80.66 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At June 30, 2020, 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. 68.01 million (2019: Rs. 62.99 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

45.3.3 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:

	2020	2019
	---------- Amount in USD ----------	
Trade debts	6,282,408	4,051,426
Cash and bank balances	2,488	34,749
Trade and other payables	(3,291,629)	(3,959,324)
Loans and advances	363,263	51,259
Advance from customer	(54,044)	(244,293)
	3,302,486	(66,183)
Off balance sheet exposures		
Letter of credit	(9,150,522)	(28,346,447)
Net Exposure	(5,848,036)	(28,412,630)

The following significant exchange rates were applied during the year.

	2020	2019
	Rupee per USD	
Average rate	164.10	140.78
Reporting date rate	168.14	160.05

Foreign currency sensitivity analysis

A 10 percentage strengthening of the PKR against the USD at June 30, 2019 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, 2020.

	2020	2019
	--------- Rupees ---------	
Strengthening of PKR against respective currencies	98,328,585	454,750,110
Weakening of PKR against respective currencies	(98,328,585)	(454,750,110)

As at 30 June 2020, 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. 98.33 million (2019: Rs. 454.75 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	2020	2019
		--------- Rupees ---------	
Export debtors	14	1,056,320,953	784,297,206
Import creditors		553,452,905	624,660,887
		1,609,773,858	1,408,958,093

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	
	2020	2019
	--------- Rupees ---------	
Variable rate instruments		
Financial assets	**(200,000,000)**	-
Financial liabilities	**21,457,133,678**	14,601,990,608
	21,257,133,678	14,601,990,608

As at 30 June 2020, 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. 212.57 million. (2019: Rs. 142.02 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.

46 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:

	2020	2019
	--------- Rupees ---------	
Share capital	**663,569,400**	638,047,500
Reserves	**9,236,215,197**	6,736,199,160
	9,899,784,597	7,374,246,660

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 2020 the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2020 and 2019 were as follows:

	2020	2019
	------------ Rupees ------------	
Total borrowings	**14,498,681,731**	8,967,994,163
Less: Cash and bank balances	**(51,195,200)**	(32,394,264)
Net debt	**14,447,486,531**	8,935,599,899
Total equity	**9,899,784,597**	7,374,246,660
Total equity and debt	**24,347,271,128**	16,309,846,559
Net gearing ratio (%)	**59.3%**	54.8%

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.

47 PLANT CAPACITY AND ACTUAL PRODUCTION

	2020		2019	
	Metric Ton		Metric Ton	
	Rated Capacity	**Actual Production**	Rated Capacity	Actual Production
Food processing	**162,462**	**98,331**	125,335	89,376
Plastic film	**33,000**	**24,824**	33,000	25,198

47.1 The Company has enhanced the production capacity in food processing by 37,127 metric tons out of which 32,650 metric tons was operative in the month of June 2020. Full impact of enhancement in capacity will be reflected in next fiscal year. Remaining capacities in food processing and plastic films under-utilization was due to seasonal effect and market demand.

48 TRANSACTION WITH RELATED PARTIES

Related parties comprise associated undertakings, directors of the Company and key management personnel. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements, are as follows:

Key Management Personnel (KMP)

Name	**Direct shareholding %**
Mr. Ahmed Muhammad	15.22
Mr. Munsarim Saif	0.000009
Mr. Ghulam Farooq	Nil
Mr. Abdul Qadir	Nil

	2020	2019
	--------- Rupees ---------	
Hudson Pharma (Private) Limited		
(Subsidiary Company - 77.71% shareholding)		
Investment made during the year	**1,000,000,000**	-
Bank of Khyber Limited		
(Associated Company - 24.43% shareholding)		
Investment made during the year	**16,284,035**	-
Salaries & Benefits to KMP	**45,736,571**	**34,980,000**
Post employment benefit to KMP	**1,269,994**	**1,015,774**
Loan balance to KMP	**2,000,000**	**11,500,000**
Plastiflex Films (Private) Limited		
(Common Directorship)		
- Purchase of raw & packing Materials	**81,113,035**	164,048,773
- Metallization of raw material	**(27,305,781)**	(11,013,408)
- Sales of raw and packing material	**(4,595,597)**	(12,459,583)
- Recovery against Sales	**31,667,166**	25,646,302
- Payment against purchases	**(64,718,196)**	(157,132,416)

	2020	2019
	--------- Rupees ---------	
Balances		
Plastiflex Films (Private) Limited		
- Payable to associate	**30,747,411**	14,586,784
Director's subordinated - loan		
- Payable to directors	**-**	902,151,770

49 NON - ADJUSTING EVENT AFTER THE REPORTING DATE

49.1 The board of directors in its meeting held on September 25, 2020 has proposed dividend in respect of the year ended June 30, 2020 of Rs.3/- per share (2019: Rs. 3/- per share) for approval of the members at the annual general meeting. This dividend is in addition to interim dividend paid of Rs 0.50/- per share during the current year. The unconsolidated financial statements for the year ended June 30, 2020 do not include the effect of proposed dividend, which will be accounted for in the unconsolidated financial statements for the year ending June 30, 2021.

50 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue on September 25, 2020 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, 2020

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, 2020,** 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, 2020, 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, 2020 the Group's total stock-in-trade balance amounting to Rs.6.412 billion as disclosed in note 14 represents 48.87% 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 performing 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.	**Initial Application of IFRS 16 – Leases** As stated in note 7 to the consolidated financial statements, with effect from July 01, 2019, the International Financial Reporting Standard (IFRS) 16 "Leases" became applicable to the Group. Accordingly, the Group has applied the said new standard for the first time in the preparation of its consolidated financial statements for the year ended June 30, 2020. Under the requirement of IFRS 16, the Group recognized right of use assets and lease liabilities for certain lease payments - i.e. these leases are on the statement of financial position. The application of this standard requires management to make judgements, estimates and assumptions with regard to lease term and discount rate for calculation of lease liabilities. We have considered the first time application of IFRS 16 as a key audit matter due to significance of involvement of estimates and judgement in this regard.	As part of our audit, we have performed the following audit procedures: • Obtained an understanding of the Group's processes and related internal controls for lease accounting, including those relating to assessment of discount rates, lease term and extension options and considered their appropriateness; • On a sample basis, tested the lease data by comparing the lease agreement with related IFRS 16 lease calculations; • Tested, on a sample basis, the calculation of right of use asset and lease liabilities by performing recalculations and tracing the terms with relevant supporting documents; • We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		------------ Rupees ------------	
ASSETS			
Non-current assets			
Property, plant and equipment	8	**20,350,123,183**	13,616,326,203
Right-of-use assets	8.1	**306,955,475**	331,919,479
Intangible assets	9	**55,293,210**	85,453,143
Goodwill	10	**11,959,187**	11,959,187
Long term investments	11	**3,670,319,873**	2,229,950,382
Long term deposits	12	**40,690,439**	47,985,848
Total non-current assets		**24,435,341,367**	16,323,594,242
Current assets			
Stores and spares	13	**367,944,563**	292,887,591
Stock-in-trade	14	**6,412,002,447**	5,261,895,471
Trade debts	15	**3,370,612,422**	2,768,429,157
Loans and advances	16	**952,135,742**	1,634,108,116
Trade deposits and short term prepayments	17	**43,815,508**	37,273,112
Short term investment	18	**200,000,000**	-
Other receivables	19	**119,919,336**	131,962,804
Taxation-net	20	**1,296,310,915**	945,869,617
Cash and bank balances	21	**358,884,421**	36,602,222
Total current assets		**13,121,625,354**	11,109,028,090
Total assets		**37,556,966,721**	27,432,622,332

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

EQUITY AND LIABILITIES	Note	2020	2019
		------------ Rupees ------------	
Share capital and reserves			
Authorized share capital			
250,000,000 (2019: 250,000,000) ordinary shares of Rs. 10 each		2,500,000,000	2,500,000,000
Issued, subscribed and paid-up share capital	22	663,569,400	638,047,500
Non-controlling interest		195,749,872	179,714,690
Reserves	23	8,589,399,383	6,451,888,083
Total shareholders' equity		9,448,718,655	7,269,650,273
Non-current liabilities			
Sponsors' loan-subordinated	24	-	915,357,737
Long term finances-secured	25	13,881,308,010	6,484,901,333
Lease liabilities	26	91,245,081	136,024,559
Deferred liabilities	27	2,091,252,475	1,643,629,575
Total non-current liabilities		16,063,805,566	9,179,913,204
Current liabilities			
Trade and other payables	28	3,491,937,991	2,106,806,641
Accrued mark-up	29	199,737,582	209,765,534
Short term finances-secured	30	6,789,925,030	6,299,903,813
Current portion of:			
- long term finances-secured	25	1,036,500,768	2,069,829,949
- lease liabilities	26	77,281,836	100,219,845
Unclaimed Dividend		2,644,785	2,338,500
Advances from customers - unsecured		446,414,508	194,194,573
Total current liabilities		12,044,442,500	10,983,058,855
Total liabilities		28,108,248,066	20,162,972,059
Total equity and liabilities		37,556,966,721	27,432,622,332
Contingencies and commitments	31		

The annexed notes 1 to 51 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, 2020

	Note	2020	2019
		------------ Rupees ------------	
Sales	32	**41,034,240,755**	37,117,261,720
Sales returns, discounts and direct expenses		**(2,009,975,223)**	(1,791,242,484)
Export rebate		**10,589,965**	9,605,597
		(1,999,385,258)	(1,781,636,887)
		39,034,855,497	35,335,624,833
Sales tax		**(5,610,093,075)**	(5,148,620,097)
Sales - net		**33,424,762,422**	30,187,004,736
Cost of sales	34	**(26,592,382,801)**	(23,881,824,697)
Gross profit		**6,832,379,621**	6,305,180,039
Selling and distribution expenses	35	**(4,780,161,529)**	(3,780,870,997)
Administrative expenses	36	**(692,201,269)**	(586,593,213)
Operating profit		**1,360,016,823**	1,937,715,829
Other operating expenses	37	**(182,184,602)**	(172,282,473)
Other income	38	**356,159,161**	213,759,588
		1,533,991,382	1,979,192,944
Finance cost	39	**(1,211,530,291)**	(956,336,302)
		322,461,091	1,022,856,642
Share of profit from associated companies-net	11.1.3	**491,972,141**	45,385,014
Profit before taxation		**814,433,232**	1,068,241,656
Taxation	42	**(390,737,914)**	(436,942,413)
Profit for the year		**423,695,318**	631,299,243
Profit / (loss) for the year attributable to:			
Shareholders of the Holding Company		**569,251,461**	727,555,976
Non-controlling interest		**(145,556,143)**	(96,256,733)
		423,695,318	631,299,243
Earnings per share - basic and diluted	43	**8.85**	11.40

The annexed notes 1 to 51 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, 2020

	Note	2020	2019
		------------ Rupees	------------
Profit for the year		**423,695,318**	631,299,243
Other comprehensive income/(loss):			
Items that may 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:			
Income/(loss) on remeasurements of post employment benefit obligation-net of tax	27.1.7	**2,253,417**	(36,467,885)
Unrealized appreciation during the year on re-measurement of investment classified as fair value through OCI -net of tax		**-**	1,279,260
Share of other comprehensive income/(loss) from associate-net of tax	11.1.3	**896,140,406**	(488,583,454)
Other comprehensive income/ (loss) - net of tax		**898,393,823**	(523,772,079)
Total comprehensive income for the year		**1,322,089,141**	107,527,164
Total comprehensive income / (loss) for the year attributable to :			
Shareholders of the Holding Company		**1,467,561,425**	203,356,427
Non-controlling interest		**(145,472,284)**	(95,829,263)
		1,322,089,141	107,527,164

The annexed notes 1 to 51 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, 2020

	Issued, subscribed and paid-up share capital	Total Reserves						Non-controlling Interest	Total shareholders' equity
		Capital reserve		Revenue reserve			Total reserves		
		Share premium	Amalgamation reserves	Remeasurement of investment in associate	Remeasurement of investments at fair value through OCI	Unappropriated profit			
	-------------------------- Rupees --------------------------								
Balance as at July 01, 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 income / (loss) - net off tax	-	-	-	(488,583,454)	1,279,260	(36,895,355)	(524,199,549)	427,470	(523,772,079)
Total comprehensive income / (loss) - net off tax	-	-	-	(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
Profit for the year	**-**	**-**	**-**	**-**	**-**	**569,251,461**	**569,251,461**	**(145,556,143)**	**423,695,318**
Other comprehensive income - net of tax	**-**	**-**	**-**	**896,140,406**	**-**	**2,169,558**	**898,309,964**	**83,859**	**898,393,823**
Total comprehensive income / (loss) - net of tax	**-**	**-**	**-**	**896,140,406**	**-**	**571,421,019**	**1,467,561,425**	**(145,472,284)**	**1,322,089,141**
Advance against issue of share	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(55,000,000)**	**(55,000,000)**
Right shares issue	**25,521,900**	**893,266,500**	**-**	**-**	**-**	**-**	**893,266,500**	**216,507,466**	**1,135,295,866**
Transactions with owners recognized directly in equity:									
Cash dividend for the year ended June 30, 2019 @ Rs.3 per share	**-**	**-**	**-**	**-**	**-**	**(191,414,250)**	**(191,414,250)**	**-**	**(191,414,250)**
Interim cash dividend for the period ended December 31, 2019 @ Rs. 0.50 per share	**-**	**-**	**-**	**-**	**-**	**(31,902,375)**	**(31,902,375)**	**-**	**(31,902,375)**
Balance as at June 30, 2020	**663,569,400**	**1,472,531,500**	**916,862,067**	**41,535,172**	**-**	**6,158,470,644**	**8,589,399,383**	**195,749,872**	**9,448,718,655**

The annexed notes 1 to 51 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, 2020

