

Directors' Report

We are pleased to present the Directors' Report together with the audited Financial Statements for the year ended June 30, 2024.

These accounts have been audited by statutory auditors of the Modaraba and are accompanied by their audit report.

The fiscal year 2024 has seen the Modaraba deliver another year of strong financial and operational performance, despite operating in an extremely competitive environment. The Modaraba has witnessed significant enhancements across various key indicators, such as sales, liquidity, cost control, and plant operations. The Modaraba has once again beaten its performance compared to the previous year across all key metrics, showing a promising pathway to sustained positive performance.



FINANCIAL HIGHLIGHTS

The Modaraba is engaged in two business segments: Corrugated Boxes and Soaps. The financial results of FY 2024 demonstrated remarkable growth and financial performance for the Modaraba, characterized by significant increases in revenue, gross profit, and operating profit, leading to improved profitability from continued operations compared to the previous year.

The Soaps segments witnessed impressive revenue growth, reaching Rs. 1,333 million, a 35% increase from Rs. 988 million in the previous year. Backed by this strong performance, the Modaraba achieved a gross profit of Rs. 361.6 million, 19% higher than the previous year. This achievement is attributed to enhanced cost management and the Modaraba's efforts in price rationalization, effectively passing on the impact of inflation through regular price revisions throughout the year.

Furthermore, the Modaraba's operating profit surged to Rs. 204.9 million, a substantial leap from the Rs. 150.9 million reported in the previous year. Building on this, the Modaraba achieved a net profit of Rs. 266.4 million in FY 2024, compared to Rs. 165.1 million in the previous year from its continued operations, a 61% growth year on year.

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(Rupees in millions)

Descriptions	2023-2024	2022-2023	% Change
Sales (net)	4,148	3,911	6%
Gross Profit	362	303	19%
Operating Profit	205	151	36%
Net Profit from Continued operations	266	165	61%
Net Loss from Discontinued operations	-	(292)	(100%)
Net Profit / (Loss)	266	(126)	311%
Earnings/(Loss) per Certificate	0.31	(0.15)	307%
Transfer to Statutory Reserve	53.3	Nil	
Book Value per Certificate	3.89	3.48	12%

SEGMENT-WISE ANALYSIS

(Rupees in millions)

	Corrugated Packaging		Soap	
	2023-2024	2022-2023	2023-2024	2022 -2023
Gross Sales	3,337,162	3,442,029	1,631,227	1,198,563
Inter-Segment Sales	(19,323)	(8,163)		
Sales Tax & Discounts	(503,506)	(510,630)	(297,298)	(210,376)
Total Sales	2,814,333	2,923,236	1,333,929	988,187
Gross Profit	80,807	165,913	280,773	137,304
Gross Profit %	3%	6%	21%	14%
Operating Profit/(Loss)	(21,682)	76,245	226,657	74,655
Operating Profit/(Loss) %	-1%	3%	17%	8%

CORRUGATED PACKAGING

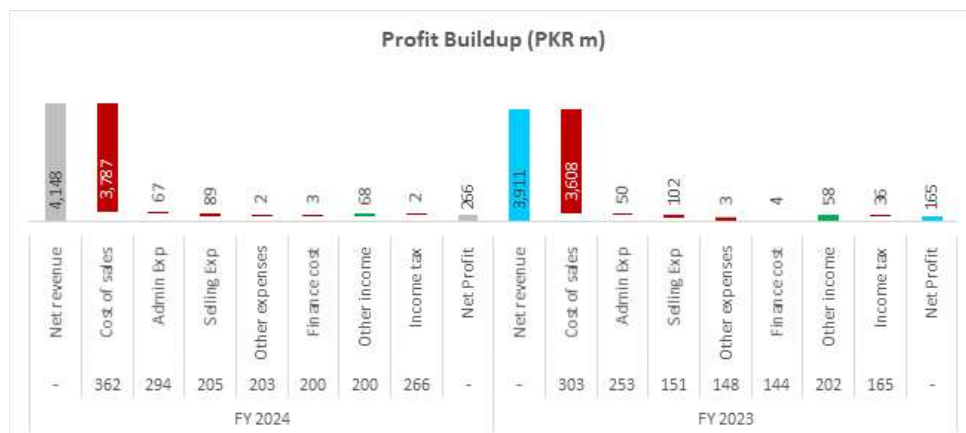
The corrugated packaging segments continues to become more and more competitive, with some of the leading industry players investing significantly in their plants, thus driving down prices for the entire segment. The net revenue of the corrugation segment for the year 2023-24 is Rs. 2,814 million which has decreased by 3% as compared to last financial year. The business has posted a gross profit of Rs. 80.8 million compared to a gross profit of Rs. 166 million last year. The decline is primarily due to tough market conditions and overall country's challenging economic conditions during 2023-24.

The Management has put in place various low cost and high impact measures to ensure that the Company keeps pace with the competition in terms of product quality, as well as to increase operating efficiencies, to return the business to profitability on a standalone basis in the coming year. Focus will be on retaining key accounts and adding new large customers to the Company portfolio, as well as improving share of wallet from existing customers as overall economic activity recovers..