	Note	2020	2019
		------------ Rupees ------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	45	**5,639,616,679**	2,318,422,214
Gratuity paid	27.1.3	**(33,393,705)**	(23,045,917)
Income tax paid-net		**(541,614,574)**	(345,248,368)
Long term deposits - net off receipts/(paid)		**7,295,409**	(4,989,651)
Net cash generated from operating activities		**5,071,903,809**	1,945,138,278
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure (including CWIP)		**(8,146,574,013)**	(3,200,362,581)
Intangible assets		**-**	(46,927,898)
Investment in associated company	11.1.3	**(16,284,035)**	-
Proceed from sale of long term investment		**-**	196,386,910
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	11.1.3	**122,169,516**	-
Short-term investment	18	**(200,000,000)**	-
Proceeds from disposal of property, plant and equipment	8.5	**60,521,079**	232,464,389
Net cash used in investing activities		**(8,180,167,453)**	(2,818,283,169)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from long term financing-net off repayment		**6,363,077,496**	840,946,246
Lease repayments		**(67,717,487)**	(262,821,083)
Contribution from non-controlling shareholders		**161,507,466**	55,000,000
Receipts from right share issue - net off sponsors' loan - subordinated		**3,430,663**	-
Interest / mark-up paid		**(1,221,558,242)**	(850,478,856)
Dividend paid		**(223,010,340)**	(286,601,373)
Net cash generated from/(used in) financing activities		**5,015,729,556**	(503,955,066)
Net increase / (decrease) in cash and cash equivalents		**1,907,465,912**	(1,377,099,957)
Cash and cash equivalents at the beginning of the year		**(3,263,388,199)**	(1,886,288,242)
Cash and cash equivalents at the end of the year		**(1,355,922,287)**	(3,263,388,199)
Cash and cash equivalents at the end of the year comprise of:			
Cash and bank balances	21	**358,884,421**	36,602,222
Running finance utilized under mark-up arrangements	30	**(1,714,806,708)**	(3,299,990,421)
		(1,355,922,287)	(3,263,388,199)

The annexed notes 1 to 51 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, 2020

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

Ismail Industries Limited (the Holding Company) was incorporated in Karachi, Pakistan as a private limited company on June 21, 1988. On November 01, 1989 the Company was converted into a public limited company. The registered office of the Holding Company is situated at 17 - Bangalore Town, Shahrah-e-Faisal, Karachi, Pakistan. Previously the shares of the Holding Company were listed on the Karachi and Lahore Stock Exchanges. However, due to integration of these Stock Exchanges into Pakistan Stock Exchange Limited effective from January 11, 2016 the shares of the company are now quoted on Pakistan Stock Exchange Limited. Principal activities of the Company are manufacturing and trading of sugar confectionery items, biscuits, potato chips, nutritional products, 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-9
G-1, 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:	Factory:
17 - Bangalore Town, Shahrah-e-Faisal, Karachi.	D-93, North Western Industrial Zone, Port Qasim.

2 SIGNIFICANT EVENTS AND TRANSACTIONS

2.1 The Holding Company has made Capex amounting to Rs. 8,126.87 million during the year. The major expansion pertains to new BOPET Film manufacturing line and establishment of new confectionery division Candyland-II. During the financial year 2019-20 both ventures were under erection and installation phase and we were expecting that these will be fully operative somewhere from April 2020. But due to outbreak of COVID-19, all foreign technicians and engineers left to their countries and BOPET project was stand still, whereas Candyland-II complete the trial production phase till 30 June 2020. Now, the management expects that final installation phase of BOPET will be completed and commercially operative in the first half of financial year 2020-2021.

2.2 During the year, the Group has completed the process to convert Sponsors' loan into ordinary shares of the Group by issuing right shares.

2.3 The Board of Holding company has approved further investment in Hudson Pharma (Private) Limited amounting to Rs. 500 million in last Annual General Meeting of the Group for managing working capital requirement and the same has been converted into ordinary shares.

For further details, refer Director's report on the Group's affairs.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

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

3.3 Functional and presentation currency

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

3.4 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 of the Holding company can govern the financial & operating policies of subsidiary.

Subsidiary Company is consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiary company are prepared for the same reporting period as the Holding Company, using consistent accounting policies.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of a subsidiary is less than hundred percent and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income for the year, even if that results in a deficit balance.

The assets, liabilities, income and expenses of subsidiary are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the Subsidiary Company's shareholders' equity in these consolidated financial statements.

3.5 Standards, Amendments and Interpretations to Approved Accounting Standards

3.5.1 Standards, amendments and interpretations to the published standards that may be 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 14 'Regulatory Deferral accounts'	July 1, 2019
IFRS 16 'Leases'	January 1, 2019
IFRS 12 'Income tax consequences of payment on financial instruments classified as equity	January 1, 2019
IAS 23 'Borrowing costs eligible for capitalization'	January 1, 2019
IFRS 3 'Previously held interest in a joint operation'	January 1, 2019
IFRS 9 'Prepayment features with negative compensation'	January 1, 2019
IFRS 11 'Previously held interest in a joint operation'	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
IAS 19 'Plan Amendment, Curtail or Settlement' (Amendments to IAS 19)	January 1, 2019
Annual improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019

Adoption of the above standard have no significant effect on the amounts for the year ended June 30, 2020 except for those mentioned in impact of new accounting policy note no. 7

3.5.2 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the 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 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
IFRS 7, IFRS 9, and IAS 39 - Interest Rate Benchmark Reform	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.

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

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' - Amendments to IFRS 17	January 1, 2023
IFRS 1 - First time adoption of International Financial Reporting	July 1, 2009

4 IMPACT OF COVID-19 ON FINANCIAL STATEMENTS

A novel strain of coronavirus (COVID-19) was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan(GoP) has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations intercity movements cancellation of major events etc.

These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. The Group is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs).

The Group will continue to actively monitor the situation and may take further steps for safety and in the best interests of the employees, customers, suppliers and other stakeholders. However, the management based on its assessment considered that there would be no significant impact except as disclosed in note 2, that will adversely affect its businesses, results of operations and financial condition in current or future period.

5 USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements in conformity with the approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

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

		Note
a)	Property, plant and equipment	5.1
b)	Stock-in-trade, stores and spares	5.2
c)	Trade debts and other receivables	5.3
d)	Income taxes	5.4
e)	Staff retirement benefits	5.5
f)	Impairment of non financial assets	5.6
g)	Impairment of financial assets	6.24.5

5.1 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.

5.2 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.

5.3 Trade debts

Impairment loss against doubtful trade and other debts is recorded in accordance with basis mentioned in note 6.24.5 of these consolidated finacial statements.

5.4 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.

5.5 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 27.1 to these 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.

5.6 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.

6 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 no. 7 of these consolidated financial statements.

6.1 Property, plant and equipment

6.1.1 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. 8 to the consolidated financial statements. Depreciation on leasehold land is charged to income applying the straight-line method at rates given in note no. 8 to these 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.

6.1.2 Right-of-use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability, for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a diminishing balance as given in note no.8.1 to these consolidated financial statements. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

6.1.3 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress.

These expenditures are transferred to relevant category of property, plant and equipment as and when the assets start operation. Impairment losses if any are recorded on the basis as defined in note 5.6.

6.2 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. The impairment losses if any are recorded on the basis mentioned in note no. 5.6.

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

6.3 Investments in associates

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

6.4 Long term deposits

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

6.5 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 reporting date. Provision is made for obsolete and slow moving items where necessary and is recognized in the consolidated statement of profit or loss.

6.6 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)	Goods 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 necessary to make the sale.

6.7 Trade debts

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.

6.8 Cash and cash equivalents

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

6.9 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.

6.10 Borrowing costs

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

6.11 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 no. 27.1 using the projected unit credit method.

6.12 Lease liabilities

From 1 July 2019, leases are recognised as a right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the Group. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

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

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

6.13 Taxation

6.13.1 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.

6.13.2 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.

6.14 Provisions

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

6.15 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.

6.16 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 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.

6.17 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.

6.18 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.

6.19 Dividend distribution

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

6.20 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 Group to do so.

6.21 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.

6.22 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 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.

6.23 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.

6.24 Financial Instruments - Initial Recognition and subsequent measurement

6.24.1 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.

6.24.2 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.

6.24.3 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.

6.24.4 Subsequent measurement

i) Financial assets at FVTOCI

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

ii) Financial assets and liabilities at amortized cost

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

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of profit or loss. 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.

6.24.5 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.

6.24.6 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 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 Consolidated Statement of profit or loss.

6.24.7 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.

6.25 Revenue from Contracts with Customers

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.

Other income

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.

7. IMPACT OF NEW ACCOUNTING POLICIES

7.1 IFRS 16 - Leases

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

From 1 July 2019, leases are recognised as a right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the Group.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

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

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

The right-of-use assets is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a diminishing balance method at the rates given in note no. 8.1 of consolidated financial statements for the year ended June 30, 2020. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability

	Note	**June 30, 2020**	June 30, 2019
		--------Rupees--------	
Operating fixed assets – decreased by	8	**(306,955,475)**	(331,919,479)
Right-of-use assets – increased by	8.1	**306,955,475**	331,919,479

The above figures have been reclassified to reflect more appropriate presentation.

		Note	2020	2019
			----------- Rupees -----------	
8	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating assets		**14,507,070,801**	12,978,292,357
	Capital work in progress - at cost	8.6	**5,843,052,382**	638,033,846
			20,350,123,183	13,616,326,203
8.1	**Right-of-use assets**		**306,955,475**	331,919,479

8.2 Detail Movement of operating assets and Right-of-use assets are as follows.

Year ended June 30, 2020	Operating assets									Right-of-use assets		
	Leasehold land	Freehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Equipment's	Computers	Vehicles	Grand total	Plant and machinery	Vehicles	Grand total
	-------	-------	-------	-------	-------	-------	Rupees	-------	-------	-------	-------	-------
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
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)
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**
July 01, 2019												
Opening 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
Additions / Transfers from CWIP	-	-	204,644,676	2,542,693,967	20,301,227	24,224,257	9,459,050	64,207,820	2,865,530,997	-	76,024,480	76,024,480
Transfer from leased assets to owned assets												
Cost	-	-	-	-	-	-	-	19,341,765	19,341,765	-	(19,341,765)	(19,341,765)
Accumulated depreciation	-	-	-	-	-	-	-	(8,046,933)	(8,046,933)	-	8,046,933	8,046,933
	-	-	-	-	-	-	-	11,294,832	11,294,832	-	(11,294,832)	(11,294,832)
Disposal												
Cost	-	-	-	(24,444,571)	(29,000)	-	(146,500)	(12,852,896)	(37,472,967)	-	(48,819,785)	(48,819,785)
Accumulated depreciation	-	-	-	19,263,685	20,038	-	66,955	7,376,071	26,726,749	-	19,963,044	19,963,044
	-	-	-	(5,180,886)	(8,962)	-	(79,545)	(5,476,825)	(10,746,218)	-	(28,856,741)	(28,856,741)
Deprecation charge	(9,546,556)	-	(279,218,870)	(968,055,552)	(6,331,375)	(28,856,270)	(9,110,284)	(36,182,262)	(1,337,301,168)	(10,269,196)	(50,567,715)	(60,836,911)
Closing net book value	**904,496,479**	**88,688,580**	**2,618,303,346**	**10,329,337,672**	**65,258,735**	**274,949,241**	**40,239,038**	**185,797,710**	**14,507,070,801**	**92,422,766**	**214,532,709**	**306,955,475**
As at June 30, 2020												
Cost	958,492,804	88,688,580	4,063,249,859	16,334,795,913	108,834,913	393,450,772	71,538,376	341,540,103	22,360,591,320	165,527,276	324,580,872	490,108,148
Accumulated depreciation	(53,996,325)	-	(1,444,946,513)	(6,005,458,241)	(43,576,178)	(118,501,531)	(31,299,338)	(155,742,393)	(7,853,520,519)	(73,104,510)	(110,048,163)	(183,152,673)
Net book value	**904,496,479**	**88,688,580**	**2,618,303,346**	**10,329,337,672**	**65,258,735**	**274,949,241**	**40,239,038**	**185,797,710**	**14,507,070,801**	**92,422,766**	**214,532,709**	**306,955,475**
Depreciation rate (%)	**1**		**10**	**10 to 15**	**10**	**10**	**20**	**20**		**10**	**20**	

Year ended June 30, 2019	Owned assets									Right-of-use assets		
	Leasehold land	Freehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Equipment's	Computers	Vehicles	Grand total	Plant and machinery	Vehicles	Grand 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
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)
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**
July 01, 2018												
Opening 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
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
Transfer From / To 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)	-	-	-
Accumulated depreciation	1,973,694	-	-	272,890	-	-	127,319	16,160,584	18,534,487	-	-	-
	(193,422,225)	-	-	(157,110)	-	-	(447,239)	(27,387,518)	(221,414,092)	-	-	-
Deprecation charge for the year	(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)
Closing net book value	**914,043,035**	**88,688,580**	**2,692,877,540**	**8,759,880,143**	**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**
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
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)
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**
Depreciation rate (%)	**1**		**10**	**10 to 15**	**10**	**10**	**20**	**20**		**10**	**20**	

8.3 The depreciation expense has been allocated as follows:

	Note	2020	2019
		Rupees	
Cost of sales	34	**1,297,482,053**	1,140,434,303
Selling and distribution expenses	35	**46,152,573**	38,834,322
Administrative expenses	36	**54,503,453**	48,081,298
Charge to trial production		**-**	-
		1,398,138,079	1,227,349,923

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

Locations	Usage of Immovable Property	Total Area
17 - Bangalore Town, Shahrah-e-Faisal, Karachi.	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 Karachi	Manufacturing facility - Unit 6	7.50 acres
E164-168, North Western Zone, Port Qasim Karachi.	Manufacturing facility - Unit 7	5.47 acres
E154-157, North Western Zone, Port Qasim Karachi.	Manufacturing facility - Unit 8	5.51 acres
G-1, Hub H.I.T.E., Balochistan.	Manufacturing facility - Unit 9	0.793 acres
D-93 North Western Industrial Zone, Port Qasim Karachi.	Manufacturing facility - Unit 10	2.5 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)	Administrative purpose	2,209.57 sq.ft
A-39 North Western Zone, Port Qasim Karachi.	For future expansion	5.0 acres

8.5 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							
Plant & Machinery							
Generator							
5,860,476	5,184,749	675,727	1,300,000	624,273	Powertec Energy	Independent party	Negotiation
14,560,644	10,880,763	3,679,881	2,000,000	(1,679,881)	Powertec Energy	Independent party	Negotiation
20,421,120	**16,065,512**	**4,355,608**	**3,300,000**	**(1,055,608)**			

Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain / (loss)	Particulars of buyer	Relationship	Mode of disposal
.... Rupees							
Vehicles							
Suzuki Cultus							
1,099,000	588,810	510,190	940,000	429,810	Waqar Hussain	Independent party	Negotiation
1,120,000	572,540	547,460	955,000	407,540	Kamran Ahmed	Employee	Company policy
1,129,000	540,768	588,232	1,000,000	411,768	Hamid Hussain	Independent party	Negotiation
1,264,550	534,740	729,810	1,375,000	645,190	Muhammad Azam Iqbal	Independent party	Negotiation
1,265,000	533,061	731,939	1,400,000	668,061	Syed Muhammad Abbas	Employee	Company policy
1,265,000	498,277	766,723	1,355,000	588,277	Muhammad Azam Iqbal	Independent party	Negotiation
1,267,960	488,393	779,567	1,400,000	620,433	Ali Raza Kazmi	Independent party	Negotiation
1,267,960	484,536	783,424	1,355,000	571,576	Waqar Hussain	Independent party	Negotiation
1,267,960	473,107	794,853	1,340,000	545,147	Muhammad Azam Iqbal	Independent party	Negotiation
1,370,550	319,203	1,051,348	1,445,000	393,653	Muhammad Azam Iqbal	Independent party	Negotiation
1,398,450	324,148	1,074,302	1,455,000	380,698	Muhammad Azam Iqbal	Independent party	Negotiation
1,397,950	283,199	1,114,751	1,445,000	330,249	Waqas Ullah Khan	Independent party	Negotiation
15,113,380	**5,640,782**	**9,472,599**	**15,465,000**	**5,992,402**			

Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain / (loss)	Particulars of buyer	Relationship	Mode of disposal
.... Rupees							
Suzuki Mehran							
744,705	241,009	503,696	690,000	186,304	Hamid Hussain	Independent party	Negotiation
744,705	232,536	512,169	690,000	177,831	Hamid Hussain	Independent party	Negotiation
852,975	184,783	668,192	785,000	116,808	Muhammad Azam Iqbal	Independent party	Negotiation
2,342,385	**658,328**	**1,684,057**	**2,165,000**	**480,943**			
Toyota Corolla							
1,792,000	970,697	821,303	831,568	10,265	Owais Motiwala	Employee	Company policy
1,792,000	913,695	878,305	2,015,000	1,136,695	Waqar Hussain	Independent party	Negotiation
1,787,500	822,177	965,323	1,900,000	934,677	Affan Ali	Independent party	Negotiation
1,964,000	788,766	1,175,234	2,420,000	1,244,766	Hamid Hussain	Independent party	Negotiation
1,919,700	621,765	1,297,935	2,225,000	927,065	Abdul Khaliq	Employee	Company policy
2,017,950	700,720	1,317,230	1,969,000	651,770	EFU General Insurance	Insurance claim	Insurance policy
11,273,150	**4,817,820**	**6,455,330**	**11,360,568**	**4,905,238**			
Honda Civic							
2,690,730	1,927,213	763,517	1,700,000	936,483	Ali Raza Kazmi	Independent party	Negotiation
3,180,260	497,280	2,682,980	3,108,000	425,020	Jubilee Takaful	Insurance claim	Insurance policy
5,870,990	**2,424,493**	**3,446,497**	**4,808,000**	**1,361,503**			

	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain / (loss)	Particulars of buyer	Relationship	Mode of disposal
	.... Rupees							
Honda City								
	1,692,140	1,040,660	651,480	825,474	173,994	Mr Yousuf Alam	Employee	Company policy
	56,713,165	**30,647,594**	**26,065,571**	**37,924,042**	**11,858,471**			

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	4,023,451	3,198,174	825,277	2,025,000	1,199,723
Vehicles	25,380,636	12,757,032	12,623,604	20,468,557	7,844,953
Furniture	29,000	20,037	8,963	21,000	12,037
Computer	146,500	66,955	79,545	82,480	2,935
Sub-total	**29,579,587**	**16,042,198**	**13,537,389**	**22,597,037**	**9,059,648**
2020 - total	**86,292,752**	**46,689,793**	**39,602,959**	**60,521,079**	**20,918,120**
2019 - total	239,948,579	18,534,487	221,414,092	232,464,389	11,050,297

8.5.1 All disposal are made through negotiation otherwise specified in 8.5 of these consolidated financial statements.

		Note	2020	2019
			------------Rupees---------	
8.6	**Capital work-in-progress**			
	Civil works		**669,748,424**	96,590,116
	Plant and machinery		**5,173,303,958**	541,443,730
		8.6.1	**5,843,052,382**	638,033,846

8.6.1 Movement of capital work in progress:

	Note	Civil works	Plant and machinery	Equipment and fittings	Total
		-----------------------------Rupees-----------------------------			
Balance as at July 1, 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
Capital expenditure incurred during the year		**777,802,984**	**6,941,725,541**	**-**	**7,719,528,525**
Trial production cost incurred	8.6.2	**-**	**231,817,304**	**-**	**231,817,304**
Transferred to operating fixed assets		**(204,644,676)**	**(2,541,682,617)**	**-**	**(2,746,327,293)**
Balance as at June 30, 2020		**669,748,424**	**5,173,303,958**	**-**	**5,843,052,382**

		Note	2020	2019
8.6.2	**Trial production cost**		------------Rupees---------	
	Net sales	32	**(51,490,015)**	-
	Cost of sales	34	**209,133,763**	-
	Selling and distribution expenses	35	**15,500,980**	-
	Administration expenses	36	**783,780**	-
	Other operating expenses	37	**6,188,796**	-
	Finance cost	39	**51,700,000**	-
			231,817,304	-

The Holding Company has completed its trial production phase Candyland-II division till the completion of financial year. Therefore, the related sales and expenses have been transferred to CWIP as trial production cost.

		Note	2020	2019
9	**INTANGIBLE ASSETS**		------------Rupees---------	
	Software	9.1	**85,453,143**	88,667,156
	Less: Amortization charge for the year		**(30,159,933)**	(3,214,013)
	Closing net Book Value		**55,293,210**	85,453,143
	As at June 30			
	Cost		**88,667,156**	88,667,156
	Accumulated amortisation		**(33,373,946)**	(3,214,013)
	Net book value		**55,293,210**	85,453,143
	Amortization rate (%)		**33.33%**	**33.33%**

9.1 Represent various computer softwares amortized on straight line basis over a period of 36 months.

		Note	2020	2019
9.2	The amortization charge has been allocated as follows:		------------Rupees---------	
	Cost of sales	34	**15,157,980**	1,480,952
	Selling and distribution expenses	35	**8,369,175**	934,207
	Administrative expenses	36	**6,632,778**	798,854
			30,159,933	3,214,013
10	**GOODWILL**	10.1	**11,959,187**	11,959,187

10.1 This represents amount recognized on acquisition of subsidiary

	Note	2020	2019
		------------Rupees---------	

11 LONG TERM INVESTMENTS

11.1 Investment in associated companies

	Note	2020	2019
Novelty Enterprises (Private) Limited	11.1.1	**228,703,777**	228,717,751
The Bank of Khyber	11.1.2	**3,441,616,096**	2,001,232,631
		3,670,319,873	2,229,950,382

11.1.1 Novelty Enterprises (Private) Limited

The Group holds 33% (2019: 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, 2020 based on un-audited financial statements amounted to Rs. 561.386 million (2019: Rs. 561.428 million based on audited financial statements). However, as per report of an independent valuer, Masud Associates dated December 15, 2019 fair value of fixed assets of NEL amounted to Rs. 1,079.84 million resulting in surplus on fixed assets of Rs. 518.454 million. Revised net assets after the revaluation surplus amounted to Rs. 1,079.84 million (2019: Rs. 1,045.063 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.

11.1.2 The Bank of Khyber

The total shareholding of the Holding Company in the Bank of Khyber (the Bank) is 244,339,031 shares (2019: 241,639,031 shares) which represents 24.43% of paid-up capital of the Bank (2019: 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, 2019 and from reviewed condensed interim financial information of the Bank for the six-month periods ended June 30, 2019 and June 30, 2020. Adjustment to confirm to the Bank's accounting policies are 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, 2020 was Rs. 3,467.171 million (June 30, 2019: Rs. 2,382.561 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:

11.1.3

	Note	The Bank of Khyber		Novelty Enterprises (Private) Limited		Total	
		2020	2019	**2020**	2019	**2020**	2019
		--Rupees--					
Balance as at July 1		**2,001,232,631**	2,530,641,520	**228,717,751**	228,727,912	**2,229,950,382**	2,759,369,432
Investment made during the year	11.1.2	**16,284,035**	-	**-**	-	**16,284,035**	-
Share of profit/(loss)		**491,986,115**	45,395,175	**(13,974)**	(10,161)	**491,972,141**	45,385,014
Dividend received		**(122,169,516)**	-	**-**	-	**(122,169,516)**	-
Share of other comprehensive income/(loss)		**1,054,282,831**	(574,804,064)	**-**	-	**1,054,282,831**	(574,804,064)
Balance as at June 30		**3,441,616,096**	2,001,232,631	**228,703,777**	228,717,751	**3,670,319,873**	2,229,950,382

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	
	2020	2019	**2020**	2019
	------------Rupees---------			
Assets	**318,194,917,000**	235,558,869,000	**561,419,274**	561,456,320
Liabilities	**300,436,247,000**	223,629,985,000	**33,060**	27,760
Revenue	**5,673,133,000**	4,810,409,000	**-**	-
Profit / (loss)	**2,014,047,000**	187,911,000	**(36,606)**	(30,791)

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, Rs. 0.50 per share cash dividend have been received from the Bank of Khyber (2019: Rs. Nil)

12 LONG TERM DEPOSITS

	Note	**2020**	2019
		------------Rupees---------	
Lease - Conventional		**13,702,400**	21,351,958
Lease - Islamic		**12,282,390**	8,362,240
Less: Current maturity - Conventional	17	**(8,686,100)**	(6,360,770)
		17,298,690	23,353,428
Utilities		**14,079,151**	11,049,092
Others		**9,312,598**	13,583,328
		40,690,439	47,985,848

13 STORES AND SPARES

	Note	**2020**	2019
Stores	13.1	**101,800,209**	93,198,627
Spare parts	13.1	**235,920,613**	189,002,484
Others	13.1	**30,223,741**	10,686,480
		367,944,563	292,887,591

13.1 Reconciliation of provision for slow moving spare parts

	Note	**2020**			
		Stores	**Spare parts**	**Others**	**Total**
		-------------------- **Rupees** --------------------			
Stores and spares		**110,391,629**	**235,920,613**	**30,223,741**	**376,535,983**
Provision for slow moving					
- opening		**(8,591,420)**	**-**	**-**	**(8,591,420)**
- charge for the year		**-**	**-**	**-**	**-**
- closing		**(8,591,420)**	**-**	**-**	**(8,591,420)**
Stores and spares - net		**101,800,209**	**235,920,613**	**30,223,741**	**367,944,563**

	2019			
	Stores	Spare parts	Others	Total
	-------------------- Rupees --------------------			
Stores and spares	101,790,047	189,002,484	10,686,480	301,479,011
Provision for slow moving				
- opening	(8,591,420)	-	-	(8,591,420)
- charge for the year	-	-	-	-
- closing	(8,591,420)	-	-	(8,591,420)
Stores and spares - net	93,198,627	189,002,484	10,686,480	292,887,591

14 STOCK-IN-TRADE

	Note	2020	2019
		------------Rupees---------	
Raw materials	14.1 & 14.2	**2,819,975,284**	3,001,271,860
Packing materials	14.1	**674,934,704**	459,813,889
Work-in-process	34	**175,501,874**	82,183,155
Finished goods	14.1	**2,741,590,585**	1,718,626,567
		6,412,002,447	5,261,895,471

14.1 Reconciliation of provision for stock-in-trade

	Note	2020 Raw materials	2020 Packing materials	2020 Finished goods
		---------------------- Rupees	--------------------	
Stock-in-trade		**2,832,934,374**	**784,783,252**	**2,741,590,585**
Provision for slow moving				
- opening		**(13,384,583)**	**(109,848,548)**	**-**
- reversal of provision	34.1	**425,493**	**-**	**-**
- closing		**(12,959,090)**	**(109,848,548)**	**-**
Stock-in-trade-net		**2,819,975,284**	**674,934,704**	**2,741,590,585**

	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)	-
- charge for the year		-	-	-
- written off	34.1	-	(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

14.2 This includes raw materials in transit amounting to Rs. 275,163,978 (June 30, 2019: Rs. 259,269,436).

15 TRADE DEBTS

	Note	2020	2019
		------------Rupees---------	
Considered good			
- export-secured		**1,056,320,953**	784,297,206
- local- unsecured	15.3	**2,410,262,109**	2,060,475,096
Trade debts		**3,466,583,062**	2,844,772,302
Allowance for expected credit loss	15.1	**(95,970,640)**	(76,343,145)
Trade debts - net		**3,370,612,422**	2,768,429,157

15.1 Allowance for expected credit loss

	Note	2020	2019
Balance at the beginning of the year		**(76,343,145)**	(51,963,694)
Charge during the year - net	35	**(19,627,495)**	(24,379,451)
Balance at the end of the year		**(95,970,640)**	(76,343,145)

15.2 Age analysis

	2020	2019
Not Due	**2,561,220,208**	2,098,175,663
More than 45 days but not more than 3 months	**359,316,255**	321,633,973
More than 3 months but not more than 6 months	**303,067,564**	290,433,386
More than 6 months but not more than 1 year	**177,365,639**	82,565,781
More than 1 year	**65,613,396**	51,963,498
	3,466,583,062	2,844,772,301

15.3 There is no receivables from related party at reporting date (2019: Nil).

16 LOANS AND ADVANCES

	Note	2020	2019
		------------Rupees---------	
Loan to employees - secured	16.1	**51,612,616**	42,962,151
Advances - unsecured			
- suppliers		**839,444,237**	1,532,235,226
- LC margins		**61,078,888**	41,011,447
- Others		**-**	17,899,292
		952,135,742	1,634,108,116

16.1 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 Group is adjustable against final settlement of staff gratuity.