SOAPS

The net revenue for the year 2023-24 is Rs.1,334 million which has increased by 35% as compared to the previous financial year. Soaps sales, volumes, and margins have increased due to greater market penetration, and timely pricing interventions to pass on the effect of inflation. As a result of these measures, the business' operating profit has more than tripled over the previous year to Rs. 227 million.

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COUNTRY'S ECONOMIC OUTLOOK

Pakistan's economy is just starting to emerge from the effects of the austerity measures employed by the Government in order to fend off one of the worst exchange crises experienced in the history of the country. Going forward, with the interest rate and inflation both coming down, and global commodity prices also showing signs of softening, the consensus is that Pakistan will return to a growth path in the coming months. With the support of our certificate holders, the Modaraba is well positioned to benefit from this recovery, and deliver another year of strong performance in 2024–25.

DIVIDEND

Cash dividend is Nil % (2023: Nil).

APPROPRIATIONS

	Rs. in '000
Profit for the Year	266,389
Un-appropriated loss brought forward	(27,118)
Transferred to Statutory Reserves (20%) for the year ended June 30, 2024	(53,278)
Incremental depreciation charged during the year	15,406
Un-appropriated profit carried forward	201,399
Final Dividend for the year ended June 30, 2024 @ Rs. Nil	Nil

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

In compliance with the Code, the Board of Directors of Modaraba states that:

- The financial statements, prepared by the management of Modaraba, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies are consistently applied by your Modaraba in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements and any departure therefrom, if any, has been adequately disclosed.
- The system of Internal Controls, being implemented in your Modaraba is sound and has been effectively

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persisted throughout the year.

- Keeping in view the financial position of your Modaraba, we do not have any significant doubt upon its continuance as a going concern.
- There has not been any material departure from the best practices of corporate governance, as detailed in the listing regulations, during the year under review.

MEETINGS OF THE BOARD OF DIRECTORS:

During the year, the Board of Directors of Modaraba has met 04 times and the attendance at each of these meetings is as follows:

Sr. No.	Name	Designation	28/ Sep/23	27/ Oct/23	27/ Feb/24	23/ Apr/24	2023- 2024	
1	Mr. Syed Shahid Ali	Non-Executive Director/ Chairman	A	P	P	P	3/4	
2	Mr. Syed Sheharyar Ali	Chief Executive Officer	P	P	P	P	4/4	
3	Mr. Imran Azim	Non-Executive Director	P	P	P	P	4/4	
4	Dr. Salman Faridi	Non-Executive Director	P	P	P	A	3/4	
5	Ms. Sidra Fatima Sheikh	Independent Director	P	P	P	P	4/4	
6	Mr. Munir Karim Bana	Non-Executive Director	P	P	P	P	4/4	
7	Mr. Ahmad Shahid Hussain	Independent Director	P	P	P	P	4/4	
8	Dr. Haroon Latif Khan	Independent Director	P	P	P	P	4/4	
Quorum of Meetings			7/8	8/8	8/8	7/8		
P	Present in the Meeting							
A	Leave of Absence							

AUDIT COMMITTEE

During the year, the Audit Committee of the Board have met 04 times and the attendance at each of these meetings is as follows

Sr. No.	Name	Designation	28/ Sep/23	27/ Oct/23	27/ Feb/24	23/ Apr/24	2023- 2024	
1	Ms. Sidra Fatima Sheikh	Chairman/Member	P	P	P	P	4/4	
2	Mr. Imran Azim	Member	P	P	P	P	4/4	
3	Mr. Munir Karim Bana	Member	P	P	P	P	4/4	
4	Dr. Salman Faridi	Member	P	P	P	A	3/4	
5	Mr. Ahmad Shahid Hussain	Member	P	P	P	P	4/4	
Quorum of Meetings			5/5	5/5	5/5	4/5		
P	Present in the Meeting							
A	Leave of Absence							

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SHARI'AH ADVISOR:

Mufti Muhammad Javed Hassan is the Shari'ah advisor to the Modaraba. Annual Shari'ah Advisor's Report is attached with this report.

PATTERN OF CERTIFICATE-HOLDING:

The pattern of certificate-holding of your Modaraba as on **June 30, 2024** is annexed with this report. This statement is in accordance with the amendments made through the Code.

HR & ADMINISTRATION:

The HR Function of the Modaraba is outsourced to associated Modaraba, Treet HR Management (Private) Limited, which is a labour hire Modaraba specialized in providing workforce to host companies under service agreements, and is taking all responsibilities of the workforce.

ACKNOWLEDGEMENT:

The Board would like to take this opportunity to express gratitude and thanks to our valuable customers for their patronage and support, the Securities and Exchange Commission of Pakistan, the Pakistan Stock Exchange Limited and Modaraba Association of Pakistan for their continuous support and guidance.

Special thanks to our certificate holders for the trust and confidence reposed in us.

For and on behalf of the Board



Syed Shahid Ali
Chairman



Syed Sheharyar Ali
Chief Executive Officer

Dated: 27th September, 2024
Lahore