17 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2020	2019
		------------Rupees---------	
Trade deposits - unsecured		**22,517,610**	28,096,589
Short term prepayments		**12,611,798**	2,815,753
Current maturity of lease deposits-			
Conventional	12	**8,686,100**	6,360,770
		43,815,508	37,273,112

18 SHORT TERM INVESTMENT

During the year, the Group has made an investment in un-listed term finance certificates of Habib Bank Limited amounting to Rs. 200 million, which is classified as fair value through other comprehensive income. These investments carry interest rate three months Kibor + 160 bps and recorded at cost due to non availibility of market value.

19 OTHER RECEIVABLES

	Note	2020	2019
		------------Rupees---------	
Export rebate		**19,588,761**	29,545,423
Federal excise duty		**-**	2,024,953
Other receivables	19.1	**100,330,575**	100,392,428
		119,919,336	131,962,804

19.1 This amounts includes Rs. 100.217 million (June 30 2019: Rs.100.217 million) due from Nazir of the Sindh High Court as refer in note 31.1.3.

20 TAXATION - net

	Note	2020	2019
		------------Rupees---------	
Advance income tax		**1,578,085,444**	1,239,711,016
Provision for taxation	42	**(281,774,529)**	(293,841,399)
		1,296,310,915	945,869,617

21 CASH AND BANK BALANCES

	Note	2020	2019
Cash in hand		**18,483,676**	8,395,095
Cash at banks:			
- current accounts - conventional	21.1	**220,956,910**	23,717,548
- current accounts - Islamic		**119,443,835**	4,489,579
		358,884,421	36,602,222

21.1 This includes Rs. Nil (June 2019 Rs. 65,534) held with Bank of Khyber (related party).

22 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

Number of Shares 2020	Number of Shares 2019		2020 Rupees	2019 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 Rs.10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation	**132,840,000**	132,840,000
2,552,190	-	Ordinary shares of Rs.10 each issued as fully paid against cash consideration through right issue	**25,521,900**	-
66,356,940	63,804,750		**663,569,400**	638,047,500

23 RESERVES

	Note	2020 Rupees	2019 Rupees
Capital Reserve			
- Share premium	23.1	**1,472,531,500**	579,265,000
- Remeasurement of investment in associate		**41,535,172**	(854,605,234)
- Reserve arising due to amalgamation	23.2	**916,862,067**	916,862,067
Revenue Reserve			
- Unappropriated profit		**6,158,470,644**	5,810,366,250
- Remeasurement of investments at fair value through OCI		**-**	-
Total reserves	23.3	**8,589,399,383**	6,451,888,083

23.1 The increase in share premium account pertains to issue of right share at the premium of Rs. 350 This reserve can be utilized by the Group for the purpose specified in section 81(2) of the Companies Act, 2017.

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

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

24 SPONSORS' LOAN - subordinated

	2020 Rupees	2019 Rupees
Sponsors' loan - Subordinated	**-**	915,357,737

24.1 During the year, the sponsors' loan have been converted into ordinary shares through the issue of right shares.

25 LONG TERM FINANCES - secured

	Note	2020 Rupees	2019 Rupees
Long term finances - secured - conventional	25.1	**10,949,430,620**	5,062,214,559
Long term finances - secured - islamic	25.2	**2,931,877,390**	1,422,686,774
Total long term finances - secured		**13,881,308,010**	6,484,901,333

25.1 *CONVENTIONAL*

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2020	2019
					--------- Rupees ---------	
Habib Bank Limited						
- Term Finance - FCY	Monthly	2021-2024	1 month EURIBOR + 1.75%	36	**738,680,000**	-
- SBP-LTFF	Quarterly	2018-2030	SBP + 0.25%	36	**382,696,040**	423,999,975
- Term finance	Monthly	2017-2023	1 month KIBOR + 0.25%	60	**208,333,341**	283,333,342
- SBP-LTFF	Quarterly	2021-2030	SBP + 0.25%	34	**1,341,810,108**	305,335,128
Bank Al-Habib Limited						
- Term finance	Monthly	2018-2022	3 months KIBOR + 0.25%	42	**42,857,136**	74,999,991
- SBP-LTFF	Quarterly	2019-2029	SBP + 0.75%	32	**346,543,000**	385,435,000
- SBP-LTFF	Quarterly	2020-2029	SBP + 0.50%	32	**53,363,000**	56,727,000
MCB Bank Limited						
- SBP-LTFF	Quarterly	2018-2028	SBP + 0.75%	36	**247,046,948**	275,520,152
- SBP-LTFF	Quarterly	2020-2030	SBP + 0.25%	36	**474,275,169**	487,894,244
Allied Bank Limited						
- SBP-LTFF	Semi-annual	2022-2031	SBP +0.25%/0.75%	18	**1,749,413,000**	-
- Term finance	Monthly	2021-2024	3 months KIBOR + 0.25%	48	**400,000,000**	-
- Term finance	Monthly	2015-2021	3 months KIBOR + 0.25%	60	**7,920,911**	79,208,669
- Term finance	Monthly	2018-2022	3 months KIBOR + 0.25%	36	**100,000,008**	183,333,338
- Term finance	Monthly	2016-2022	3 months KIBOR + 0.25%	60	**74,620,000**	122,590,000
Balance carried forward					**6,167,558,661**	2,678,376,839

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2020	2019
					--------- Rupees ---------	
Balance brought forward					**6,167,558,661**	2,678,376,839
Pak Brunei Investment Company Limited						
- SBP-LTFF	Quarterly	2020-2029	SBP + 0.5%	32	**496,424,000**	499,244,000
- SBP-LTFF	Quarterly	2021-2030	SBP + 0.5%	32	**193,574,000**	193,574,000
Pak Oman Investment Company Limited						
- Term finance	Monthly	2016-2022	1 month KIBOR + 0.5%	60	**50,000,000**	95,000,000
- SBP-LTFF	Quarterly	2022-2030	SBP + 1.5%	32	**474,566,000**	379,843,000
Bank Al falah Limited						
- Term finance	Quarterly	2022-2025	6 month KIBOR + 0.75%	16	**500,000,000**	-
- SBP-LTFF	Quarterly	2017-2029	SBP+0.5%	40/36	**357,994,963**	399,300,043
JS Bank Limited						
- Term finance	Monthly	2016-2020	1 month KIBOR + 0.25%	42	**-**	23,545,066
-SBP salary finance	Quarterly	2021-2023	SBP+3%	8	**647,866,294**	-
- SBP-LTFF	Quarterly	2021-2030	SBP+0.30%	32	**129,759,000**	129,759,000
- Term finance	Monthly	2019-2023	1 month KIBOR + 0.3%	36	**138,888,889**	188,888,889
- Term finance	Monthly	2018-2022	3 month KIBOR + 0.3%	36	**62,500,000**	100,000,000
-SBP salary finance	Quarterly	2021-2023	SBP+3%	8	**47,738,158**	-
Faysal Bank Limited						
- Term finance	Monthly	2017-2022	3 months KIBOR + 0.25%	48	**93,750,000**	197,916,667
National Bank of Pakistan						
- Term finance	Monthly	2019-2023	1 month KIBOR + 0.25%	48	**225,000,007**	308,333,337
- SBP-LTFF	Quarterly	2021-2030	SBP+0.65%	36	**938,168,080**	-
Askari Bank Limited						
- SBP-LTFF	Quarterly	2021-2031	SBP+0.50%	40	**230,347,000**	230,347,000
- Term finance	Monthly	2019-2024	1 month KIBOR + 0.50%	48	**316,666,670**	391,666,667
Balance carried forward					**11,070,801,722**	5,815,794,508

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2020	2019
					--------- Rupees ---------	
Balance brought forward					**11,070,801,722**	5,815,794,508
Soneri Bank Limited						
- Term finance	Monthly	2019-2025	1 month KIBOR + 0.75%	60	**416,666,670**	491,666,667
PAIR Investment Company Limited						
- Term finance	Quarterly	2021-2025	3 month KIBOR + 0.75%	16	**300,000,000**	-
Total long term loan - secured					**11,787,468,392**	6,307,461,175
Less: Current portion of long term finances shown under current liabilities					**(838,037,772)**	(1,245,246,616)
					10,949,430,620	**5,062,214,559**

25.2 *ISLAMIC*

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2020	2019
					--------- Rupees ---------	
Habib Bank Limited						
- Islamic financing	Monthly	2016-2022	1 month KIBOR + 0.25%	60	**125,000,015**	200,000,100
MCB Islamic Bank ltd						
- Islamic financing	Quarterly	2018-2023	3 months KIBOR + 0.25%	20	**157,500,000**	210,000,000
Dubai Islamic Bank Pakistan Limited						
- SBP ILTFF	Quarterly	2022-2027	SBP+1%	20	**292,653,700**	-
- Islamic financing	Quarterly	2017-2022	3 months KIBOR + 0.25%	16	**50,000,000**	87,500,000
Meezan Bank Limited						
- Islamic financing	Monthly	2018-2020	3 months KIBOR + 0.25%	24	**-**	145,833,339
- Islamic financing	Monthly	2022-2025	1 month KIBOR + 0.75%	48	**1,000,000,000**	-
- Islamic financing	Monthly	2022-2025	1 month KIBOR + 0.75%	48	**400,000,000**	-
- Islamic financing	Monthly	2019-2022	3 month KIBOR + 0.25%	36	**166,666,669**	266,666,668
- Islamic financing	Monthly	2020-2023	3 month KIBOR + 0.25%	24	**375,000,002**	500,000,000
- Islamic financing	Quarterly	2020-2025	3 months KIBOR + 0.25%	20	**170,000,000**	200,000,000
Bank Islami Pakistan Limited						
- Islamic financing	Monthly	2018-2020	3 months KIBOR + 0.25%	24	**-**	168,750,000
Balance carried forward					**2,736,820,386**	1,778,750,107

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2020	2019
					--------- Rupees ---------	
Balance brought forward					**2,736,820,386**	1,778,750,107
Faysal Bank Limited						
- Islamic financing	Quarterly	2018-2022	3 months KIBOR + 0.25%	16	**93,750,000**	168,750,000
- SBP-LTFF	Quarterly	2022-2030	SBP+1%	36	**299,770,000**	299,770,000
Total long term loan - secured					**3,130,340,386**	2,247,270,107
Less: Current portion of long term finances shown under current liabilities					**(198,462,996)**	(824,583,333)
					2,931,877,390	1,422,686,774

25.3 These represent financings for property, plant, and equipment. The above mentioned facilities are secured by way of creation of equitable mortgage and first pari-passu / ranking charge over present and future fixed assets of the Group and personal guarantees of sponsors.

25.4 The Group's total limit for long term loan amounting to Rs. 19,815 million. (June 2019: Rs. 13,870 million).

25.5 During the year, the Group has requested Banks/Financial Institutions who have extended long term loans facilities to defer the repayment of principal loan amounts by one year in relevance of BPRD Circular Letter no. 13 of 2020 issued by the State Bank of Pakistan (the SBP). The idea behind this policy of the SBP is to combat the impact of COVID-19 and to help the businesses. The Group will continue to service the mark-up to Banks/Financial Institutions as per agreed terms and conditions with them.

25.6 During the year, the Group entered into a long-term loan agreement with JS Bank Limited- conventional amounting to Rs. 706.50 million under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns by the State Bank of Pakistan. The loan is repayable in eight equal quarterly instalments, starting from January 2021. This long term financing facility is secured by way of hypothecation charge over fixed assets of the Company. The facility carries mark-up at State Bank of Pakistan (SBP) rate (currently 0%) plus bank's spread of 3% per annum starting from the date of disbursement and is payable in arrears on quarterly basis.

26 LEASE LIABILITIES

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 8.78% to 14.73% (2019: 7.48% to 13.70%) per annum and financing from Islamic banks carry mark-up at rates ranging from 8.39% to 14.68% (2019: 7.18% to 13.63%) 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. 306.96 million (2019: Rs. 331.92 million) (refer note 8.1)

These are secured against deposits of Rs. 23.64 million (2019: Rs 27.67 million), title of ownership of leased assets and personal guarantees of the directors of the Group.
Maturity analysis of lease repayments for which the Group has committed to pay in future under the lease agreements are due as follows:

	2020 Minimum lease payments	2020 Financial charges allocated	2020 Present value of minimum lease payments	2019 Minimum lease payments	2019 Financial charges allocated	2019 Present value of minimum lease payments
	---- Rupees ----					
Conventional						
Up to one year	**20,316,233**	**1,661,354**	**18,654,879**	54,056,409	3,533,779	50,522,630
Later than one year but not later than five years	**19,003,092**	**656,870**	**18,346,222**	42,752,374	905,716	41,846,658
	39,319,325	**2,318,224**	**37,001,101**	96,808,783	4,439,495	92,369,288
Islamic						
Up to one year	**69,871,417**	**11,244,460**	**58,626,957**	60,599,603	10,902,388	49,697,215
Later than one year but not later than five years	**79,015,326**	**6,116,467**	**72,898,859**	103,226,394	9,048,493	94,177,901
	148,886,743	**17,360,927**	**131,525,816**	163,825,997	19,950,881	143,875,116
	188,206,068	**19,679,151**	**168,526,917**	260,634,780	24,390,376	236,244,404

27 DEFERRED LIABILITIES

	Note	2020	2019
		--------- Rupees ---------	
Provision for staff gratuity scheme - unfunded	27.1	**458,656,452**	369,541,421
Deferred tax liability	27.2	**1,632,596,023**	1,274,088,154
		2,091,252,475	1,643,629,575

27.1 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, 2020, using the "Projected Unit Credit Method". Provision has been made in these consolidated financial statements to cover obligations in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation and disclosures in respect of above-mentioned schemes are as follows:

27.1.1 Significant actuarial assumptions

	2020	2019
	--------- Rupees ---------	
Financial assumptions		
Discount rate (per annum)	**9.25%**	14.50%
Expected rate of increase in salaries (per annum)	**9.25%**	14.50%
Demographic assumptions		
Mortality rates (for death in service)	**Adjusted SLIC 2001-2005**	Adjusted SLIC 2001-2005
Retirement assumption	**60 years**	60 years

27.1.2 Consolidated Statement of Financial Position reconciliation

	Note	2020	2019
		--------- Rupees ---------	
Present value of defined benefit obligation	27.1.3	**458,656,452**	369,541,421
Fair value of plan assets		**-**	-
Net liability in balance sheet		**458,656,452**	369,541,421

		Note	2020	2019
			--------- Rupees ---------	
27.1.3	**Movement in the defined benefit obligation**			
	Present value of defined benefit obligation as at July 1		**369,541,421**	239,551,893
	Current service cost		**83,394,721**	61,251,689
	Past service cost		**5,622,164**	19,319,255
	Interest cost		**50,150,154**	22,624,819
	Re-measurement on obligation	27.1.7	**(3,054,221)**	51,971,418
	Payments during the year		**(33,393,705)**	(23,045,917)
	Benefits payable transferred to short term liability		**(13,604,082)**	(2,131,736)
	Present value of defined benefit obligation as at June 30		**458,656,452**	369,541,421
27.1.4	**Movement in the net liability at reporting date is as follows:**			
	Opening balance of net liability		**369,541,421**	239,551,893
	Charge for the year	27.1.5	**139,167,039**	103,195,763
	Re-measurements recognized in 'OCI'	27.1.7	**(3,054,221)**	51,971,418
	Payments during the year		**(33,393,705)**	(23,045,917)
	Benefits payable transferred to short term liability		**(13,604,082)**	(2,131,736)
	Closing balance of net liability		**458,656,452**	369,541,421
27.1.5	**The amounts recognized in the Consolidated statement of profit or loss account against defined benefit scheme are as follows:**			
	Current service cost		**83,394,721**	59,735,507
	Past service cost		**5,622,164**	20,835,437
	Interest cost		**50,150,154**	22,624,819
	Expected return on plan assets		**-**	-
	Charge for the year		**139,167,039**	103,195,763

27.1.6 For the year ended June 30, 2021, expected provisions to the staff retirement benefit scheme is Rs.131.761 million.

		2020	2019
		--------- Rupees ---------	
27.1.7	**Re-measurement recognized in 'other comprehensive income'**		
	Experience (gains) / losses	**(3,054,221)**	51,971,418
	Re-measurement of the fair value of the plan assets	**-**	-
		(3,054,221)	51,971,418
	Related deferred tax	**800,804**	(15,503,533)
		(2,253,417)	36,467,885

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

Comparison for five years	2020	2019	2018	2017	2016
	----Rupees----				
Present value of the defined benefit obligation	458,656,452	369,541,421	239,551,893	178,356,600	125,731,191

27.1.9 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%	413,160,712	(512,442,958)
Salary growth rate	1%	512,690,281	(412,075,833)

27.1.10 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 consolidated statement of financial position.

27.2 Deferred taxation	**2020**	2019
	--------- Rupees ---------	
- accelerated tax depreciation allowances	**1,649,441,875**	1,476,261,432
- provision for gratuity	**(126,703,904)**	(103,986,578)
- allowance for expected credit loss	**(27,831,486)**	(22,139,512)
- investment in associates at fair value through OCI	**175,795,267**	(37,818,069)
- provision for stores and spares	**(2,491,512)**	(2,491,512)
- provision for stock in trade	**(35,614,215)**	(35,737,608)
Deferred tax liability	**1,632,596,025**	1,274,088,153

27.2.1 The movement in temporary differences is as follows:

	Balance as at July 1, 2018	Recognized in Consolidated Statement of profit or loss	Recognized in Statement of other comprehensive income	Balance as at June 30, 2019	Recognized in Consolidated Statement of profit or loss	Recognized in Statement of other comprehensiv e income	Balance as at June 30, 2020
	----Rupees----						
Provision for gratuity	(73,066,546)	(15,416,499)	(15,503,533)	(103,986,578)	(23,518,130)	800,804	(126,703,904)
Allowance for expected credit loss	(15,589,108)	(6,550,404)	-	(22,139,512)	(5,691,974)		(27,831,486)
Investment in associates at fair value through OCI	69,940,615	(21,538,074)	86,220,610	(37,818,069)	55,470,910	158,142,425	175,795,267
Other investment at fair value through OCI	3,979,706	(3,979,706)	-	-	-	-	-
Unabsorbed depreciation loss	-	-	-	-	-	-	-
Provision for stores & spares	(2,577,426)	85,914	-	(2,491,512)	-	-	(2,491,512)
Provision for stock in trade	(42,635,886)	6,898,278	-	(35,737,608)	123,393	-	(35,614,215)
Accelerated tax depreciation allowances	1,259,672,650	216,588,782	-	1,476,261,432	173,180,443	-	1,649,441,875
	1,199,724,005	176,088,291	70,717,077	1,274,088,153	199,564,642	158,943,229	1,632,596,025

		Note	2020	2019
			--------- Rupees ---------	
28	**TRADE AND OTHER PAYABLES**			
	Trade creditors	28.1	**2,256,405,358**	1,395,260,414
	Accrued liabilities		**810,943,256**	501,240,982
	Gratuity payable	28.2	**13,604,082**	2,131,736
	Workers' profit participation fund	28.3	**54,621,136**	54,718,374
	Workers' welfare fund		**26,993,940**	28,892,420
	Sales tax payable		**299,733,305**	89,008,333
	Advances from customers - unsecured		**1,027,203**	-
	Other liabilities		**28,609,711**	35,554,382
			3,491,937,991	2,106,806,641

28.1 This includes payable to related party amounting to Rs. 30.75 million (2019:Rs. 14.58 million)

28.2 This represents benefits payable transferred to short term liability (note 27.1.3)

		Note	2020	2019
			--------- Rupees ---------	
28.3	**Workers' profit participation fund**			
	Balance at the beginning of the year		**54,718,374**	91,008,126
	Contribution for the year	37	**71,036,685**	76,032,684
	Interest on funds utilized in the Company's business	39	**1,697,092**	3,622,596
			127,452,151	170,663,406
	Less: Payments made during the year		**(72,831,015)**	(115,945,032)
	Balance at the end of the year		**54,621,136**	54,718,374
29	**ACCRUED MARK-UP**			
	Accrued mark-up on:			
	Conventional			
	- long term finances - secured		**69,815,026**	55,287,458
	- short term finances - secured		**96,951,855**	111,413,476
	Islamic			
	- long term finances - secured		**20,015,724**	17,288,920
	- short term finances - secured		**12,954,977**	25,775,680
			199,737,582	209,765,534
30	**SHORT TERM FINANCES - Secured**			
	From banking companies			
	Term finances - conventional	30.1	**855,000,000**	895,013,390
	Term finances - islamic	30.2	**971,931,342**	1,599,200,000
	Export refinances	30.3	**3,248,186,980**	505,700,000
	Running finance utilized under mark-up arrangements	30.4	**1,714,806,708**	3,299,990,422
			6,789,925,030	6,299,903,812

30.1 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 1,005 million (2019: Rs. 1,005 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 8.43% to 14.29% per annum (2019: 6.24% to 13.21% per annum).

30.2 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 1,000 million (2019: Rs. 1,600 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 8.09% to 14.38% per annum (2019: 6.56% to 13.16% per annum).

30.3 These represent facilities for export refinance arranged from various banks aggregating to Rs. 3,650.70 million (2019: Rs. 685.70 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 1% above the State Bank of Pakistan (SBP) rate per annum (2019: 0.25 to 0.50% above SBP rate per annum).

30.4 These represent facilities for running finances available from various banks aggregated to Rs. 4,039.30 million (2019: Rs. 4,804.30 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 8.43% to 14.86% per annum (2019: 7.02% to 13.54 % per annum).

31 CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

31.1.1 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 on 2nd June, 2015 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.

31.1.2 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 (2019: 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 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.

31.1.3 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 Resin). 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 in so far 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 (2019: Rs. 100.217 million) and issued post dated cheques amounting to Rs. 100.217 million (2019: 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.

31.1.4 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 on 22 October, 2018, (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 Holding Company and ordered the concerned authorities to release the goods on furnishing of bank guarantees with the Nazir of the High Court and the concerned collectorate against all consignments which 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 Holding company has a good prima facie case.

31.1.5 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 Holding 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 Holding 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 2020, 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.

31.1.6 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 regarding sales tax audit. 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 2020, 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.

31.1.7 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 dated August 16, 2011 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.

31.1.8 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 Holding 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 Holding Company with the instructions to refund the GIDC collected so far by the Federation. However, the Government filed an appeal in SHC, where the Holding Company was not party to such litigation. The Honorable Supreme Court of Pakistan (SCP), has disposed off the case on 13 August, 2020 and instruct the gas distribution companies to recover the outstanding amount in 24 equal installments only from those customer who have already passed the burden to their respective customers. Based on the judgement of SCP, the Company has obtained the stay order from SHC on 16 September, 2020 against the gas distribution companies for recovering of outstanding GIDC and diconnection of gas supply. Further, the Holding Company is also in the process of filing the review petition in SCP. Therefore the management is of the view that there is no need to maintain any provision against this liability. The legal counsel of the Holding Company is confident that decision of the case will be in favor of the Holding Company.

31.1.9 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.

31.1.10 Through Finance Act, 2019, the Government has reduced tax credit available on new investment under Section 65B from 10% to 5% in FY-2019 and Nil from onward. The Holding company has challenged the provision of Finance Act, 2019 before the Honorable Sindh High Court on 19 December, 2019 and obtained the interim relief of claiming 10% tax credit on all investment already planned including its ancillary cost of last and current fiscal year. The management is confident that the case will be decided in favour of the Holding Company based on the opinion of legal counsel.

31.2 Commitments

	2020	2019
	--------- Rupees ---------	
Outstanding letters of guarantee	**2,136,440,528**	929,682,424
Outstanding letters of credit for:		
- capital expenditure	**592,832,875**	4,445,660,146
- raw materials	**946,531,340**	1,235,906,399

		Food segment		Plastic segment		Pharmaceutical segment		Total	
		2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
32 OPERATING RESULTS	**Note**	-----------------------------Rupees-----------------------------							
Sales									
Local sales		**29,224,017,086**	27,336,704,275	**7,135,458,356**	7,864,752,985	**227,385,068**	106,100,854	**36,586,860,510**	35,307,558,114
Export sales		**3,662,310,269**	1,589,199,922	**836,559,991**	220,503,684	**-**	-	**4,498,870,260**	1,809,703,606
Trial production sales transferred to CWIP	8.6.2	**(51,490,015)**	-	**-**	-	**-**	-	**(51,490,015)**	-
		32,834,837,340	28,925,904,197	**7,972,018,347**	8,085,256,669	**227,385,068**	106,100,854	**41,034,240,755**	37,117,261,720
Sales returns, discounts and direct expenses		**(1,955,936,820)**	(1,688,862,702)	**(33,142,847)**	(92,395,212)	**(20,895,556)**	(9,984,570)	**(2,009,975,223)**	(1,791,242,484)
		30,878,900,520	27,237,041,495	**7,938,875,500**	7,992,861,457	**206,489,512**	96,116,284	**39,024,265,532**	35,326,019,236
Add: Export rebate		**10,589,965**	9,605,597	**-**	-	**-**	-	**10,589,965**	9,605,597
		30,889,490,485	27,246,647,092	**7,938,875,500**	7,992,861,457	**206,489,512**	96,116,284	**39,034,855,497**	35,335,624,833
Sales tax		**(4,537,730,880)**	(3,956,241,549)	**(1,072,362,195)**	(1,192,378,548)	**-**	-	**(5,610,093,075)**	(5,148,620,097)
Sales - Net		**26,351,759,605**	23,290,405,543	**6,866,513,305**	6,800,482,909	**206,489,512**	96,116,284	**33,424,762,422**	30,187,004,736
Cost of sales	34	**(20,273,466,252)**	(17,814,159,275)	**(6,067,182,312)**	(5,922,711,038)	**(251,734,237)**	(144,954,384)	**(26,592,382,801)**	(23,881,824,697)
Gross profit		**6,078,293,353**	5,476,246,268	**799,330,993**	877,771,871	**(45,244,725)**	(48,838,100)	**6,832,379,621**	6,305,180,040
Selling and distribution expenses	35	**(4,209,866,560)**	(3,402,314,820)	**(259,390,281)**	(187,734,903)	**(310,904,689)**	(190,821,275)	**(4,780,161,529)**	(3,780,870,997)
Administrative expenses	36	**(545,026,795)**	(507,955,624)	**(48,666,334)**	(32,566,708)	**(98,508,140)**	(46,070,881)	**(692,201,269)**	(586,593,213)
		(4,754,893,355)	(3,910,270,444)	**(308,056,615)**	(220,301,611)	**(409,412,829)**	(236,892,154)	**(5,472,362,798)**	(4,367,464,209)
Operating profit/(loss)		**1,323,399,998**	1,565,975,824	**491,274,379**	657,470,260	**(454,657,554)**	(285,730,253)	**1,360,016,823**	1,937,715,830
Unallocated items									
Other operating expense	37							**(182,184,602)**	(172,282,473)
Other income	38							**356,159,161**	213,759,588
Finance cost	39							**(1,211,530,291)**	(956,336,302)
Share of profit from associated companies-net	11.1.3							**491,972,141**	45,385,014
Profit before taxation								**814,433,232**	1,068,241,657
Taxation	42							**(390,737,914)**	(436,942,413)
Profit for the year								**423,695,318**	631,299,244

		Food segment		Plastic segment		Pharmaceutical segment		Total	
		2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
		-----------------	---------------	-------------Rupees	----------------	-----------------	----------------		
32.1	Segment assets	**20,270,313,109**	15,727,045,611	**11,026,677,406**	7,092,171,057	**1,655,015,855**	1,450,224,337	**32,952,006,370**	24,269,441,005
32.2	Unallocated assets	**-**	-	**-**	-	**-**	-	**4,604,960,348**	3,163,181,326
		20,270,313,109	15,727,045,611	**11,026,677,406**	7,092,171,057	**1,655,015,855**	1,450,224,337	**37,556,966,718**	27,432,622,331
32.3	Segment liabilities	**2,529,351,727**	4,675,003,868	**8,778,993,873**	4,436,912,905	**80,970,747**	572,728,565	**11,389,316,347**	9,684,645,338
32.4	Unallocated liabilities	**-**	-	**-**	-	**-**	-	**16,718,931,719**	10,478,326,721
		2,529,351,727	4,675,003,868	**8,778,993,873**	4,436,912,905	**80,970,747**	572,728,565	**28,108,248,066**	20,162,972,059
32.5	Major non-cash items								
	-depreciation and amortisation	**989,328,728**	779,082,719	**314,878,325**	315,817,183	**124,090,957**	132,450,020	**1,428,298,010**	1,227,349,922
	-gratuity	**119,298,267**	88,106,299	**7,671,887**	8,459,270	**67,062,615**	57,173,290	**194,032,769**	153,738,859
		1,108,626,995	867,189,018	**322,550,212**	324,276,453	**191,153,572**	189,623,310	**1,622,330,780**	1,381,088,781
32.6	Capital expenditure	**3,799,926,396**	2,693,802,777	**4,326,941,863**	506,559,804	**19,705,754**	39,820,758	**8,146,574,013**	3,200,362,581

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

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

		Note	**2020**	2019
33	**RECONCILIATION OF REPORTABLE SEGMENT SALES, COST OF SALES, ASSETS AND LIABILITIES**		--------- **Rupees**	---------
33.1	**Assets**			
	Total assets for reportable segments	32.1	**32,952,006,370**	24,269,441,005
	Administrative capital assets		**934,640,475**	933,230,944
	Long term investments	11	**3,670,319,873**	2,229,950,382
	Total assets		**37,556,966,718**	27,432,622,331
33.2	**Liabilities**			
	Total liabilities for reportable segments	32.3	**11,389,316,347**	9,684,645,338
	Sponsors' loan-subordinated	24	**-**	902,151,770
	Deferred liabilities	27	**1,632,596,024**	1,274,088,154
	Long term finances-secured	25	**14,917,808,778**	8,065,842,393
	Lease liabilities	26	**168,526,917**	236,244,404
	Total liabilities		**28,108,248,066**	20,162,972,059

33.3 There were no inter-segment sales of the Group during the year (2019:Rs. Nil)

34 COST OF SALES

	Note	Food segment 2020	Food segment 2019	Plastic segment 2020	Plastic segment 2019	Pharmaceutical segment 2020	Pharmaceutical segment 2019	Total 2020	Total 2019
		---Rupees---							
Raw materials consumed	34.1	**11,531,962,823**	9,687,168,937	**4,750,588,687**	4,636,017,993	**31,767,271**	18,085,861	**16,314,318,781**	14,341,272,791
Packing materials consumed	34.2	**5,224,460,702**	4,637,312,604	**176,971,878**	176,550,264	**18,665,185**	17,439,649	**5,420,097,765**	4,831,302,517
Stores and spares consumed	34.3	**350,544,939**	325,919,810	**118,817,505**	108,562,733	**7,029,380**	7,693,997	**476,391,824**	442,176,540
Salaries, wages and other benefits		**2,393,481,455**	1,879,135,403	**368,993,136**	308,043,371	**79,079,064**	61,709,043	**2,841,553,655**	2,248,887,817
Electricity, gas, fuel and lubricants		**824,479,567**	524,863,652	**334,727,593**	259,569,402	**25,762,195**	23,665,338	**1,184,969,355**	808,098,392
Repairs and maintenance		**168,848,488**	135,364,973	**23,904,085**	24,089,033	**16,225,319**	5,066,116	**208,977,892**	164,520,122
Cold storage - rent & maintenance		**644,587**	1,682,250	**-**	-	**-**	-	**644,587**	1,682,250
Printing and stationery		**7,950,045**	5,578,423	**1,284,707**	780,610	**688,635**	692,076	**9,923,387**	7,051,109
Insurance		**18,904,055**	18,075,506	**9,871,327**	7,818,502	**1,754,961**	1,386,522	**30,530,343**	27,280,530
Rent, rates and taxes		**2,660,095**	8,360,669	**2,624,581**	3,203,454	**515,036**	505,303	**5,799,712**	12,069,426
Water charges		**31,942,512**	49,688,220	**9,289,346**	9,446,219	**-**	-	**41,231,858**	59,134,439
Postage and telephone		**5,976,559**	4,450,308	**3,323,953**	1,700,106	**1,390,795**	645,356	**10,691,307**	6,795,770
Travelling and conveyance		**8,930,453**	5,782,197	**231,130**	304,067	**687,020**	326,566	**9,848,603**	6,412,830
Vehicle running and maintenance		**15,680,356**	18,333,957	**8,033,776**	5,822,753	**3,403,128**	1,274,555	**27,117,260**	25,431,264
Depreciation	8.3	**883,154,036**	703,124,265	**301,725,011**	313,148,259	**112,603,005**	124,161,778	**1,297,482,052**	1,140,434,303
Amortisation charge	9.2	**11,572,432**	1,130,640	**3,585,548**	350,312	**-**	-	**15,157,980**	1,480,952
Laboratory expenses		**8,292,223**	7,841,824	**-**	27,200	**6,080,120**	7,467,035	**14,372,343**	15,336,058
Fees and subscription		**2,002,750**	1,064,986	**245,760**	242,523	**37,355**	-	**2,285,865**	1,307,509
Cartage inward		**15,980,326**	18,772,599	**3,445,025**	6,589,475	**-**	-	**19,425,351**	25,362,073
Procurement expenses		**-**	8,050,140	**-**	-	**-**	-	**-**	8,050,140
Other manufacturing expenses		**1,711,880**	9,714,706	**5,050,011**	3,160,614	**193,441**	808,766	**6,955,332**	13,684,086
		21,509,180,283	18,051,416,069	**6,122,713,059**	5,865,426,890	**305,881,910**	270,927,961	**27,937,775,252**	24,187,770,919
Work-in-process at the beginning of the year		**29,295,206**	12,103,493	**52,887,950**	105,622,473	**-**	11,796,367	**82,183,155**	129,522,333
Work-in-process at the end of the year		**(74,101,925)**	(29,295,206)	**(101,399,950)**	(52,887,950)	**-**	-	**(175,501,874)**	(82,183,155)
		(44,806,718)	(17,191,713)	**(48,512,000)**	52,734,523	**-**	11,796,367	**(93,318,719)**	47,339,177
Trial production cost transferred to CWIP	8.6.2	**(209,133,763)**	-	**-**	-	**-**	-	**(209,133,763)**	-
Cost of goods manufactured		**21,255,239,802**	18,034,224,356	**6,074,201,059**	5,918,161,413	**305,881,910**	282,724,328	**27,635,322,770**	24,235,110,097

	Note	Food segment 2020	Food segment 2019	Plastic segment 2020	Plastic segment 2019	Pharmaceutical segment 2020	Pharmaceutical segment 2019	Total 2020	Total 2019
		----------Rupees----------							
Stock of finished goods at the beginning of the year		**1,554,400,402**	1,281,886,032	**71,928,039**	77,078,622	**92,298,126**	11,935,904	**1,718,626,567**	1,370,900,558
Purchase of finished goods		**48,413,693**	56,698,705	**-**	-	**-**	-	**48,413,693**	56,698,705
Cost of promotional samples reclassified to selling expenses		**-**	-	**-**	-	**(66,634,155)**	(57,407,722)	**(66,634,155)**	(57,407,722)
Insurance claim		**(341,734)**	(4,249,415)	**(1,413,755)**	(600,960)	**-**	-	**(1,755,489)**	(4,850,375)
Stock of finished goods at the end of the year		**(2,584,245,910)**	(1,554,400,402)	**(77,533,031)**	(71,928,039)	**(79,811,644)**	(92,298,126)	**(2,741,590,585)**	(1,718,626,567)
		(981,773,549)	(220,065,080)	**(7,018,747)**	4,549,623	**(54,147,673)**	(137,769,944)	**(1,042,939,969)**	(353,285,401)
		20,273,466,252	17,814,159,275	**6,067,182,312**	5,922,711,038	**251,734,237**	144,954,384	**26,592,382,801**	23,881,824,698
34.1 Raw materials consumed									
Stock of raw materials at the beginning of the year	14.1	**1,486,482,782**	1,373,058,696	**1,478,890,776**	1,823,233,280	**46,907,383**	10,622,854	**3,012,280,941**	3,206,914,830
Purchases		**11,710,873,541**	9,789,844,067	**4,370,973,829**	4,291,670,053	**52,406,166**	54,370,390	**16,134,253,536**	14,135,884,510
Cartage inward		**1,144,170**	10,748,956	**-**	5,437	**-**	-	**1,144,170**	10,754,393
		13,198,500,493	11,173,651,719	**5,849,864,605**	6,114,908,770	**99,313,549**	64,993,244	**19,147,678,647**	17,353,553,733
Reversal of provision	14.1	**(425,493)**	-	**-**	-	**-**	-	**(425,493)**	-
Stock of raw materials at the end of the year	14.1	**(1,666,112,177)**	(1,486,482,782)	**(1,099,275,919)**	(1,478,890,776)	**(67,546,278)**	(46,907,383)	**(2,832,934,374)**	(3,012,280,941)
		11,531,962,823	9,687,168,937	**4,750,588,686**	4,636,017,993	**31,767,271**	18,085,861	**16,314,318,781**	14,341,272,791
34.2 Packing materials consumed									
Stock of packing materials at the beginning of the year	14.1	**548,452,482**	418,306,058	**12,511,623**	20,371,587	**8,698,331**	2,119,028	**569,662,436**	440,796,673
Purchases		**5,428,049,482**	4,786,345,517	**184,216,050**	168,690,300	**22,953,049**	24,018,952	**5,635,218,580**	4,979,054,769
		5,976,501,964	5,204,651,575	**196,727,673**	189,061,887	**31,651,380**	26,137,980	**6,204,881,017**	5,419,851,442
(Write off) /Provision for the year		**-**	(18,886,489)	**-**	-	**-**	-	**-**	(18,886,489)
Stock of packing materials at the end of the year	14.1	**(752,041,262)**	(548,452,482)	**(19,755,795)**	(12,511,623)	**(12,986,196)**	(8,698,331)	**(784,783,253)**	(569,662,436)
		5,224,460,702	4,637,312,604	**176,971,878**	176,550,264	**18,665,184**	17,439,649	**5,420,097,764**	4,831,302,517

	Note	Food segment 2020	Food segment 2019	Plastic segment 2020	Plastic segment 2019	Pharmaceutical segment 2020	Pharmaceutical segment 2019	Total 2020	Total 2019
		-----------------	-----------------	-----------------	-----------------	Rupees	-----------------	-----------------	-----------------
34.3 Stores and spares consumed									
Stock of stores and spares at the beginning of the year	13	**210,286,568**	142,902,577	**77,280,746**	61,164,087	**13,911,698**	-	**301,479,012**	204,066,664
Purchases		**397,304,342**	392,321,527	**143,185,998**	121,997,137	**34,881,591**	38,861,884	**575,371,931**	553,180,548
Reclassification to selling expenses		**-**	-	**-**	-	**(25,666,571)**	(17,256,189)	**(25,666,571)**	(17,256,189)
Cartage inward		**1,702,853**	982,274	**40,582**	2,682,254	**-**	-	**1,743,435**	3,664,528
		609,293,763	536,206,378	**220,507,326**	185,843,478	**23,126,718**	21,605,695	**852,927,807**	743,655,551
Stock of stores and spares at the end of the year	13.1	**(258,748,824)**	(210,286,568)	**(101,689,821)**	(77,280,746)	**(16,097,338)**	(13,911,698)	**(376,535,983)**	(301,479,012)
		350,544,939	325,919,810	**118,817,505**	108,562,733	**7,029,380**	7,693,997	**476,391,824**	442,176,540
35 SELLING AND DISTRIBUTION EXPENSES									
Salaries and other benefits		**1,161,373,464**	1,016,513,727	**38,751,177**	31,530,254	**121,454,488**	73,999,748	**1,321,579,129**	1,122,043,729
Cartage outward		**1,099,884,128**	951,741,797	**99,161,730**	102,879,677	**-**	-	**1,199,045,858**	1,054,621,474
Export expenses		**170,355,677**	92,719,181	**81,172,716**	17,935,006	**4,954,954**	4,105,974	**256,483,347**	114,760,161
Advertisements		**1,348,724,164**	993,764,195	**-**	8,625	**-**	-	**1,348,724,164**	993,772,820
Entertainment		**9,479,202**	6,173,255	**661,471**	150,841	**1,596,001**	1,247,165	**11,736,674**	7,571,261
Vehicle running and maintenance		**219,580,370**	177,592,618	**1,456,210**	973,738	**15,321,431**	5,935,174	**236,358,011**	184,501,530
Printing and stationery		**1,935,669**	5,285,648	**455,958**	547,967	**221,141**	287,011	**2,612,768**	6,120,626
Postage and telephone		**19,925,228**	14,459,144	**854,814**	494,612	**4,094,776**	1,780,493	**24,874,818**	16,734,249
Conveyance and travelling		**38,662,652**	40,938,867	**4,631,336**	1,751,944	**46,183,363**	20,196,767	**89,477,351**	62,887,578
Samples		**-**	319,298	**-**	-	**66,634,155**	57,407,722	**66,634,155**	57,727,020
Sales promotion		**-**	-	**-**	-	**39,239,639**	17,256,189	**39,239,639**	17,256,189
Utilities		**2,869,619**	1,688,482	**1,276,959**	975,844	**-**	-	**4,146,578**	2,664,326
Repairs and maintenance		**1,612,525**	2,856,850	**724,484**	207,907	**140,065**	63,368	**2,477,074**	3,128,125
Rent		**91,869,166**	54,728,458	**3,884,208**	3,240,512	**-**	-	**95,753,374**	57,968,970
Depreciation	8.3	**36,716,194**	32,431,289	**1,992,802**	464,302	**7,443,577**	5,938,730	**46,152,573**	38,834,321
Amortisation charge	9.2	**5,870,933**	690,126	**2,498,242**	244,081	**-**	-	**8,369,175**	934,207
Fee and subscription		**1,233,800**	16,200	**1,312,597**	946,200	**413,399**	1,624,198	**2,959,796**	2,586,598
Insurance		**8,894,723**	8,626,048	**751,906**	931,996	**1,467,615**	742,688	**11,114,244**	10,300,732
Allowance for expected credit loss	15	**-**	-	**19,627,495**	24,379,451	**-**	-	**19,627,495**	24,379,451
Miscellaneous		**6,380,027**	1,769,637	**176,176**	71,945	**1,740,083**	236,047	**8,296,286**	2,077,629
Trial production cost transferred to CWIP	8.6.2	**(15,500,980)**	-	**-**	-	**-**	-	**(15,500,980)**	-
		4,209,866,560	3,402,314,820	**259,390,281**	187,734,903	**310,904,689**	190,821,275	**4,780,161,530**	3,780,870,998

36 ADMINISTRATIVE EXPENSES

	Note	Food segment 2020	Food segment 2019	Plastic segment 2020	Plastic segment 2019	Pharmaceutical segment 2020	Pharmaceutical segment 2019	Total 2020	Total 2019
		---------	---------	---------	Rupees	---------	---------	---------	---------
Salaries and other benefits including director's remuneration		**363,426,738**	303,666,359	**32,621,774**	20,198,867	**49,690,371**	29,764,617	**445,738,883**	353,629,843
Conveyance and travelling		**20,902,852**	30,028,936	**1,646,593**	1,681,324	**987,838**	1,151,827	**23,537,283**	32,862,087
Postage and telephone		**9,164,892**	10,247,142	**1,368,440**	1,265,404	**709,201**	582,827	**11,242,533**	12,095,373
Printing and stationery		**20,715,115**	22,137,998	**817,856**	405,365	**11,296,280**	645,768	**32,829,251**	23,189,131
Repairs and maintenance		**10,114,642**	15,272,097	**1,438,642**	1,782,597	**743,000**	1,264,348	**12,296,284**	18,319,042
Electricity and utilities		**10,639,282**	10,857,062	**556,506**	332,402	**1,266,819**	409,722	**12,462,607**	11,599,186
Insurance		**6,883,135**	7,908,542	**657,713**	569,923	**1,052,445**	624,568	**8,593,293**	9,103,033
Advertisement		**120,725**	235,602	**-**	-	**-**	-	**120,725**	235,602
Entertainment		**8,958,144**	5,903,945	**609,962**	270,112	**148,438**	256,476	**9,716,544**	6,430,533
Vehicle running and maintenance		**13,725,291**	24,455,365	**1,286,212**	1,719,191	**5,028,547**	1,128,961	**20,040,050**	27,303,517
Rent, rates and taxes		**2,397,600**	1,881,208	**642,320**	444,990	**6,985,000**	3,300,000	**10,024,920**	5,626,198
Fee and subscription		**8,031,096**	8,288,916	**744,382**	574,579	**13,478,434**	2,370,749	**22,253,912**	11,234,244
Legal and professional charges		**17,914,408**	21,989,800	**731,007**	430,600	**2,450,625**	1,142,910	**21,096,040**	23,563,310
Depreciation	8.3	**47,017,383**	43,527,165	**3,441,695**	2,204,622	**4,044,374**	2,349,511	**54,503,452**	48,081,298
Amortisation charge	9.2	**4,997,751**	617,908	**1,635,027**	180,946	**-**	-	**6,632,778**	798,854
General meeting expenses		**29,800**	29,000	**-**	-	**-**	-	**29,800**	29,000
Miscellaneous		**771,721**	908,580	**468,203**	505,787	**626,768**	1,078,597	**1,866,692**	2,492,964
Trial production cost transferred to CWIP	8.6.2	**(783,780)**	-	**-**	-	**-**	-	**(783,780)**	-
		545,026,795	507,955,625	**48,666,332**	32,566,709	**98,508,140**	46,070,881	**692,201,267**	586,593,215

		Note	2020	2019
37	**OTHER OPERATING EXPENSES**		--------- Rupees ---------	
	Contribution to:			
	- workers' profits participation fund		**71,036,685**	76,032,684
	- workers' welfare fund		**26,993,940**	28,892,419
	Auditors' remuneration	**37.1**	**4,871,272**	4,485,202
	Exchange loss		**6,188,796**	11,364,017
	Donations	**37.2**	**78,370,118**	50,021,439
	Other		**912,587**	1,486,712
	Trial production cost transferred to CWIP	**8.6.2**	**(6,188,796)**	-
			182,184,602	172,282,473

37.1 Auditor's remuneration

	2020	2019
Audit fee - unconsolidated	**2,400,000**	2,200,000
Audit fee - consolidated	**700,000**	600,000
Audit fee - subsidiary	**550,000**	500,000
Fee for statutory certification	**200,000**	85,000
Fee for half yearly review	**500,000**	500,000
Out-of-pocket expense	**521,272**	600,202
	4,871,272	4,485,202

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

	2020	2019
- Khadija Girls College	**22,678,528**	14,579,194
- Indus Hospital	**18,084,960**	10,500,000
- Al Mustufa Welfare Trust	**15,204,615**	6,833,145
	55,968,103	31,912,339

37.2.1 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.

		2020	2019
38	**OTHER INCOME**	--------- Rupees ---------	
	Income from financial assets		
	Profit on sale of shares	**-**	156,011
	Exchange gain	**87,969,045**	-
	Income from non financial assets		
	Recovery from the sale of production scrap	**200,296,959**	166,686,118
	Gain on disposal of property, plant and equipment-net	**20,918,120**	11,050,296
	Processing income	**23,338,275**	35,358,254
	Income from Term Finance Certificates	**22,000,000**	-
	Others	**1,636,762**	508,908
		356,159,161	213,759,587

	Note	2020	2019
		--------- Rupees ---------	

39 FINANCE COST

	Note	2020	2019
Mark up on:			
- long term finances -conventional		592,538,001	351,964,205
- long term finances-islamic		284,268,660	229,854,650
- short term finances-conventional		90,662,982	195,996,512
- short term finances-islamic		214,158,809	131,215,853
Interest on workers' profits participation fund		1,697,092	3,622,596
Finance charge on lease liabilities		24,759,031	16,925,761
Bank charges		55,145,715	26,756,725
Trial production cost transferred to CWIP	8.6.2	(51,700,000)	-
		1,211,530,290	956,336,302

40 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2020			2019		
	Chief executive officer	Directors	Executives	Chief executive officer	Directors	Executives
	---Rupees---					
Managerial remuneration	20,200,000	9,703,900	471,686,036	8,400,000	14,400,000	326,322,092
Gratuity	-	-	30,269,203	-	-	16,713,051
Bonus	-	-	23,810,102	-	-	16,713,051
Reimbursement of expenses						
Utilities	1,000,000	750,000	-	1,000,000	1,500,000	-
	21,200,000	10,453,900	525,765,341	9,400,000	15,900,000	359,748,194
Number of persons	2	1	113	1	2	75

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

40.1 The remuneration has been allocated as follows:

	2020			2019		
	Chief executive officer	Directors	Executives	Chief executive officer	Directors	Executives
	---Rupees---					
Cost of goods sold	-	-	214,492,649	-	-	149,098,501
Selling and distribution expenses	-	-	175,151,333	-	-	129,244,213
Administrative expenses	21,200,000	10,453,900	136,121,359	9,400,000	15,900,000	81,405,480
	21,200,000	10,453,900	525,765,341	9,400,000	15,900,000	359,748,194
Number of persons	2	1	113	1	2	75

40.2 Bonus is given to employees as per the Group's policy.

41 CLASSIFICATION OF EXPENSES

	Note	2020 Local	2020 Export	2020 Common expenses	2020 Total
		------------------------Rupees------------------------			
Selling and distribution expenses	35	**4,528,633,136**	**251,528,393**	**-**	**4,780,161,529**
Administrative expenses	36	**-**	**-**	**692,201,269**	**692,201,269**
Finance cost	39	**1,118,500,895**	**93,029,395**	**-**	**1,211,530,290**

		2019 Local	2019 Export	2019 Common expenses	2019 Total
		------------------------Rupees------------------------			
Selling and distribution expenses	35	3,641,343,563	139,527,434	-	3,780,870,997
Administrative expenses	36	-	-	586,593,213	586,593,213
Finance cost	39	940,812,317	15,523,985	-	956,336,302

42 TAXATION

	Note	2020	2019
		--------- Rupees ---------	
Current		**281,774,529**	293,841,399
Prior year		**(90,601,258)**	(32,987,276)
Deferred	27.2.1	**199,564,643**	176,088,290
		390,737,914	436,942,413

42.1 The relationship between accounting profit and tax expense

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

43 EARNING PER SHARES - basic and diluted

Basic earnings per share

	2020	2019
	--------- Rupees ---------	
Profit for the year attributtable to holding Company	**569,251,461**	727,555,976
	Number of shares	
Opening Number of shares at July 01, 2019	**63,804,750**	63,804,750
Weighted average number of ordinary shares issued during the year	**531,415**	-
Closing weighted number of shares	**64,336,165**	63,804,750
Basic earnings per share	**8.85**	**11.40**

43.1 During the year, the Group alloted 2,552,190 number of share issue against cash consideration.

Diluted earnings per share

There are no dilutive potential ordinary shares outstanding as at June 30, 2020 & June 30, 2019.

44 NUMBER OF EMPLOYEES

	2020	2019
	Numbers	
Number of employees as at the year end	**2,594**	2,336
Average number of employees during the year	**2,525**	2,244

45 CASH GENERATED FROM OPERATIONS

	Note	2020	2019
		--------- Rupees ---------	
Profit before taxation		**814,433,232**	1,068,241,656
Adjustments for non-cash and other items:			
Depreciation	8.3	**1,398,138,079**	1,227,349,922
Amortisation charge	9.2	**30,159,933**	3,214,013
Gain on disposal of property, plant and equipment-net	38	**(20,918,120)**	(11,050,296)
Provision for staff gratuity scheme - unfunded	27.1.5	**139,167,039**	103,195,763
Finance cost	39	**1,211,530,291**	956,336,302
Share of profit from associated companies-net	11.1.3	**(491,972,141)**	(45,385,014)
Profit on sale of shares		**-**	(156,011)
Provision for slow moving - stores and spares		**-**	-
Provision for slow moving - stock in trade		**-**	(18,886,489)
Allowance for expected credit loss		**19,627,495**	24,379,451
Unrealized exchange gain on trade debts		**(46,658,848)**	(64,050,757)
Unrealized exchange loss on trade and other payables		**9,191,212**	53,900,978
		3,062,698,172	3,297,089,518
Working capital changes			
(Increase) / Decrease in current assets			
Stores and spares		**(75,056,971)**	(96,996,027)
Stock-in-trade		**(1,150,106,976)**	(235,582,690)
Trade debts		**(575,151,912)**	(1,158,895,627)
Loans and advances		**681,972,375**	(896,095,133)
Trade deposits and short term prepayments		**(6,542,396)**	(24,102,812)
Other receivables		**12,043,467**	4,267,873
		(1,112,842,413)	(2,407,404,416)
(Decrease) / Increase in current liabilities			
Trade and other payables		**1,362,336,055**	595,963,428
Short term finances-secured		**2,075,204,931**	775,888,391
Advances from customers - unsecured		**252,219,935**	56,885,294
		3,689,760,921	1,428,737,113
Net increase/(decrease) in working capital		**2,576,918,507**	(978,667,303)
Cash generated from operations		**5,639,616,679**	2,318,422,214

46 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

46.1 Financial instruments by category

	Note	2020	2019
		--------- Rupees ---------	
Financial assets			
At amortized cost			
Long term deposits	12	**40,690,439**	47,985,848
Trade debts	15	**3,466,583,062**	2,768,429,157
Loans and advances	16	**112,691,504**	41,011,447
Trade deposits - unsecured	17	**22,517,610**	28,096,589
Other receivables	19	**113,575**	129,937,851
Cash and bank balances	21	**358,884,421**	36,602,222
At fair value through OCI			
Short term investment	18	**200,000,000**	-
Total financial assets		**4,201,480,611**	3,052,063,114
Financial liabilities			
At amortized cost			
Sponsors' loan - subordinated	24	**-**	915,357,737
Long term finances	25	**14,917,808,778**	8,554,731,282
Lease liabilities	26	**168,526,917**	236,244,404
Trade and other payables	28	**3,110,575,972**	1,927,817,531
Accrued mark-up	29	**199,737,582**	209,765,534
Short term finances	30	**6,789,925,030**	6,299,903,813
Unclaimed Dividend		**2,644,785**	2,338,500
Total financial liabilities		**25,189,219,064**	18,146,158,801

46.2 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 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, 2020:

	2020			
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	-------------------Rupees --------------------			
Financial investments: fair value through OCI	**-**	**-**	**200,000,000**	**200,000,000**

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

	2020			
Investment in Associate	**Level 1**	**Level 2**	**Level 3**	**Total**
	-------------------Rupees --------------------			
Investment in associate	**3,441,616,096**	**228,703,777**	**-**	**3,670,319,873**

	2019			
Investment in Associate	Level 1	Level 2	Level 3	Total
	-------------------Rupees --------------------			
Investment in associate	2,001,232,631	228,717,751	-	2,229,950,382

46.3 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

46.3.1 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. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Bank balances

The Group limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counter-parties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with the credit ratings are tabulated below:

	Short- term Ratings	2020	2019
		--------- Rupees ---------	
Al Baraka Bank Pakistan Ltd	A1	**40,944**	-
Allied Bank Limited	A1+	**-**	36,444
Askari Bank Limited	A1+	**-**	-
Bank Al Falah	A1+	**-**	730,000
Bank Al Habib	A1+	**382,735**	382,735
Bank Islami Pakistan Ltd	A1	**915,170**	379,809
Dubai Islamic Bank Pakistan Limited	A1+	**929,224**	888,562
Faysal Bank Limited	A1+	**399,656**	-
Habib Bank Limited	A1+	**105,401,511**	14,896,964
Habib Metropolitan Bank Limited	A1+	**5,282,390**	2,523,150
JS Bank Limited	A1+	**104,128,669**	6,147,638
MCB Bank Limited	A1+	**81,408**	74,908
MCB Islamic Bank Limited	A1	**758,452**	748,859
Meezan Bank Limited	A1+	**116,740,709**	58,897
National Bank Of Pakistan	A1+	**4,138,874**	571,451
Samba Bank Ltd	A1	**13,185**	8,685
Soneri Bank Ltd	A1+	**1,128,484**	541,190
Standard Chartered Bank (Pakistan) Limited	A1+	**-**	-
Summit Bank Limited	Suspended	**59,335**	99,235
The Bank Of Khyber	A1	**-**	65,534
The Bank of Punjab	A1+	**-**	53,066
		340,400,746	28,207,127

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	2020	2019
		--------- Rupees ---------	
Trade debts	15	**3,466,583,062**	2,768,429,157
Loans and advances	16	**900,523,125**	1,591,145,965
Trade deposits - unsecured	17	**22,517,610**	28,096,589
Bank balances	21	**340,400,745**	28,207,127
		4,730,024,542	4,415,878,838

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:

	2020	2019
	--------- Rupees ---------	
More than 45 days but not more than 3 months	**359,316,255**	321,633,973
More than 3 months but not more than 6 months	**303,067,564**	290,433,386
More than 6 months but not more than 1 year	**177,365,639**	82,565,781
More than 1 year	**65,613,396**	51,963,498
	905,362,854	746,596,638

In respect of trade debts, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade debts consists of a large number of customers. Based on historical information about customer default rates management consider the credit quality of trade debts that are not past due and impaired to be good. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

46.3.2 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:

	2020			
	Effective rate of interest	**Carrying amount**	**Maturity upto one year**	**Maturity after one year**
	---------------------------------Rupees----------------------------			
Financial liabilities				
Interest bearing				
Long term finances - secured (Conventional)	**5%**	**11,787,468,392**	**838,037,772**	**10,949,430,620**
Long term finances - secured (Islamic)	**9%**	**3,130,340,386**	**198,462,996**	**2,931,877,390**
Lease liabilities-conventional	**8.78% to 14.73%**	**37,001,101**	**18,654,879**	**18,346,222**
Lease liabilities-Islamic	**8.39% to 14.68%**	**131,525,816**	**58,626,957**	**72,898,859**
Short term finances - secured - conventiona	**8.43% to 14.86%**	**5,817,993,688**	**5,817,993,688**	**-**
Short term finances - secured- Islamic	**8.09% to 14.38%**	**971,931,342**	**971,931,342**	**-**
Non - interest bearing				
Sponsors' loan - subordinated	**-**	**-**	**-**	**-**
Trade and other payables	**-**	**3,110,575,972**	**3,110,575,972**	**-**
Accrued mark-up	**-**	**199,737,582**	**199,737,582**	**-**
		25,186,574,279	**11,214,021,188**	**13,972,553,091**

	2019			
	Effective rate of interest	Carrying amount	Maturity upto one year	Maturity after one year
	---------------------------------Rupees----------------------------			
Financial liabilities				
Interest bearing				
Long term finances - secured - conventiona	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
Lease liabilities-conventional	7.48% to 13.70%	92,369,288	50,522,630	41,846,658
Lease liabilities-Islamic	7.18% to 13.63%	143,875,116	49,697,215	94,177,901
Short term finances - secured-conventional	5.98% to 6.24%	4,700,703,812	4,700,703,812	-
Short term finances - secured-Islamic	6.26% to 7.13%	1,599,200,000	1,599,200,000	-
Non - interest bearing				
Sponsors' loan - subordinated	-	915,357,737	-	915,357,737
Trade and other payables	-	1,927,817,531	1,927,817,531	-
Accrued mark-up	-	209,765,534	209,765,534	-
		18,143,820,300	10,607,536,671	7,536,283,629

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 financial position would not affect profit or loss of the of the Group.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2020, 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. 144.99 million (2019: Rs. 80.66 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At June 30, 2020, 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. 68.01 million (2019: Rs. 62.99 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

46.3.3 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 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:

	2020	2019
	---------- Amount in USD ----------	
Trade debts	**6,282,408**	4,051,426
Cash and bank balances	**3,652**	34,749
Trade and other payables	**(3,291,629)**	(3,959,324)
Loans and advances	**363,263**	51,259
Advance from customer	**(54,044)**	(244,293)
	3,303,650	(66,183)
Off balance sheet exposures		
Letter of credit	**(9,150,522)**	(28,346,447)
Net Exposure	**(5,846,872)**	(28,412,630)

The following significant exchange rates were applied during the year.

	2020	2019
	Rupee per USD	
Average rate	**164.10**	140.78
Reporting date rate	**168.14**	160.05

Foreign currency sensitivity analysis

A 10 percentage strengthening of the PKR against the USD at June 30, 2019 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, 2020.

	2020	2019
	--------- Rupees ---------	
Strengthening of PKR against respective currencies	**98,309,014**	454,750,136
Weakening of PKR against respective currencies	**(98,309,014)**	(454,750,136)

As at 30 June 2020, 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. -98.31 million (2019: 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	2020	2019
		--------- Rupees ---------	
Export debtors	15	**1,056,320,953**	784,297,206
Import creditors		**553,452,905**	624,660,887
		1,609,773,858	1,408,958,093

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 Gourp's mark-up bearing financial instruments is as follows:

	Carrying amount	
	2020	2019
	--------- Rupees ---------	
Variable rate instruments		
Financial assets	**(200,000,000)**	-
Financial liabilities	**21,876,260,725**	15,090,879,499
	21,676,260,725	15,090,879,499

As at 30 June 2020, 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. 216.76 million. (2019: Rs. 142.02 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.

47 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:

	2020	2019
	--------- Rupees ---------	
Share capital	**663,569,400**	638,047,500
Reserves	**8,589,399,383**	6,451,888,083
	9,252,968,783	7,089,935,583

The Group manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investments requirements and expectations of the shareholders. Debt is calculated as total borrowings (long term finances). The Group's capital signifies equity as reported in statement of financial position and includes share capital and accumulated losses.

During 2020 the Group's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2020 and 2019 were as follows:

	2020	2019
	------------ Rupees ------------	
Total borrowings	**14,917,808,778**	9,470,089,019
Less: Cash and bank balances	**(358,884,421)**	(36,602,222)
Net debt	**14,558,924,357**	9,433,486,797
Total equity	**9,252,968,783**	7,089,935,582
Total equity and debt	**23,811,893,140**	16,523,422,379
Net Gearing ratio (%)	**61.1%**	57.1%

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.

48 PLANT CAPACITY AND ACTUAL PRODUCTION

	2020 Metric Ton		2019 Metric Ton	
	Rated Capacity	**Actual Production**	Rated Capacity	Actual Production
Food processing	**162,462**	**98,331**	125,335	89,376
Plastic film	**33,000**	**24,824**	33,000	25,198
Pharmaceuticals				
Blow fill seal	**18,000**	**9,625**	18,000	6,016
Opthalmic	**2,500**	**997**	2,500	499

48.1 The Holding Company has enhanced the production capacity in food processing by 37,127 metric tons out of which 32,650 metric tons was operative in the month of June 2020. Full impact of enhancement in capacity will be reflected in next fiscal year. Remaining capacities in food processing and plastic films under-utilization was due to seasonal effect and market demand.

49 TRANSACTION WITH RELATED PARTIES

Related parties comprise associated undertakings, directors of the Group and key management personnel. The Group continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements, are as follows:

Key Management Personnal (KMP)

Name	**Direct shareholding %**
Mr. Ahmed Muhammad	15.22
Mr. Munsarim Saif	0.000009
Mr. Ghulam Farooq	Nil
Mr. Abdul Qadir	Nil

	2020	2019
	--------- **Rupees** ---------	
Bank of Khyber Limited (Associated Company - 24.43% shareholding)		
Investment made during the year	**16,284,035**	-
Salaries & Benefits to KMP	**45,736,571**	**34,980,000**
Post employment benefit to KMP	**1,269,994**	**1,015,774**
Loan balance to KMP	**2,000,000**	**11,500,000**
Plastiflex Films (Private) Limited (Common Directorship)		
- Purchase of raw & packing Materials	**81,113,035**	164,048,773
- Metallization of raw material	**(27,305,781)**	(11,013,408)
- Sales of raw and packing material	**(4,595,597)**	(12,459,583)
- Recovery against Sales	**31,667,166**	25,646,302
- Payment against purchases	**(64,718,196)**	(157,132,416)
Balances		
Plastiflex Films (Private) Limited		
- Payable to associate	**30,747,411**	14,586,784
Director's subordinated - loan		
- Payable to directors'	**-**	915,357,737

50 NON - ADJUSTING EVENT AFTER THE REPORTING DATE

The board of directors in its meeting held on September 25, 2020 has proposed dividend in respect of the year ended June 30, 2020 of Rs.3/- per share (2019: Rs. 3/- per share) for approval of the members at the annual general meeting. This dividend is in addition to interim dividend paid of Rs 0.50/- per share during the current year. The consolidated financial statements for the year ended June 30, 2020 do not include the effect of proposed dividend, which will be accounted for in the consolidated financial statements for the year ending June 30, 2021.

51 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on September 25, 2020 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, 2020

Number of Shareholders	Shareholdings From		To	Total Number of Shares Held
1300	1	-	100	17,661
138	101	-	500	38,725
33	501	-	1000	26,350
49	1001	-	5000	108,638
5	5001	-	10000	41,261
3	10001	-	15000	39,916
1	20001	-	25000	20,876
1	30001	-	35000	34,500
1	435001	-	440000	435,400
1	510001		515000	510,090
1	560001	-	565000	562,155
1	1125001	-	1130000	1,130,000
1	1270001	-	1275000	1,271,650
1	1380001	-	1385000	1,380,450
1	3595001	-	3600000	3,600,000
1	6500001	-	6505000	6,500,090
1	10380001		10385000	10,383,998
1	19660001	-	19665000	19,662,293
1	20590001	-	20595000	20,592,887
Total 1541				**66,356,940**

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
CEO, Sponsor, Directors their Spouses & Children	13	65,595,266	98.85%
Associated Company	1	435,400	0.66%
Foreign Companies	1	3,300	0.00%
General Public			
(a) Foreign	12	5,558	0.01%
(b) Local	1514	317,416	0.48%
Total	**1541**	**66,356,940**	**100.00%**

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2020

Shareholder Category	Number of Folios	Number of Share Held	Percentage
Associated Company:			
Uniron Industries (Private) Limited	1	435,400	0.66
Directors:			
Mr. Maqsood Ismail Ahmed	1	562,155	0.85
Mr. Ahmed Muhammad	2	10,100,090	15.22
Mr. Hamid Maqsood	1	510,090	0.77
Mr. Muhammad Zubair Motiwala (Independent Director)	1	520	0.00
Ms. Tasneem Yusuf (Independent Director)	1	520	0.00
Chief Executive Officer:			
Mr. Munsarim Saifullah	1	613	0.00
Chairman:			
Mr. Muhammad M. Ismail	1	10,383,998	15.65
CEO, Directors their Spouses & Children:			
Ms. Farzana Muhammad	1	1,380,450	2.08
Ms. Almas Maqsood	2	20,792,293	31.33
Sponsor and his Spouse & Children:			
Mr. Miftah Ismail Ahned	1	20,592,887	31.03
Ms. Reema Ismail Ahmed	1	1,271,650	1.92
Others	1527	326,274	0.49
Total	**1541**	**66,356,940**	**100.00**

Shareholders holding 10% or more voting interest

Mr. Muhammad M. Ismail	1	10,393,998	15.65
Mr. Miftah Ismail	1	20,592,887	31.03
Ms. Almas Maqsood	2	20,792,293	31.33
Mr. Ahmed Muhammad	2	10,100,090	15.22

STATEMENT SHOWING SHARES PURCHASE, SALE AND GIFT BY DIRECTORS, EXECUTIVES THEIR SPOUSES & CHILDREN

FROM JULY 01, 2019 TO JUNE 30, 2020

S.no.	Name	Designation	Shares Traded		Shares Gifted	
			Purchase	Sale	Received	Given
1	Mr. Muhammad M. Ismail	Director	910,790	-	-	100,035
2	Mr. Maqsood Ismail Ahmed	Director	1,232,812		-	860,657
3	Mr. Munsarim Saifullah	Director	23	-	-	-
4	Mr. Muhammad Zubair Motiwala	Director	20	-	-	-
5	Ms. Tasneem Yusuf	Director	20	-	-	-
6	Mr. Hamid Maqsood Ismail	Director	-	-	500,000	-

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/our 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 26, 2020 and/ or any adjournment thereof.

Signed this __________ day of ___________ 2020.

(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 ______ اسمٰعیل انڈسٹریز لمیٹڈ کا/کے شیئر ہولڈر (حصص یافتگان)، فولیونمبر ______ 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 26 اکتوبر 2020 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 ______ 2020

(دستخط کا کمپنی میں موجود رجسٹر شدہ دستخط کے نمونے سے مطابقت رکھنا ضروری ہے۔)

5 روپے کے ریونیو مہر پر دستخط

ممبر(ممبران) کے دستخط

گواہ 1	گواہ 2
دستخط ______	دستخط ______
نام ______	نام ______
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ______	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 باقاعدہ مکمل ہو، کا ہمارے رجسٹرار/ٹرانسفر ایجنٹس، میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، فرسٹ فلور، C-40، 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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INDUSTRIES
LIMITED

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Unit 4: G-22-23, H.I.T.E, Hub, Balochistan, Pakistan.
Tel: (92-853) 303193-303177, Fax: (92-853) 302284

Unit 5: 38-C, 39, 39-A, 42-C, Sunder Industrial Estate,
Raiwind Road, Lahore, Pakistan. Tel: (92-42) 35297671-75

Unit 6: D-91, D-92, D-94, North Western Industrial Zone,
Port Qasim Authority, Karachi, Pakistan.
Tel: (92-21) 34154171-73, Fax: (92-21) 34154176

Unit 7: E-164 to E-168, North Western Industrial Zone,
Port Qasim Authority, Karachi, Pakistan.
Tel: (92-21) 34154174-75, Fax: (92-21) 34154176

Unit 8: E-154 to E-157, North Western Industrial Zone,
Port Qasim Authority, Karachi, Pakistan.
Tel: (92-21) 34154255-57, Fax: (92-21) 34154176

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